SoftBank

ANNUAL REPORT 2014

JUST GETTING STARTED

SoftBank acquired major U.S. mobile operator Sprint in July 2013. It was the first step on our journey to full-scale global expansion.
In order to continue growing, it is vital that we leverage the knowledge and expertise we have cultivated in Japan to launch out into overseas markets and harness their growth.
The U.S. market is the first gateway for us. If we can succeed there, we will look to develop even further. Our new challenge, to become a global player, has just begun.

New office in Silicon Valley in the U.S. (San Carlos, California)

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Masayoshi Son
Chairman & CEO

In fiscal 2013, SoftBank achieved further growth. Chairman and CEO Masayoshi Son talks about SoftBank's performance during the year, the goals behind its M&A activities, its medium- to long-term group strategy, and other matters.

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Disclaimer

- This annual report is made based on information available at the time of writing. Plans, forecasts, strategies, and other forward-looking statements in this report are not historical facts, and include elements of risk and uncertainty. Actual results may therefore differ materially from these forward-looking statements due to changes in the business environment and other factors.
- Information in this report regarding companies other than SoftBank is quoted from public and other sources. We do not guarantee the accuracy of this information.
- SoftBank expressly disclaims any obligation or responsibility to update or revise or supplement any forward-looking statement in any presentation material or generally to any extent. Use of or reliance on the information in this annual report is at your own risk.

Transition to IFRSs

- The Company has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) from the three-month period ended June 30, 2013, the first quarter of the fiscal year ended March 31, 2014. The date of transition to IFRSs is April 1, 2012. The financial data for the year ended March 31, 2013 is also presented based on IFRSs.

Definition of Terms

- "Fiscal 2013" refers to our fiscal year ended March 31, 2014, and other fiscal years are referred to in a corresponding manner in this annual report. FYE denotes the fiscal year-end. For example, FYE2013 denotes March 31, 2014, the last day of fiscal 2013.

Company Names

- Unless specifically stated otherwise "SoftBank," and "the Company" refer to SoftBank Corp. and its subsidiaries.

Corporate Philosophy

Information Revolution – Happiness for everyone

Vision

The corporate group needed most by people around the world

CEO Message

We Can Change the World

Thirty-three years have passed since SoftBank was founded in 1981.

In that time, we have helped to change Japan through the Information Revolution.

From our 34th year onward, I hope to begin the second stage of our journey; I want us to spread our wings and change the whole world through the Information Revolution.

First, we will focus on the U.S., which has the world's largest GDP, and a growing population.

Having acquired Sprint last year, we will now infuse it with our expertise, experience, technologies, and passion to provide the U.S. with the world's No. 1 mobile Internet service.

As we confirmed in our "Next 30-Year Vision," which we created in 2010, our ultimate goal is to alleviate sadness and increase everyone's happiness to the greatest extent possible through the Information Revolution.

That's why we are trying to change the world—because we want to make everyone happy.

July 2014
Masayoshi Son
Chairman & CEO

孫 正義

Financial Summary

SoftBank Corp. and its subsidiaries Fiscal years ended March 31

For an eleven-year summary please refer to page 82.

	JGAAP			IFRSs			
						Millions of yen	Thousands of U.S. dollars
FY	2009	2010	2011	2012	2013	YoY change	2013
Net sales	¥2,763,406	¥3,004,640	¥3,202,436	¥3,202,536	¥ 6,666,651	¥ 3,464,115	$ 64,775,078
EBITDA	787,631	930,730	1,013,716	1,152,741	1,786,810	634,069	17,361,154
Operating income	465,871	629,163	675,283	799,399	1,085,362	285,963	10,545,686
Net income / net income attributable to owners of the parent	96,716	189,713	313,753	372,481	527,035	154,554	5,120,822
Total assets	4,462,875	4,655,725	4,899,705	7,218,172	16,684,997	9,466,825	162,116,178
Total shareholders' equity / total equity attributable to owners of the parent	470,532	619,253	936,695	1,612,756	1,955,374	342,618	18,998,970
Interest-bearing debt	2,195,471	2,075,801	1,568,126	3,707,853	9,170,053	5,462,200	89,098,844
Net interest-bearing debt	1,501,074	1,209,636	547,299	2,257,806	7,059,286	4,801,480	68,590,032
Net cash provided by (used in) operating activities	668,050	825,837	740,227	813,025	860,245	47,220	8,358,385
Net cash (used in) provided by investing activities	(277,162)	(264,448)	(375,656)	(874,144)	(2,718,188)	(1,844,044)	(26,410,688)
Free cash flow	390,888	561,389	364,571	(61,119)	(1,857,943)	(1,796,824)	(18,052,303)
Capital expenditure (acceptance basis)	222,915	420,591	516,375	753,161	1,245,250	492,089	12,099,203
Depreciation and amortization*	243,944	224,937	275,826	355,120	899,904	544,784	8,743,723
Major Indicators							
EBITDA margin	28.5%	31.0%	31.7%	36.0%	26.8%		
Operating margin	16.9%	20.9%	21.1%	25.0%	16.3%		
ROA	2.2%	4.2%	6.6%	6.0%	4.4%		
ROE	22.9%	34.8%	40.3%	29.7%	29.5%		
Equity ratio / ratio of equity attributable to owners of the parent to total assets	10.5%	13.3%	19.1%	22.3%	11.7%		
Debt / equity ratio	4.7 times	3.4 times	1.7 times	2.3 times	4.7 times		
Per Share Data						Yen	U.S. dollars
Net income / earnings per share attributable to owners of the parent – basic	¥ 89.39	¥175.28	¥285.78	¥ 332.51	¥ 442.64	¥110.13	$ 4.30
Shareholders' equity / equity attributable to owners of the parent	434.74	572.14	852.69	1,353.55	1,645.31	291.76	15.99
Cash dividends	5.00	5.00	40.00	40.00	40.00	–	0.39

* Not including amortization of goodwill under JGAAP.

(Note) The Company adopted the International Financial Reporting Standards (IFRSs) from fiscal 2013. Figures for fiscal 2012 have also been presented in accordance with IFRSs. Items where terminology differs between JGAAP and IFRSs are presented together in the style "JGAAP / IFRSs."
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 ¥102.92 to US$1, the approximate rate of exchange at March 31, 2014.

Operating Income

¥1,085.4 billion

(Up 35.8% YoY)

In addition to solid performance in the Mobile Communications segment, a temporary gain of ¥253.9 billion was recorded in conjunction with the consolidation of GungHo and WILLCOM.

Cash Flows from Investing Activities

–¥2,718.2 billion

(Previous fiscal year: –¥874.1 billion)

Expenditure increased due to the acquisition of shares of Sprint, Supercell and others, as well as capital expenditure at Sprint.

EBITDA Margin

26.8%

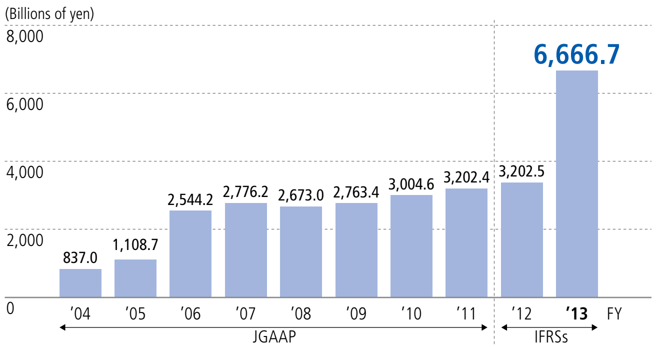
Operating Margin

16.3%

The operating margin declined, mainly due to the impact of consolidating Sprint.

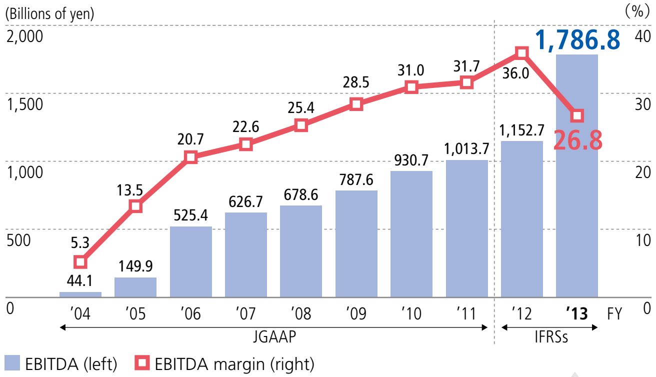
Graphs I

Net Sales



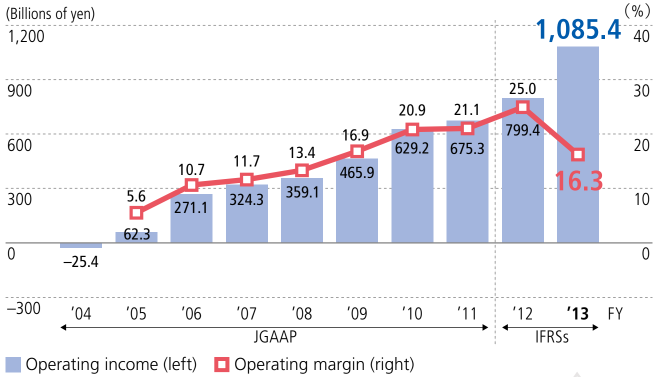
(FY2013)
Net sales Up 108.2% YoY

EBITDA, EBITDA Margin



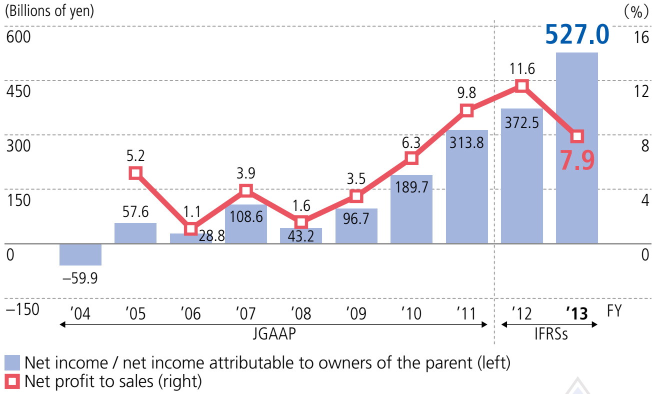
(FY2013)
EBITDA Up 55.0% YoY
EBITDA margin 26.8%

Operating Income, Operating Margin



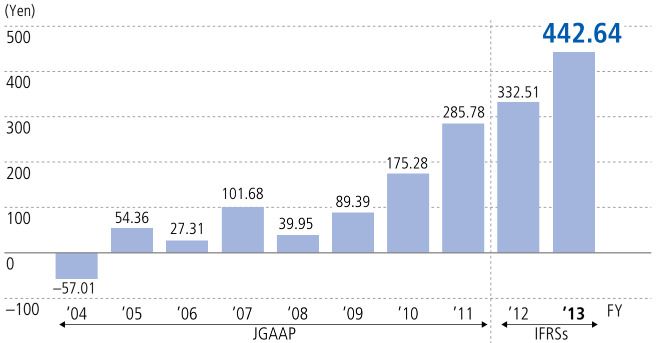
(FY2013)
Operating income Up 35.8% YoY
Operating margin 16.3%

Net Income / Net Income Attributable to Owners of the Parent, Net Profit to Sales



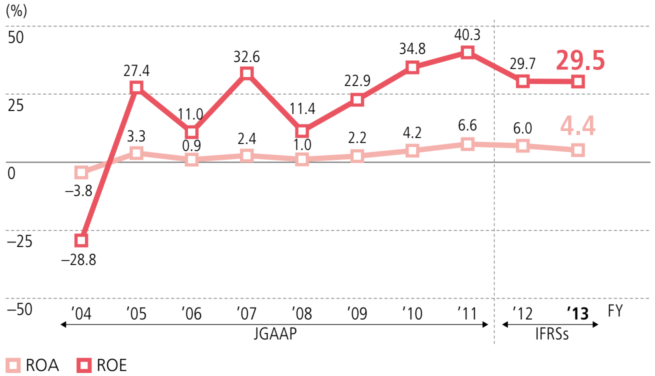
(FY2013)
Net income / net income attributable to owners of the parent Up 41.5% YoY
Net profit to sales 7.9%

Earnings per Share Attributable to Owners of the Parent – Basic



(FY2013)
Earnings per share attributable to owners of the parent – basic ¥442.64
Earnings per share attributable to owners of the parent – diluted ¥440.37

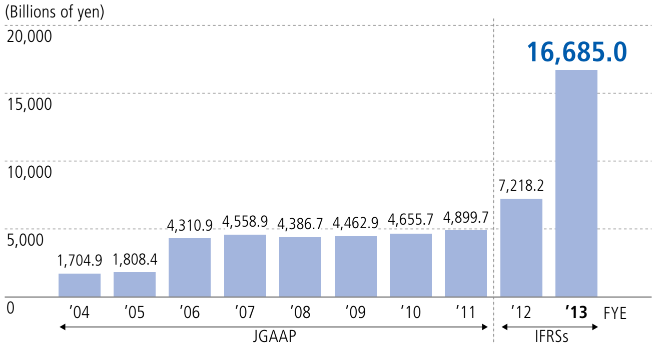
ROA, ROE



(FY2013)
ROA 4.4%
ROE 29.5%

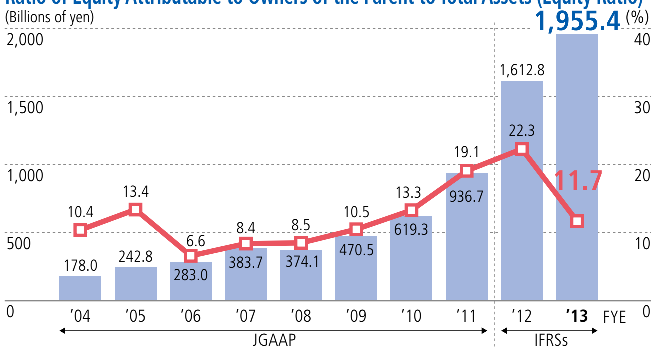
Graphs II

Total Assets



(FYE2013)
Total assets ¥16,685.0 billion
Up 131.2% YoY

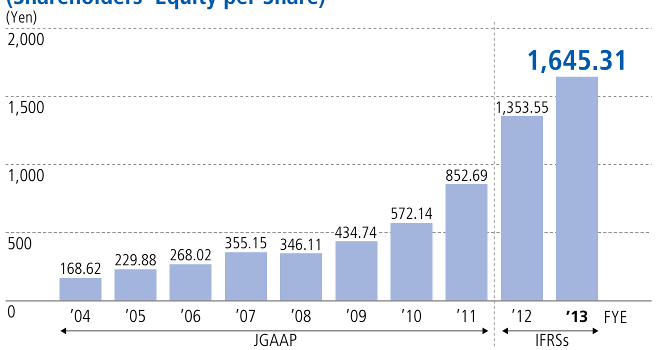
Equity Attributable to Owners of the Parent (Total Shareholders' Equity), Ratio of Equity Attributable to Owners of the Parent to Total Assets (Equity Ratio)



Equity attributable to owners of the parent (total shareholders' equity) (left)
Ratio of equity attributable to owners of the parent to total assets (equity ratio) (right)

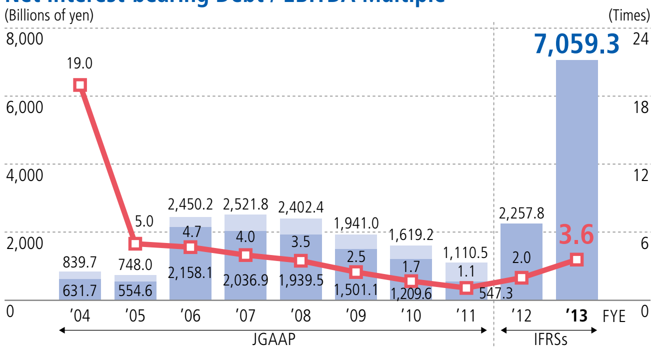
(FYE2013)
Equity attributable to owners of the parent Up 21.2% YoY
Ratio of equity attributable to owners of the parent to total assets 11.7%

Equity per Share Attributable to Owners of the Parent (Shareholders' Equity per Share)



(FYE2013)
Equity per share attributable to owners of the parent ¥1,645.31
Up 21.6% YoY

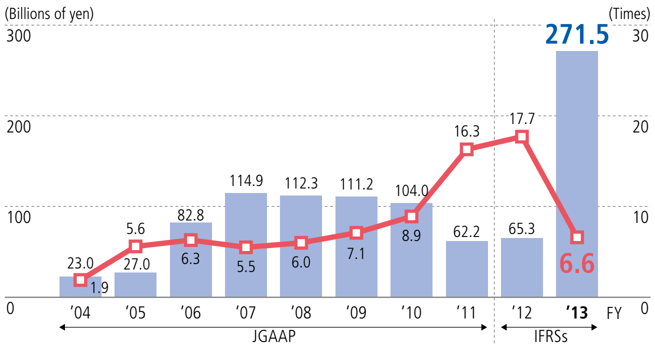
Net Interest-bearing Debt, Net Interest-bearing Debt / EBITDA Multiple



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

(FYE2013)
Net interest-bearing debt ¥7,059.3 billion
Net interest-bearing debt / EBITDA multiple 3.6 times

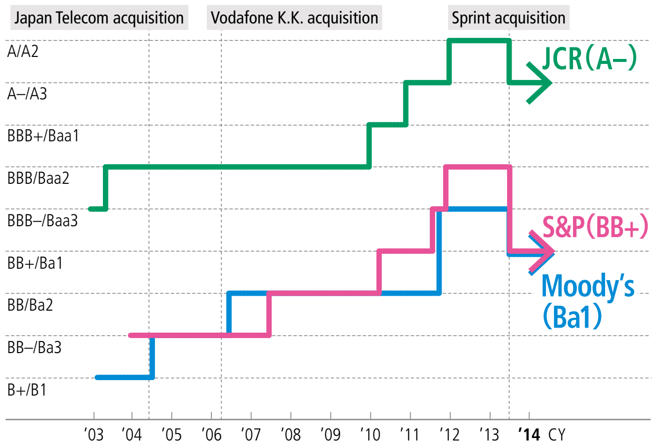
Finance Cost (Interest Expense), Interest Coverage Ratio



Finance cost (left) Interest coverage ratio (right)

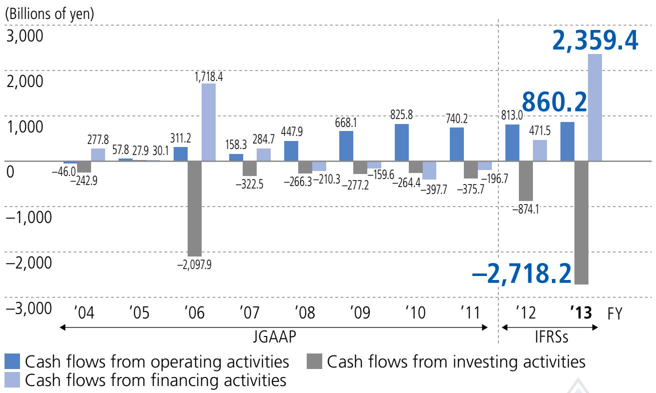
(FY2013)
Finance cost (interest expense) ¥271.5 billion
Interest coverage ratio 6.6 times

Credit Ratings



Graphs III

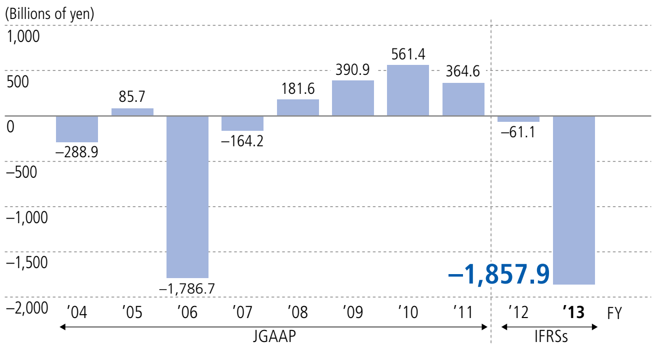
Cash Flow



(FY2013)

Cash flows from operating activities	¥860.2 billion
Cash flows from investing activities	–¥2,718.2 billion
Cash flows from financing activities	¥2,359.4 billion

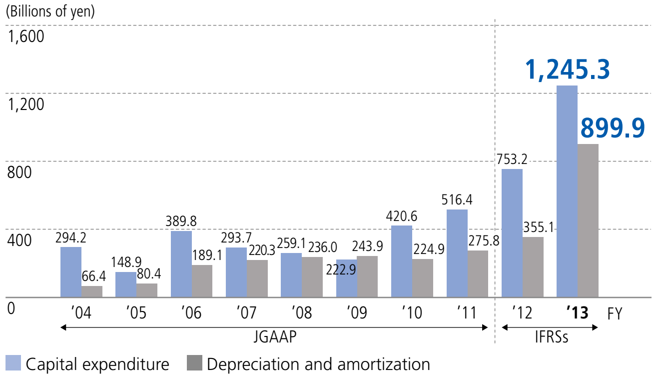
Free Cash Flow



(FY2013)

Free cash flow	–¥1,857.9 billion
	–¥1,796.8 billion YoY

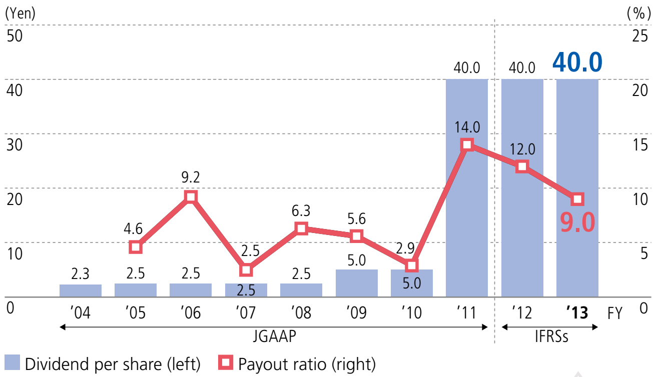
Capital Expenditure, Depreciation and Amortization



(FY2013)

Capital expenditure	¥1,245.3 billion
Depreciation and amortization	¥899.9 billion

Dividend per Share, Payout Ratio



(FY2013)

Dividend per share	Interim dividend: ¥20
	Year-end dividend: ¥20

Market Capitalization

Group Structure

SoftBank is a corporate group comprising the pure holding company SoftBank Corp. and 756 subsidiaries (as of March 31, 2014). The Group possesses both advanced infrastructure and diverse services and content.

SoftBank Corp.
(a pure holding company)

Major Subsidiaries

Company	Voting rights
SoftBank Mobile Corp.	100%
Sprint Corporation	79.9%
SoftBank BB Corp.	100%
GungHo Online Entertainment, Inc.	58.8%
Yahoo Japan Corporation	42.9%
Wireless City Planning Inc.	33.3%
Brightstar Global Group Inc.	62.3%
SoftBank Telecom Corp.	100%
Supercell Oy	54.9%
Ymobile Corporation	33.3%

Major Equity Method Associates

Company	Voting rights
Alibaba Group Holding Limited	36.3%
Renren Inc.	42.2%
InMobi Pte. Ltd.	35.0%

Mobile Communications Segment
Fixed-line Telecommunications Segment
Sprint Segment
Internet Segment

(Note) The shares of voting rights in the above subsidiaries and associates are current as of March 31, 2014. However, the share for Brightstar Global Group is current as of April 1, 2014, the share for Ymobile (formerly eAccess) is current as of July 1, 2014, and the shares for Alibaba Group Holding and Renren are current as of December 31, 2013. The share of voting rights of GungHo Online Entertainment includes a share of 18.6% belonging to parties in close relationship, etc., with the Company.

Fiscal 2013 Topics

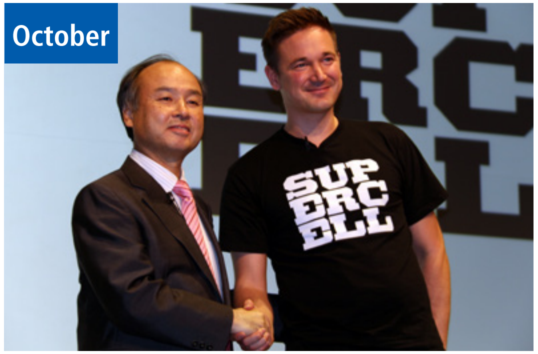
In fiscal 2013, SoftBank grew its existing businesses even further while vigorously expanding its global business through M&A activities. This section introduces the main topics in SoftBank's business activities in fiscal 2013.

April

July

September

October



March

2013

- **Apr.** Consolidated the online game company **GungHo Online Entertainment**
- **July** Consolidated the PHS company **WILLCOM, Inc.** following the completion of rehabilitation proceedings
- **July** Consolidated **Sprint**, a major mobile operator in the U.S.
- **Sept.** Established a new office in **Silicon Valley**, U.S.
- **Oct.** Consolidated Finnish mobile game company **Supercell**
- **Dec.** Cumulative number of mobile phone subscribers for the entire Group surpasses **100 million**

2014

- **Jan.** Consolidated U.S.-based mobile handset distributor **Brightstar Corp.**
- **Mar.** Consolidated operating income surpasses **¥1 trillion** for the first time in SoftBank's history

Segment Overview

Mobile Communications Segment

Main Businesses

- Mobile communications services in Japan
- Distribution and sale of mobile devices and accessories, and IT-related products
- Production and distribution of online games

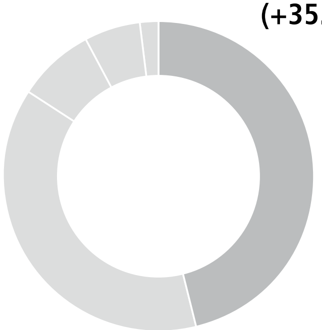
Core Companies

SoftBank Mobile / Ymobile (formerly eAccess) / Wireless City Planning / Brightstar Corp. / GungHo Online Entertainment / Supercell

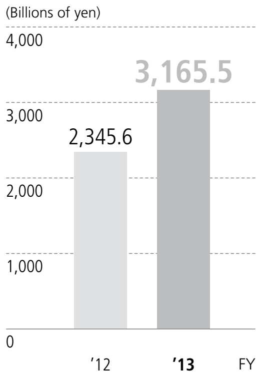
Fiscal 2013 Topics

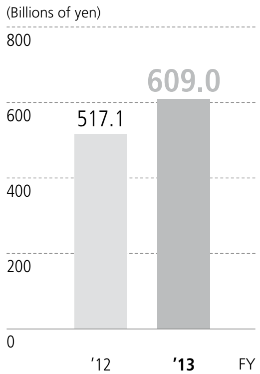
- No. 1 in net subscriber additions for fourth consecutive fiscal year
- Massive increase in platinum band and LTE base stations
- GungHo and Supercell games became major hits

Net sales ¥3,165.5 billion (+35.0%)



Share of net sales 46.3 %





Sprint Segment

(Segment was newly established from the second quarter of fiscal 2013)

Main Businesses

- Provision of mobile communications and fixed-line telecommunications services in the U.S.
- Sale of mobile devices and accessories in the U.S.

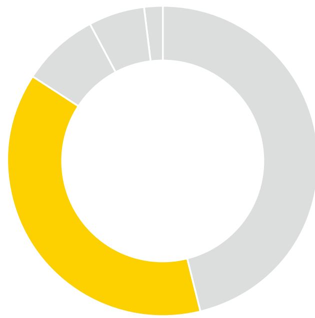
Core Company

Sprint

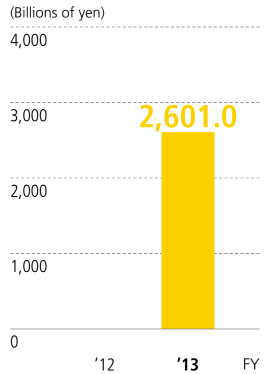
Fiscal 2013 Topics

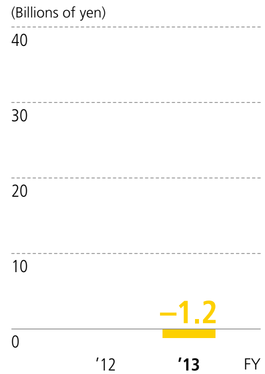
- Launched new *Sprint Framily*℠ pricing plan and *Sprint Easy Pay*℠ installment billing plan for devices
- Launched *Sprint Spark*™ high-speed wireless communication service using three spectrum bands

Net sales ¥2,601.0 billion



Share of net sales 38.0 %





* Share of net sales for each reportable segment is based on the total net sales of all segments and others (before reconciliations).

Fixed-line Telecommunications Segment

Main Businesses

- Provision of fixed-line telecommunications services to corporate and individual customers in Japan

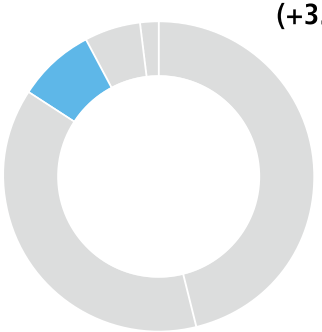
Core Companies

SoftBank Telecom / SoftBank BB /
Ymobile (formerly eAccess) / Yahoo Japan

Fiscal 2013 Topics

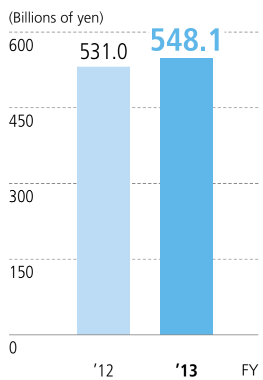
- Cumulative ID sales of *Google Apps for Business*™ exceed 800,000
- Enhanced "*Super O2O solution*"

Net sales **¥548.1 billion** (+3.2%)

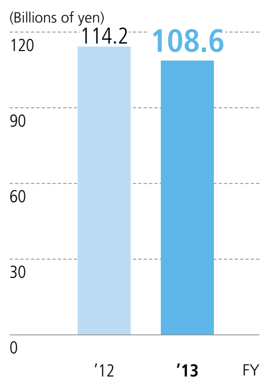


Share of net sales **8.0 %**

Net Sales



Segment Income



Internet Segment

Main Businesses

- Internet advertising
- E-commerce
- Membership services

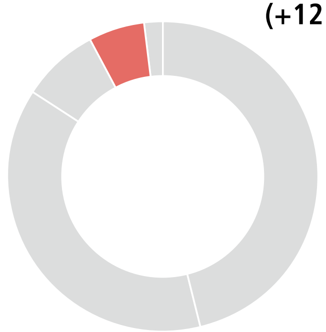
Core Companies

Yahoo Japan

Fiscal 2013 Topics

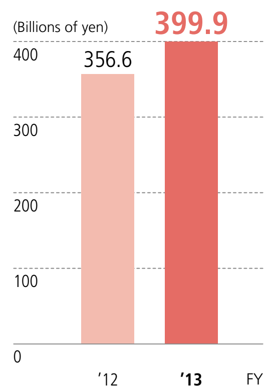
- Launched new strategy in the e-commerce business. Eliminated store tenant and other fees to achieve sharp increase in stores on *Yahoo! Shopping*
- Used big data and latest technologies to increase profitability from advertising

Net sales **¥399.9 billion** (+12.1%)

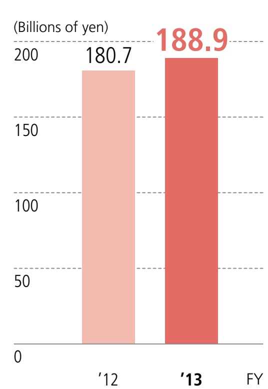


Share of net sales **5.8 %**

Net Sales



Segment Income



CEO Interview

In fiscal 2013, SoftBank achieved further growth. Chairman and CEO Masayoshi Son talks about SoftBank's performance during the year, the goals behind its M&A activities, its medium- to long-term group strategy, and other matters.

Masayoshi Son

Chairman & CEO, SoftBank
Chairman & CEO, SoftBank Mobile
Chairman & CEO, SoftBank BB
Chairman & CEO, SoftBank Telecom
Chairman of the board, Yahoo Japan
Chairman of the board, Sprint Corporation

Facebook
Official Masayoshi Son Page
(Japanese only)

Twitter
@masason
(Japanese only)

The 34th Annual General Meeting of Shareholders

Q1 Looking back on fiscal 2013, what kind of year was it?

A1 In terms of our consolidated results for fiscal 2013, net sales increased 108.2% year on year to ¥6,666.7 billion, EBITDA was up 55.0% to ¥1,786.8 billion, operating income increased 35.8% to ¥1,085.4 billion, and net income attributable to owners of the parent increased 41.5% to ¥527.0 billion. All of these figures are record highs; and what's more, all of them have surpassed NTT DOCOMO's, making us Japan's No. 1 mobile operator. Doubtless, most people didn't believe me when I stated my resolution in 2006, immediately after we acquired Vodafone K.K., that we would absolutely surpass NTT DOCOMO someday. I announced my intentions at that time because I had a strategy and was mentally prepared for the challenge. It has been a deeply moving experience to achieve what I set out to do.

The biggest difference between us and NTT DOCOMO is that we have a deeply rooted desire to grow—an insatiably hungry spirit. NTT DOCOMO actually started as the mobile telecommunications business of the virtually state-owned Nippon Telegraph and Telephone Public Corporation, and has developed its business under the auspices of state policy with ample funding and brand support. SoftBank, on the other hand, is a company that I built from nothing. And since we have not had the generous advantages that NTT DOCOMO enjoyed, we developed a hard-working, hungry spirit that just keeps on striving to move up. You can see this in our recent acquisition of Sprint Corporation (Sprint). We took on this risk on because we are determined to continue growing even if the telecommunications market in Japan is maturing, so we have now entered the U.S. telecommunications market. I think it is this corporate culture of continuing to take on challenges that has led to our recent strong results.

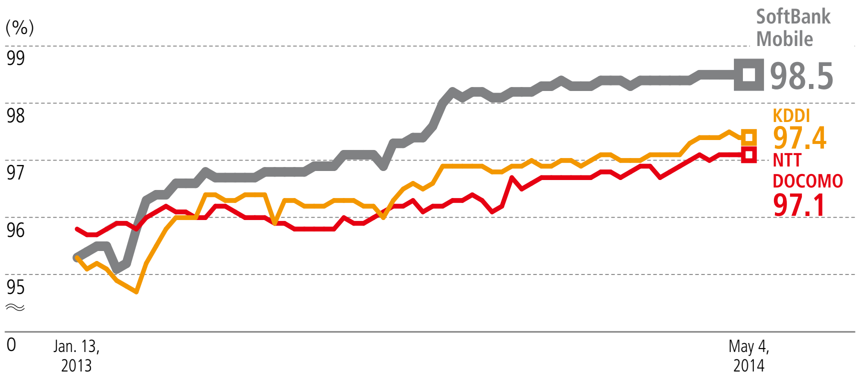
Please don't misunderstand me, however; I have no sense of satisfaction or achievement with the results for fiscal 2013. The real fight has only now just begun. We will continue to increase our enterprise value and someday we will become the top company in the world. And I would like us to stay in that position for a long time. To achieve this, we are aiming to continue to evolve and grow through a "federal management" approach, where even while making autonomous decisions, the Group companies will be able to capture synergies under a common philosophy. Many successful business managers tend to press ahead resolutely with their own successful model rather than taking in other managers' ideas or other business models; but I don't have that kind of ego. I am delighted that Alibaba Group Holding Limited (Alibaba Group) chairman Jack Ma (Yun Ma) and Yahoo Japan president Manabu Miyasaka have become new heroes. In the kind of "federal management" that I envision, heroes like these form a group and each develops their different business models so that the group thrives in multiple ways. I am not interested in forcing the SoftBank brand on our Group companies. Ten years from now, I think SoftBank will be a unique entity that is not like any other company.

Q2 What mobile communications network enhancements have you made in Japan?

A2 We have caught up and overtaken our competitors in terms of connectivity in our mobile communications services—a point where previously we lagged behind them. We have also been the best at managing the explosive growth in data traffic that has accompanied the rapid popularization of smartphones. We achieved this, among other means, by using big data to make efficient, large-scale capital investments in massively increasing the number of base stations for the platinum band (900 MHz band), which is optimal for mobile communications services, as well as the number of base stations for LTE services, which can make the most efficient use of spectrum. Now we have been given the highest rating in a third-party survey on customer satisfaction with smartphone data communications, and while our competitors have encountered a string of communication disruptions due to their inability to handle the increase in data traffic, SoftBank Mobile has not experienced a single communication disruption incident requiring a report to the Ministry of Internal Affairs and Communications in over 1,100 days since June 2011.

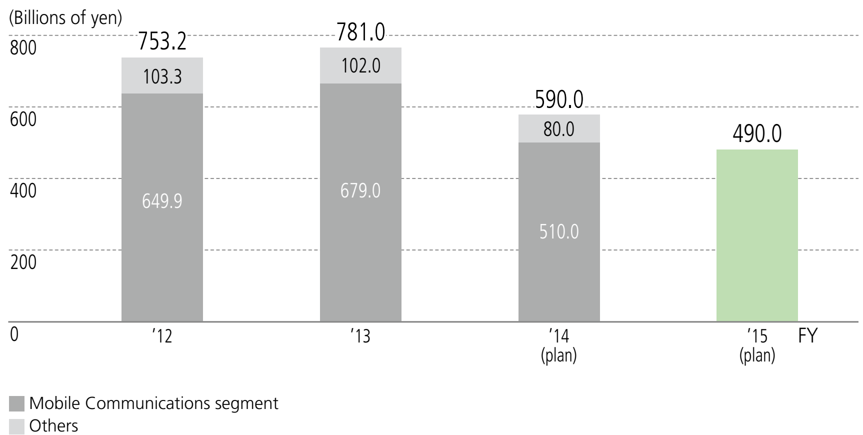
To make these improvements to our mobile communications network quickly, we brought forward our capital expenditure in fiscal 2012 and 2013, causing our investments to balloon in these years. However, we have all but completed the most costly aspect—setting up steel towers for base stations—and now that the network has improved significantly as planned, we expect our capital expenditure to decline going forward.

Smartphone Data Connection Rates



(Note) Statistics analyzed by Agoop.
Individual analysis of data from a total of approximately 120,000 platinum band-compatible smartphones (40,000 randomly collected from each operator) collected through the *Disaster Alert* app (by Yahoo Japan) and the *Ramen Checker* app and *Network Connection Checker* app (by Agoop).

Capital Expenditure (Excluding Sprint Segment)



Q3 How is the U.S. business progressing?

A3 We have just started our rebuilding of Sprint, which we consolidated in July 2013. The situation is very similar to when we acquired Vodafone K.K. in 2006 and entered the mobile communications business. Sprint's network is weak, and so is its brand. Earnings are also lackluster. So it's quite a tough situation.

However, while it won't be easy by any means, we are not concerned about rebuilding it. The first thing we need to do is to rebuild the network properly. Sprint was not able to make sufficient capital expenditure on its network in the past few years and now it is suffering the consequences. Our approach will be to place top priority on rebuilding the network, followed by taking a variety of actions to improve sales and operational efficiency. Sprint's 2014 (CY) adjusted EBITDA is projected to come in at US$6.7–6.9 billion, compared to US$5.4 billion in 2013. So we are expecting Sprint to contribute to SoftBank's consolidated results.

Q4 What are your hopes for Yahoo Japan?

A4 I still expect Yahoo Japan to grow a lot over the medium- to long term. I think the e-commerce business will play a major role in achieving that growth. Although Yahoo Japan's auction business, *YAHUOKU!*, holds a dominant market share in Japan, its e-commerce business, *Yahoo! Shopping*, has fallen significantly behind its competitors in Japan, *Amazon* and *Rakuten Ichiba* over the course of many years. To turn this situation around, in October 2013, Yahoo Japan adopted a new strategy of eliminating store tenant and other fees on *Yahoo! Shopping* and *YAHUOKU!* The new strategy has produced an immediate effect, and the number of stores on *Yahoo! Shopping* as of March 31, 2014 has multiplied by a factor of 3.8 from a year earlier to 78,000 stores.*

Amazon operates a direct sales business where it basically sells products itself, and *Rakuten Ichiba* is a mall-style business where tens of thousands of stores come together in a marketplace to each sell their respective products. Yahoo Japan's new strategy is what might be called a platform model and is different from its two competitors. The platform-type business model already has some successful examples such as the online shopping site *Taobao Marketplace* in the Alibaba Group. This is the world's most advanced e-commerce business model, and I look forward to seeing it developed in Japan with great anticipation.

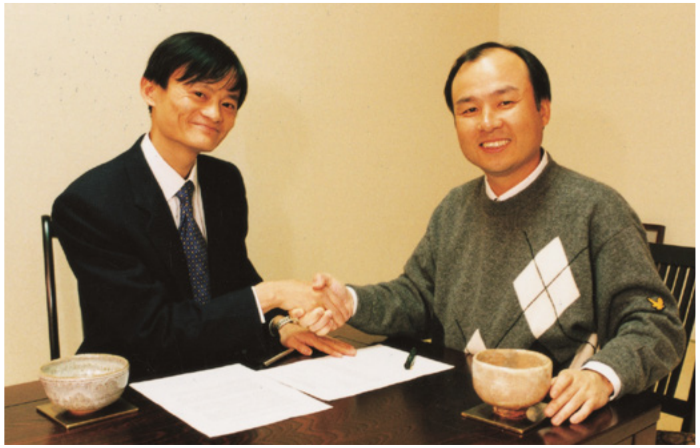
In March 2014, we announced a plan for Yahoo Japan to consolidate Ymobile, which was formed from the merger of eAccess and WILLCOM, and become an "Internet carrier," as opposed to existing telecommunications carriers. However, as a result of much discussion with Yahoo Japan following the announcement, it decided to abandon the plan to consolidate Ymobile. We plan to continue collaboration between the two companies, for example by developing products incorporating Yahoo Japan's services on the Ymobile network with the *Y!mobile* brand name, and I remain confident that this collaboration will produce results.

At the announcement of the "e-Commerce Revolution" (October 2013)

* Number of stores is based on accounts issued including corporate and private accounts. Also includes accounts that are still preparing to launch store sites after passing the screening process.

Q5 What is the Alibaba Group's role and relationship with SoftBank?

A5 Yahoo Japan continues to be one of our core subsidiaries, and we position it as a strategic Group company. We intend to continue our strategic partnership with Alibaba Group in the same way as a strategic Group company in Asia. We intend to continue to hold its shares and deepen our strategic partnership.


With Alibaba Group chairman Yun Ma (left) (2000)

Q6 What was the objective for consolidating GungHo and Supercell in close succession?

A6 SoftBank is not really a telecommunications company, it is an Internet company and its core business is the Internet. SoftBank Mobile and Sprint are really to serve as platforms for the era of the mobile Internet, which is focused on mobile devices. By providing all manner of services and content on these platforms, we are aiming to create a comprehensive ecosystem that other companies will never be able to rival. In the world of PC-centered Internet, infrastructure, service and content, and devices were all completely separate from one another. But in the world of the mobile Internet these three aspects need to be merged to a certain degree.

GungHo Online Entertainment (GungHo) and Supercell Oy (Supercell) are Group companies that provide services and content, just like Yahoo Japan and the Alibaba Group, and as such they are important constituents in this ecosystem. *App Store* and *Google Play*™ currently provide over one million apps with enormous variety spanning news, cooking, sports, music, business and more. But if you look at either *App Store* or *Google Play*, over 70% of their total sales comes from games. In other words, if you rule the games, then you can enter the battle for smartphone content from a dominant position. These two companies do not use the general approach of game companies, which is to pump out a vast number of game titles regardless of their quality in the expectation that a few of them may become hits. Rather, they carefully select and launch truly entertaining titles, and continually update them so that users can enjoy them for a long time.

Q7 What was the aim behind consolidating Brightstar Corp.?

A7 In building the comprehensive ecosystem that I mentioned, mobile devices are an indispensable element. By consolidating Brightstar Corp., our Group has become the world's largest procurer of mobile devices in terms of volume. Previously, SoftBank Mobile alone was not able to procure a large enough volume of Android™ devices, and we couldn't get manufacturers to pay enough attention to our requests regarding functions and pricing. Now all that has changed and our negotiating stance with manufacturers has moved up to a whole new level since we are now procuring the largest volume of anyone in the world. I think Brightstar Corp. is going to play a very important role in advancing our global strategy in the future.

Q8 What is the status of your renewable energy initiatives?

A8 At the end of the day, our core business is the Information Revolution; however, we are making an earnest effort in the renewable energy business in order to resolve electricity issues faced by many Japanese people and to lead by example. We are steadily progressing in this field, step by step. We already have 13 solar power generation plants in operation across Japan (as of July 17, 2014). We have also made various forays into wind power, and we have established a joint venture with Bloom Energy Corporation in the U.S. to promote a clean, efficient fuel cell power generation system, the *Bloom Energy Server*, for commercial and industrial applications in Japan.

We have also started an electric power retail business as a power producer and supplier. We will start by selling to large-scale corporate customers from July 2014 and aim to move into the private household sector with the complete liberalization of the electric power retail industry in 2016. We are also looking at options for collaboration with our telecommunications services, such as combined mobile phone and electricity bills.

Ceremony to mark the start of operations at SoftBank Kyoto Solar Park (July 2012)

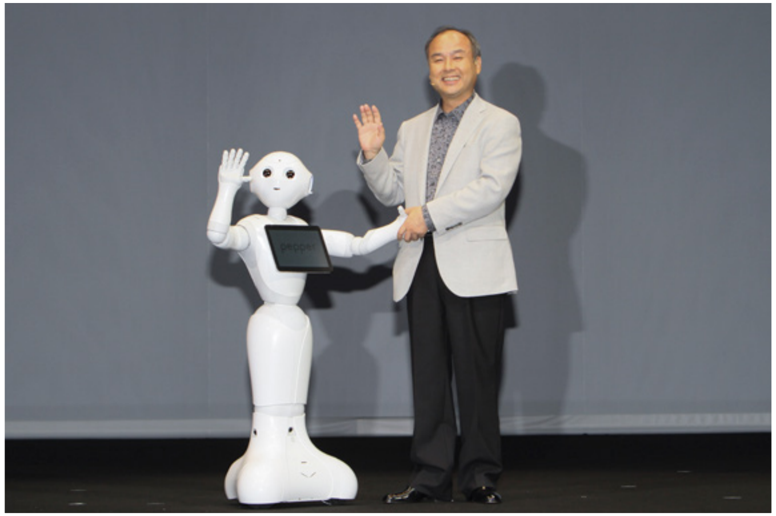
Q9 What does the new robotics business involve?

A9 We have developed the world's first personal robot that can read emotions, "Pepper," which we plan to launch in February 2015. For many years, I have wanted to create a robot that can understand emotions and act autonomously. Pepper is the first step towards realizing that dream. What sets Pepper apart is its "emotion engine," through which each individual Pepper recognizes data on what makes people happy and what makes them sad. By collectively accumulating this data in a "cloud-type AI database" on the Internet, Pepper can learn and develop at an accelerated rate. We also plan to offer a software development kit that enables developers to create various robo-apps that people can then download to extend Pepper's functionality.

Our activities in this field will also include research and development related to emotion technologies and provide the robot control software "V-Sido OS."

The robotics business will not contribute to profit in the short term but we should see mass production effects with Pepper as well as earnings from various content and applications for the Pepper platform in the future.

At the press announcement for Pepper (June 2014)



Q10 What is your approach to dividends?

A10 We set the annual dividend in fiscal 2013 at ¥40, the same as the previous year. We plan to continue the same annual dividend again in fiscal 2014. For the time being, I would like to prioritize increasing our competitive strength and growing our enterprise value over dividends.

Q11 What is your outlook for performance in fiscal 2014?

A11 In fiscal 2014, we are projecting consolidated net sales of ¥8.0 trillion, EBITDA of ¥2.0 trillion, and operating income of ¥1.0 trillion. We have lifted our forecast for net sales by ¥1.0 trillion from the previous forecast, and this is mainly due to the acquisition and consolidation of Brightstar Corp. in January 2014.

In our operating income for fiscal 2013 of ¥1,085.4 billion, we included ¥253.9 billion in gain from remeasurement of our existing equity in conjunction with the consolidation of GungHo and WILLCOM. But our projected operating income of ¥1.0 trillion for fiscal 2014 doesn't include any such temporary gains. So actually, we are projecting an increase in operating income of approximately ¥200.0 billion.

Q12 What is your opinion on SoftBank's market valuation?

A12 I don't feel that we have been valued correctly by the stock market. I accept that we are an extremely unconventional corporate group, and I admit that it is difficult to understand us properly in some respects. I will try my utmost to use the earnings results briefings and other such opportunities to explain and help everyone to correctly understand and value SoftBank.

Businesses

Interview with Senior Executive Vice President

Ken Miyauchi
Representative director,
senior executive vice president, SoftBank
Representative director & COO, SoftBank Mobile
Representative director & COO, SoftBank BB
Representative director & COO, SoftBank Telecom

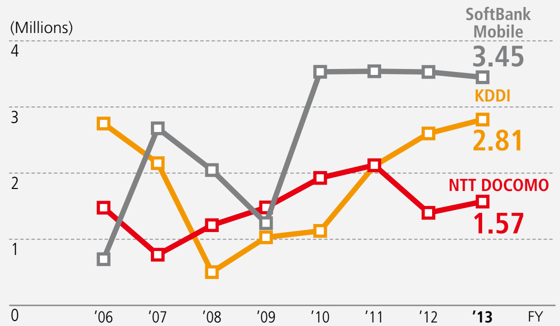
Venture Spirit Key to Beating Competitors in Japan and the U.S.

No. 1 in Net Subscriber Additions for Fourth Consecutive Fiscal Year

Fiscal 2013 saw competition intensify even further between Japan's three major mobile operators with NTT DOCOMO beginning to offer iPhone in September. We were highly conscious of the crisis that could occur if the customers we had won from NTT DOCOMO were to return en masse. However, we significantly outperformed other companies in net subscriber additions to retain the No. 1 position for a fourth consecutive fiscal year.

The first reason for this is the completion of our major network upgrade. After more than two years of work, our network boasts better connectivity than those of other companies, and we have also been increasing communication speeds through the introduction of LTE. If we hadn't completed the upgrade before NTT DOCOMO started offering iPhone, our net subscriber result might have been tragic. The second reason for our success was an outstanding performance in the corporate market. We made a determined effort in this area, approaching major corporations directly and SMEs via dealers, to realize a significant contribution from new subscribers using Mobile Number Portability (MNP). The third reason was our continued enhancement of our exclusive sales outlets, the SoftBank stores. We have approximately 2,600 stores throughout Japan, and

Net Subscriber Additions



we focused on providing strong support to the best performers to help them to expand in scale. At the same time, we utilized iPad as a customer service tool in all of the stores, which increased customer satisfaction and shortened response times. SoftBank has had to overcome numerous difficult hurdles, but with each one, we have grown as a company. All of the relevant departments have pulled together to repel the threat from NTT DOCOMO's entry into the iPhone arena. In doing so, I feel that we stepped up another level once again.

Ending the Cash-back War

However, we had to pay a significant price in this battle. The three major mobile operators became embroiled in a cash-back war, where they were paying large amounts to customers to switch to their networks via MNP. I even saw flyers and in-store posters offering ¥500,000 cash back for a family of four to switch over. This kind of situation is abnormal—it seems unfair to existing customers, and it places an excessive burden on earnings.

To resolve this situation, SoftBank decided ahead of other companies to correct its excessive MNP cash-back initiative. From mid-March, we gradually reduced the amount of cash-back offers. We were worried that if we acted alone, we might lose a great number of our customers to our competitors, but KDDI and NTT DOCOMO followed our lead so the impact was limited. The cash-back war was unintentional and clashed with our policy of raising our enterprise value by increasing profits. I can clearly state that SoftBank will not be initiating any such war in the future.

Taking Competition to a New Dimension

From fiscal 2014, the focus of competition will shift to a new dimension. Now the focus is on what will give the greatest delight to our customers, and we will pursue it relentlessly in every field. One of the main areas is "the possibilities of smartphones," that is, the field of content and services. Although NTT DOCOMO has begun to focus strategically on content with the acquisition of the vegetable home delivery service Radishbo-ya and cooking school operator ABC HOLDINGS, this area is really SoftBank's forte. Today we appear to be mainly a telecommunications operator, but our original business was in software distribution, and our continued growth has been based on using the Internet as our business foundation. We will unleash synergies with Group companies offering strong content and services, such as Yahoo Japan, Alibaba Group, and GungHo, to enhance our content and service

Launch ceremony for iPhone 5s and 5c at SoftBank Ginza

offerings and make them even easier to use.

In fields other than content and services, we will pursue greater customer convenience. We have already started by launching the *Smartphone Flat-rate* price plan (please refer to page 33 for details) which offers a complete flat-rate for domestic voice calls and the ability to carry over unused data transmission quotas to the following month, and by switching our points program to the shared points service *T-POINT*.

In mobile devices, we will continue to focus on iPhone, while adding Android devices to complement our lineup. In January 2014 we made Brightstar Corp. a subsidiary, which has significantly expanded

Open Discussion in the "War Room" Achieves Flexible Management

our procurement volume of mobile devices. This has enabled us to procure attractive Android devices exclusively, and at low prices. It will take a year or two to make the new devices available, but the results of joint procurement should begin to emerge from the second half of fiscal 2014.

Meanwhile, there is a lot of attention on discounts on bundled mobile communication services and FTTH services and on low-cost smartphones. These require careful consideration regarding cost effectiveness and market needs, and at this point we are not planning any specific initiatives in these areas.

Transferring SoftBank's Corporate Culture and Expertise to Sprint

We have built a good relationship with Sprint after closing the acquisition in July 2013, and we are gradually introducing SoftBank-style corporate culture and expertise there. One of the distinctive features of SoftBank's corporate culture is that when we are facing a major challenge, the management gathers together with relevant departments in one room, usually called the "war room," where we leave aside seniority and departmental divisions so everyone can speak freely and find answers more quickly. Sprint is a typical telecommunications company with its own history—there are well-defined roles for each department and established processes. Recently however, this shell is beginning to crack, and Sprint is becoming open to discussing matters between different levels of seniority and across departmental boundaries.

In terms of expertise too, management from our sales and marketing divisions and our technological divisions frequently visit the U.S. and transfer

Sharing SoftBank's expertise with Sprint's management

SoftBank-style approaches to Sprint. In Sprint's sales operations, we have promoted "visualization," one of SoftBank's strengths. Specifically, we have introduced a system for providing management with flash reports on subscriber acquisition numbers and other information five times a day, and a scheme for making a ranking of individual stores and staff by their subscriber acquisitions and other KPIs to facilitate timely checking. Another concept we have transferred is sharing successful examples within stores and spreading them to other stores as well. In January 2014 we also introduced *Sprint Easy Pay*, an installment billing plan for mobile devices, which is starting to catch on with customers. So we have managed to create the "body" for Sprint, and now the challenge is how to put the "soul" into it—that is to say, how to ensure rigorous operational management.

In technology operations, we are making a drive to improve Sprint's network through close cooperation with our Japanese technology team. The U.S. mobile communications environment is not as good as Japan's, and there are often issues such as calls being suddenly dropped, or not connecting. Communication speeds are also problematic—if people try to view content on a smartphone it often takes too long to appear on screen. As smartphones become more sophisticated and feature larger screens, there will be a huge increase in opportunities to view rich content such as video, so the demand for smooth, high-speed communication services is bound to increase. We believe we can utilize Sprint's strength in its ample spectrum in the 2.5 GHz band to offer high-speed communication services that rival companies can't match, mainly in cities. If we can do this, then we can present a serious challenge to Verizon Wireless and AT&T, who are ahead in the adoption of LTE.

Venture Spirit the Key to Succeeding in Competition

If the current trend of low birthrates and an aging population continues in Japan, then inevitably our domestic business growth will slow down slightly. That is why we decided to venture into the U.S., which already has a population of over 300 million and is continuing to grow. We see the U.S. market as a driver for SoftBank's sustainable growth, not only because of its increasing population, but also because it is economically affluent, and the spread of advanced technologies such as LTE is already underway. And our focus is not on the U.S. alone. Brightstar Corp.'s mobile device wholesale operations cover telecommunications operators and retailers all over the world, including Latin America, Africa, and Europe. Brightstar Corp. will bring a cost reduction effect due to volume, but we also expect its trading relationships to help us widen the scope of overseas business opportunities for SoftBank as well.

SoftBank has grown in scale to achieve net sales of almost ¥7 trillion, but our attitude is still that of a venture company. When urgent situations arise, chairman and CEO Son, myself, and other members of management gather in the "war room" to make swift management decisions based on scientific data and open discussion. As long as we retain this venture company spirit, I believe we will be able to face the challenges of competition in Japan and the U.S. Sun Tzu said, "Know your enemy and yourself, and you will never be defeated in 100 battles." If we start with a proper understanding of the situation, the strengths and weaknesses of our competitors and ourselves, and approach the competition by focusing on areas of strength to make breakthroughs on those points, then we do not need to fear any competitor, no matter how large they may be.

One Team, One Vision

In July 2013 SoftBank acquired U.S. company Sprint in a first step towards the goal of full-scale global expansion. Now, we have started a raft of initiatives to generate synergies between our Japanese and U.S. operations, and to strengthen our competitive strength as a group.

Photo: meeting with the Sprint management team

Uniting SoftBank and Sprint

Following the Sprint acquisition, SoftBank Corp. chairman and CEO, Mr. Masayoshi Son, visited Sprint's head office in the State of Kansas to rally the entire management team behind the key concept of "One Team, One Vision." Addressing them, he said "I would like to make Sprint and SoftBank one team. Together, we can achieve bigger, better results, and pursue bigger dreams." He also spoke about the philosophy of "Information Revolution – Happiness for everyone," that was confirmed in the "Next 30-Year Vision" formulated in 2010. Mr. Son urged the management to work together, saying "I want you all to share the same vision, and to work as one team to make it happen."

Our success in the pressing task of rebuilding Sprint will depend on how well SoftBank's Group companies in Japan, including SoftBank Corp. and SoftBank Mobile, can integrate with Sprint. For this reason, the management teams in Japan and the U.S. hold teleconferences every week to discuss ways of improving Sprint's network and sales operations and the progress on these tasks. They also gather each month in a new office in Silicon Valley (detailed below) to hold extensive discussions on the overall growth strategy. At the same time, we have also assigned front line managers to Sprint to transfer knowledge and expertise that we have developed in Japan, and Sprint has been incorporating "SoftBank style" methods in its efforts to rebuild itself.

Meeting between the Japanese and U.S. management teams

Strengthening Four Key Areas and Cutting Operating Expenses

After acquiring Vodafone K.K. (currently SoftBank Mobile) in 2006, SoftBank succeeded in rebuilding the company by strengthening the four areas of the network, devices, sales and branding, and services and content. We are transferring the knowledge and expertise gained through this experience to Sprint, aiming to rebuild the company by strengthening these same four areas and cutting operating expenses.

The key to strengthening the network is the roll-out of a TD-LTE network. Sprint has spectrum in the 800 MHz, 1.9 GHz, and 2.5 GHz bands. Among these, the ample 2.5 GHz band is set to play the most important role in helping Sprint to achieve superior competitive strength and Sprint is currently working at full-speed to build a TD-LTE network using this band. SoftBank has been building and operating a TD-LTE (AXGP) network on the same 2.5 GHz band in Japan for over two years, and transferring all of its knowledge and expertise to Sprint will lend powerful impetus to Sprint's efforts.

In efforts to enhance mobile devices, SoftBank Mobile, Sprint, and Brightstar Corp. will centralize their procurement to reduce the cost and add attractive new mobile devices to the lineups in Japan and the U.S.

To improve sales and branding, Sprint is introducing methods that SoftBank has cultivated in Japan one after another in an effort to rapidly transform into a sales-focused company. In addition to implementing a system for providing management with flash reports on subscriber acquisitions and other information five times each day, Sprint has also adopted a scheme for ranking individual stores and staff by the numbers of their subscriber acquisitions and other metrics in order to foster a spirit of competition. Other initiatives include sharing best practices by video in order to raise the level of customer care. Staff at Sprint stores have also started using iPad as a tool for serving individual customers and offering guidance to corporate customers, which has increased customer satisfaction and shortened customer response times.

Please refer to the Interview with Senior Executive Vice President on page 22.

New Office in Silicon Valley

SoftBank established a new office in the northern end of Silicon Valley, San Carlos, California in September 2013 to assist in unifying operations in Japan and the U.S. Silicon Valley is home to many of the world's foremost IT and venture companies, and the new office will play a vital role in helping us to stay abreast of which next-generation technologies are set to enter the mainstream so that we can rapidly deploy competitive services and products. SoftBank Mobile and Sprint have already assigned a sizeable number of staff to the new office, and they have begun working on centralized procurement, development of new technologies, and building relationships with companies that possess advanced technologies, among other initiatives. In the future, plans are to expand the team at the new office to around 1,000 members.

One Team, One Vision—Technology Division

Junichi Miyakawa
Executive vice president, director & CTO, SoftBank Mobile
Executive vice president, director & CTO, SoftBank BB
Executive vice president, director & CTO, SoftBank Telecom

Poor Connectivity a Thing of the Past

In fiscal 2013, we put the finishing touches on the expansion of our telecommunications service area. We were determined to ensure that SoftBank is never again criticized for having poor connectivity. We constructed 40–60 m high towers throughout Japan and made full use of our platinum band (900 MHz band) to dramatically improve connectivity in cities and in mountain areas including golf courses and ski resorts. Today, each of the three major mobile operators in Japan makes claims to superior connectivity, but now other companies will have to concede that SoftBank is no longer the solitary straggler in this race. The improvements have given our frontline engineers confidence and a sense that SoftBank's capability as a company has moved up to a higher a level.

Strengthening Two LTE Networks in Japan

In fiscal 2014, we will begin strengthening our LTE networks in Japan and the U.S. In Japan, we will roll out FDD-LTE in stages from the summer on the 900 MHz band (2 x 10 MHz bandwidth), now that we have completed moving existing users across to it. Since the 900 MHz band is suitable for covering wide areas, using FDD-LTE on this band will realize an LTE network with seamless coverage across all of Japan, just like the current 3G network. We therefore plan to start offering VoLTE voice services on the network as soon as possible.

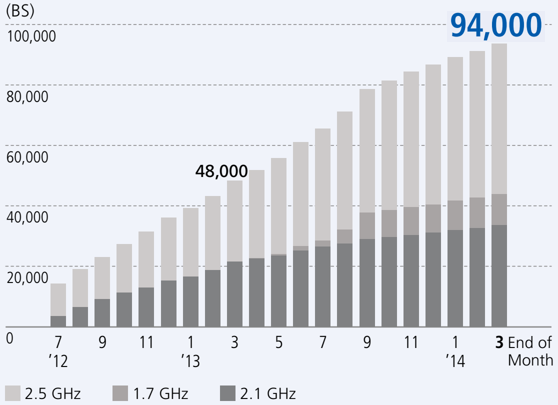
For our TD-LTE (AXGP) network, which operates on the 2.5 GHz band, we will close up small holes in the service area and create a seamless network. SoftBank's TD-LTE network utilizes "cloud-type base stations," where a single "base band unit" is installed in a central office to coordinate and control

Building the Best Network in Japan and the U.S.

30 to 50 base stations. This system is unique in the world. Moreover, it is going to play an increasingly important role in offloading rapidly increasing data traffic by reducing interference between base stations as it coordinates and controls them. This is important because the number of base stations is increasing with the ongoing effort to reduce cell size.

By strengthening these two LTE networks, we will complete the ideal infrastructure we envisaged several years ago, which combined three LTE networks operating in the 900 MHz, 2.1 GHz, and 2.5 GHz bands. Moreover, for each LTE network we plan to install LTE-Advanced technology as soon as the network is ready. For example, we have already deployed MIMO technology using multiple antennas to widen the spectrum bandwidth on our TD-LTE network, and we will phase it in on our other LTE networks going forward. We are also preparing to implement carrier aggregation, where we combine different bands, including our FDD-LTE and TD-LTE networks, to achieve higher speeds.

Number of LTE Base Stations



*1 1.7 GHz base stations represent stations owned by Ymobile (formerly eAccess) that have been shared with SoftBank Mobile.
*2 2.5 GHz stations are the number of AXGP base stations.

Transferring Knowledge and Expertise to Sprint

At Sprint, we have been discussing all aspects of strengthening the network since the acquisition. After more than half a year, we are finally able to discuss things from the same perspective and scale, and share our vision for the ideal network and the short-, medium-, and long-term steps we must take to achieve it. In short, we have become one team.

Based on this relationship, Sprint is working full-tilt to construct a TD-LTE network on the 2.5 GHz band. SoftBank has been working closely in numerous sessions with Sprint's technology division to transfer all the knowledge and expertise it has built up about TD-LTE in Japan. Our extensive expertise covers everything from antenna installation to selection and positioning of radio equipment and output level for radio signals. We also conduct joint negotiations with the equipment vendors, not only to reduce costs with the increase in procurement volumes, but also to work together on developing the necessary equipment for realizing services that take full advantage of Sprint's spectrum.

Another area where we are transferring "SoftBank-style" methods to Sprint is network operations. One method that we have promoted especially is to create a team called the "Top Guns," to work on network operations and improvements using special monitoring tools that SoftBank has developed in-house. We believe that accumulating your own expertise and experience in-house through trial and error is certain to make the company stronger over the longer term. To draw up the most effective plans for improving connectivity, we have introduced new methods for analyzing data relating to smartphone connection rates and network congestion.

In fiscal 2013, we followed our theme of "One Team, One Vision," and focused on preparing the ground for our future growth. In fiscal 2014, I am really hoping to see our preparation efforts bear fruit in the form of network improvements.

Mobile Gaming Strategy

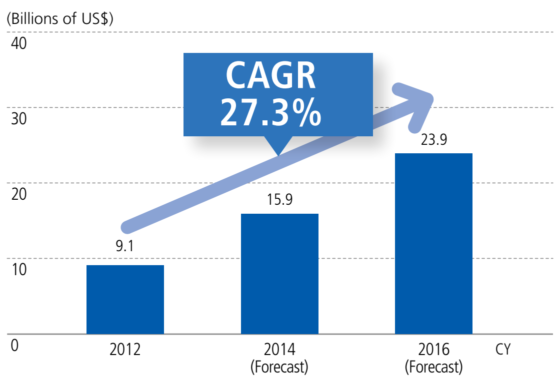
SoftBank took bold action on its mobile gaming strategy in fiscal 2013. Here we introduce the strategy and the two Group companies that hold the key to its success.

Mobile Game Market Trends

Driven by the rapid proliferation of smartphones and tablets, the app market expanded to US$16 billion in 2013, increasing 2.3 times from the previous year.*1 This tremendous growth has been led by mobile games, with game-related spending up 2.9 times year on year in seven key countries including Japan (4.4 times in Japan), South Korea, the U.S. and the U.K.*1 In 2013, 74% of all app-related spending by consumers on iOS and nearly 90% on *Google Play* was for game apps.*2 This trend is expected to continue with a projected annual growth rate of 27.3% for mobile gaming apps, nearly doubling the current market by 2016 to an estimated US$23.9 billion.

*1 According to research by IHS Technology and App Annie.
*2 According to research by Distimo.

Global Mobile Game Revenue (Forecast by Newzoo)



Aiming to be No. 1 in Mobile Games Worldwide

SoftBank is aiming to create a comprehensive global ecosystem for the mobile Internet. To strengthen the key components of services and content, in fiscal 2013 SoftBank successively consolidated GungHo and Supercell. Both companies have a similar approach to creating appealing games and have released only carefully crafted titles that provide high-quality entertainment. They continue to refine and develop these offerings over the long term.

In the combined iOS and *Google Play* sales rankings for 2013 by title, GungHo's *Puzzle & Dragons* achieved the No. 1 position, while Supercell's *Clash of Clans* and *Hay Day* distinguished themselves in 3rd and 4th place respectively.*3 By company, GungHo was ranked No. 1 in the world and Supercell No. 2*3—outstanding achievements by both. The addition of these two companies has propelled SoftBank to the top of the mobile gaming world overnight.

GungHo's success is focused mainly in Japan, while Supercell's achievements are centered in the U.S. and Europe. The two companies will support each other's growth in various ways, including cross-promotion within their games and marketing efforts.

*3 According to research by App Annie.

GungHo Online Entertainment

GungHo was founded in 2002 and focused for many years on the core business of massively multiplayer online role-playing games (MMORPG). Thereafter, the rapid spread of smartphones set the stage for GungHo to enter the mobile gaming market with its 2012 release of the puzzle role playing game *Puzzle & Dragons*. The title has become a runaway hit with 28 million cumulative downloads in Japan and over seven million overseas driving GungHo's fast-paced growth.

GungHo aims to develop each individual game into a long-standing game brand with a loyal following that will keep playing for 10 to 20 years, and to this end has adopted a One Source, Multi-Use strategy. *Puzzle & Dragons* is now being developed over a broad range of platforms including Nintendo 3DS™, arcade games, comics, and merchandise in an effort to widen the user base and cultivate life-long users. GungHo will now focus on promoting development of new titles and making good use of its cooperative relationship with Supercell to bolster its overseas expansion with a view to achieving further growth.

GungHo aims to become the world's foremost entertainment company. We strive to create innovative offerings that provide completely original experiences to the world while emphasizing the qualities of "interesting," "fun," and "surprising." We consider our online games to be a service business, and adopt a "theme-park style" management approach that integrates games and services. We will continually increase user satisfaction as a means of building long-term brands. In this new era where almost every device can connect to the Internet, we will make the most of the opportunities offered by working to produce even more hit games.

Kazuki Morishita
President & CEO

Supercell

Founded in Finland in 2010, Supercell was built on the belief that the best people make the best games. Today it has over 140 talented employees, representing more than 30 nationalities in its ranks. Supercell's two 2012 releases, *Clash of Clans* and *Hay Day*, have respectively hit No. 1 in sales for iPad apps in 144 and 111 countries, and led Supercell to be the global No. 1 in iOS sales for eleven straight months in 2013.

Supercell aims to be the first truly global games company. In partnering with SoftBank, Supercell was seeking to secure its independence and long-term plan. Supercell's aim is to create history—games that people would still remember 50 or 100 years from now. This takes time, and more so it takes patience. The decision to partner with SoftBank in October 2013 was taken in the belief that SoftBank would be the ideal partner to help Supercell carry out these long-term plans.

We've always wanted to make games that people would play for years, not weeks or months. Added to this longevity, games with a free-to-play model and aimed at a broader market, so that anyone could play. To do this, we think of our games not as products, but as services. This drives us to keep them fresh, and to improve them every single day, so that everyone will enjoy playing them.

Ilkka Paananen
CEO

Mobile Communications Segment

Fiscal 2013 Business Results (YoY)

Net Sales: ¥3,165.5 billion (+35.0%)

Segment Income: ¥609.0 billion (+17.8%)

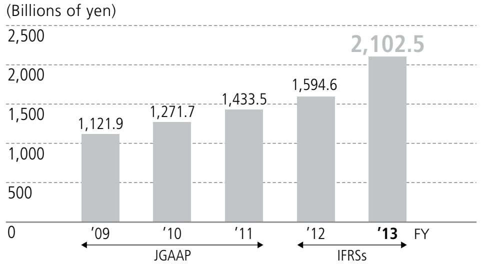
Fiscal 2013 Overview

The segment's net sales totaled ¥3,165.5 billion, an increase of 35.0% year on year. The main factor behind the increase was the impact of consolidating GungHo, WILLCOM, Supercell, and Brightstar Corp., in addition to increases in the number of mobile phone subscribers and units sold at SoftBank Mobile, which led to increases in both service revenue and product sales.

The segment's operating expenses were ¥2,556.6 billion, an increase of 39.8% year on year. The principal cause of this increase was the impact of consolidating GungHo, WILLCOM, Supercell, and Brightstar Corp. and higher operating expenses at SoftBank Mobile. The higher expenses at SoftBank Mobile reflected increases in the cost of goods in line with strong sales of smartphones, especially iPhone. Another factor behind the increase in operating expenses was further competition to win customers under Mobile Number Portability (MNP), which resulted in higher sales commissions at SoftBank Mobile.

As a result, segment income was up 17.8% year on year at ¥609.0 billion.

Service Revenue in the Mobile Communications Segment



(Note) Fiscal 2013 includes effect of new consolidations (¥424.4 billion) of GungHo, eAccess, WILLCOM, and Supercell. Fiscal 2009–2011 represents telecom service revenue at SoftBank Mobile, fiscal 2012–2013 represents service revenue in the Mobile Communications segment.

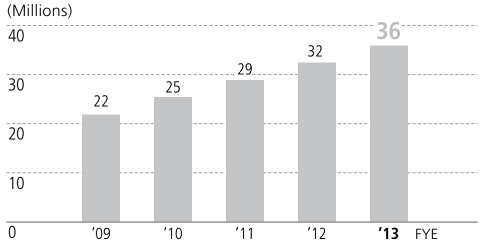
Number of Subscribers

Net subscriber additions for fiscal 2013 at SoftBank Mobile totaled 3,445,000. This was primarily the result of strong sales of smartphones, especially iPhone, as well as communication modules and other items, mainly due to conducting various sales promotions targeting customers for smartphone subscriptions. As a result, the cumulative number of subscribers at SoftBank Mobile at the end of fiscal 2013 stood at 35,925,000.

ARPU

ARPU at SoftBank Mobile for fiscal 2013 decreased by ¥100 year on year to ¥4,450. Out of this, data ARPU rose ¥150 year on year to ¥2,930.

Cumulative Mobile Subscribers at SoftBank Mobile

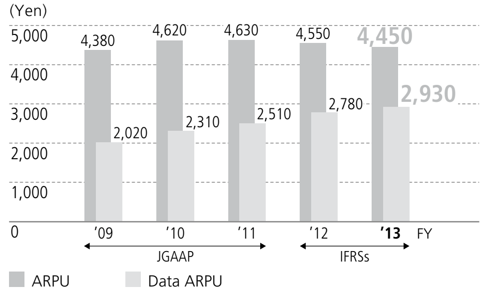


The decline in ARPU mainly reflects an increase in low-ARPU handsets and a decline in the voice calls using voice devices. Meanwhile, the continuous growth in the number of high-data ARPU smartphone subscribers contributed to the increase in data ARPU.

Number of Units Sold

The number of units sold at SoftBank Mobile for fiscal 2013 increased by 8.1% year on year to 14,175,000. The increase was primarily due to various sales promotions and the resulting continuous strong sales of smartphones, especially iPhone. In addition, further competition to win customers under MNP and a resulting increase in the number of customers who switched from other operators contributed to the growth.

SoftBank Mobile ARPU



Strategies Ahead

In the Mobile Communications segment, SoftBank is combining the mobile communications business led by SoftBank Mobile with the strengths of a group of newly acquired subsidiaries. Through this combination, SoftBank will further its initiatives to enhance its network, purchasing scale, and content, to build an even stronger business foundation in the Japanese market.

1. Strengthening the Network through LTE

For the past two years since fiscal 2012, SoftBank Mobile has been working to deploy 900 MHz band, or "platinum band," base stations, which can efficiently cover wide areas. As of March 31, 2014, SoftBank Mobile had established 32,000 such base stations and now outperforms its competitors in both call and data connection rates for smartphones.

Now, SoftBank Mobile is focusing on measures to counter the continuing increase in network traffic accompanying the further spread and increased performance of smartphones. From the summer of 2014, plans are to roll out LTE services in stages on the 900 MHz band in addition to the existing 2.1 GHz and 2.5 GHz bands. By continuing to introduce LTE on the network, SoftBank Mobile will increase usage efficiency across all of its spectrum, while continuing to reduce the size of cells in urban areas, where network traffic volume is especially large, and further improving the communication quality of Wi-Fi spots.

2. Leveraging Benefits of Scale in Procurement

In January 2014, SoftBank consolidated Brightstar Corp. It is the world's largest*[1] specialized wireless distributor, providing services in over 100 countries with local bases in over 50 countries.

Now, SoftBank Mobile will make use of Brightstar Corp.'s global business platform to expand the scale of mobile devices and peripheral equipment procurement. This will enable SoftBank Mobile to provide an attractive lineup of products and SoftBank to increase its competitiveness in Japan and the U.S. by pursuing benefits of scale.

*[1] Net sales base (according to research by Brightstar Corp.)

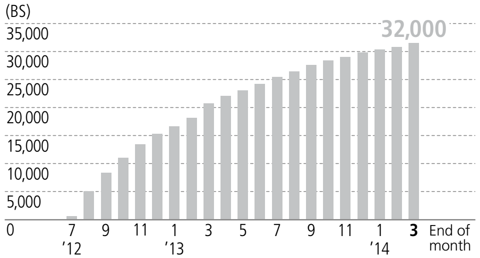
3. Enhance Content

SoftBank consolidated its associate GungHo in April 2013 followed by the Finnish company Supercell in October of the same year with the goal of enhancing its mobile gaming content. Both companies possess hit game titles for mobile devices; GungHo provides *Puzzle & Dragons*, ranked No. 1*[2] in the 2013 world ranking for game sales by title, while Supercell provides *Clash of Clans*, ranked No. 3,*[2] and *Hay Day*, ranked No. 4.*[2]

Now, SoftBank will utilize the two companies to drive gains in profitability and competitiveness with the goal of becoming the world's No. 1 mobile Internet company.

*[2] According to research by App Annie.

Number of Platinum Band-compatible Base Stations



New Price Plan "*Smartphone Flat-rate*"

SoftBank Mobile introduced the new *Smartphone Flat-rate* price plan from July 1, 2014. The *Smartphone Flat-rate* plan offers customers unlimited domestic voice calls for a flat rate of ¥2,700 per month,*[1] along with the choice of a wide variety of flat-rate data plans. In addition, any unused portion of the monthly data quota can be carried over for use in the following month. Other features include a service that allows family members to share a single data allocation,*[2] as well as discounts in accordance with the number of subscriptions per family and discounts and other benefits for long-term subscribers*[3] and subscribers under the age of 25.

*[1] This price applies to two-year contracts.
*[2] This is an option that subscribers must apply for.
*[3] The launch date of this discount service is yet to be determined.
(Note) As of June 30, 2014.

Smartphone Flat-rate **Data Plan**

Domestic data transmission	Monthly charges
Up to 2GB	¥ 3,500
Up to 5GB	¥ 5,000
Up to 10GB	¥ 9,500
Up to 15GB	¥12,500
Up to 20GB	¥16,000
Up to 30GB	¥22,500

Sprint Segment

* In the Sprint segment, the earnings reflect results of operations of Sprint since July 11, 2013.

Fiscal 2013 Business Results (YoY)

Net Sales: ¥2,601.0 billion (—%)

Segment Loss: –¥1.2 billion (—%)

2013 Business Results

The segment's net sales totaled ¥2,601.0 billion. This mainly includes Sprint platform service revenue and product sales. Nextel platform service revenue is not recorded in fiscal 2013 as a result of its shutdown on June 30, 2013.

Operating expenses totaled ¥2,602.2 billion including ¥129.9 billion in amortization of customer relationships (amortized based on the sum-of-the-digits method) recorded at consolidation.

Therefore segment loss was ¥1.2 billion. Segment income for the three-month period ended March 31, 2014 (the fourth quarter) was ¥57.0 billion.

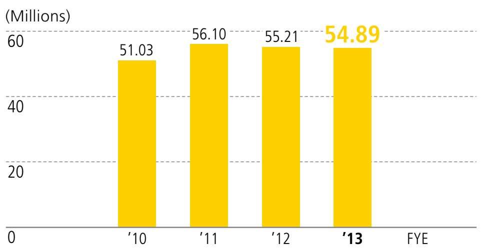
Severance costs associated with reduction in the workforce of Sprint of ¥18.3 billion were also recorded as other operating loss on the consolidated statement of income.

Subscribers

For the period from July 1, 2013 to March 31, 2014 subscribers at Sprint decreased by 303,000*[1] and cumulative subscribers as of March 31, 2014 stood at 54,887,000. On the Sprint platform there was a net increase of 204,000,*[2] bringing its cumulative number of subscribers as of March 31, 2014 to 53,551,000.

*1 Excludes 1,602,000 subscribers acquired in conjunction with Sprint's acquisition of Clearwire Corporation (Clearwire) on July 9, 2013.
*2 Excludes 29,000 subscribers relating to a Clearwire MVNO arrangement.

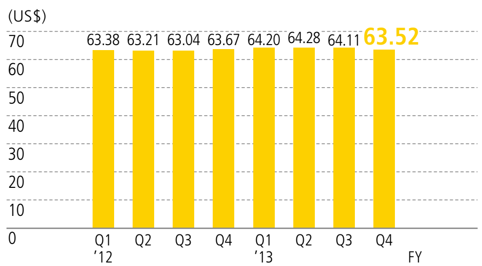
Sprint Cumulative Subscribers



ARPU

Sprint platform postpaid ARPU for the fourth quarter was $63.52. Compared to the three-month period ended September 30, 2013 (the second quarter) this showed a decrease related to factors such as a higher mix of tablets in the subscriber base and migration to *Sprint Framily* plans. Sprint platform prepaid ARPU for the fourth quarter was $26.45. Compared to the second quarter prepaid ARPU increased primarily in relation to changes in the subscriber mix of prepaid brands.

Sprint Platform Postpaid ARPU



Churn Rate

Sprint platform postpaid and prepaid churn rates for the fourth quarter were 2.11% and 4.33%, respectively. Compared to the second quarter postpaid churn rate increased related to service disruption issues associated with the network modernization. Compared to the second quarter prepaid churn rate increased in relation to the annual recertification of the *Assurance Wireless**[3] base.

*3 The Lifeline Assistance Program refers to a program where carriers in the U.S. receive a subsidy from a government fund to provide discounted services to low-income subscribers.

Network

Significant progress was made on Network Vision, a project designed to consolidate multiple network technologies into one new, seamless network with the goal of increasing efficiency and enhancing network coverage, call quality and data speeds for customers. The Nextel network was shut down on June 30, 2013 and the redeployment of its 800 MHz band continued throughout 2013.

As of April 30, 2014, 4G LTE coverage on the Sprint network was expanded to more than 225 million people. By mid-2014, 4G LTE coverage is expected to reach 250 million people. Additionally, Sprint's replacement of its entire 3G and voice network and the nation-wide roll-out of high-definition voice service are both expected to be largely complete by mid-2014. *Sprint Spark*, the next phase of the network evolution, was launched in October of 2013.

Strategies Ahead

1. Improving the Customer Experience

Sprint continues to focus on customer care operations by implementing initiatives that are designed to improve call center processes and procedures, including customer satisfaction ratings, first call resolution, and calls per subscriber.

2. Strengthening the Brand

Sprint continues to strengthen its brand through offering a broad selection of some of the most desired and iconic devices, while focusing on continued enhancements to its network and upgrade to LTE. The *Sprint* brand is distinguished from other wireless providers through offerings of unlimited talk, text, and data-guaranteed for life—and the recently launched *Sprint Framily* plan and *Sprint Easy Pay* for installment billing. *Sprint Framily* allows subscribers to forgo traditional subsidized devices in exchange for lower monthly service fees, early upgrade options, or both. In less than four months since the service launch in January 2014, the number of users has reached nearly three million (as of April 30, 2014).

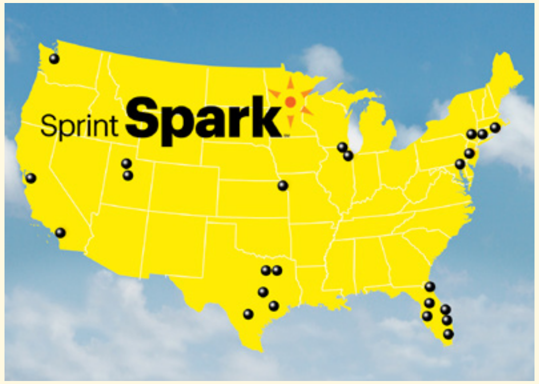
3. Generating Cash

Sprint continues to focus on generating increased operating cash flows through competitive rate plans for postpaid and prepaid subscribers, multi-branded strategies, and effectively managing the cost structure. Certain strategic decisions, such as the network modernization plan and the availability of iPhone have resulted in a deterioration in cash flows from operations, and *Sprint Easy Pay* is expected to have a deteriorating impact on operating cash flows as compared to traditional subsidized plans because the subscriber is financing the device over 24 months. However, Sprint believes these actions will generate long-term benefits, including growth in valuable postpaid subscribers, a reduction in variable cost of service per unit, and long-term accretion to cash flows from operations.

Sprint Framily TV commercial characters

Sprint Spark Expansion

In October 2013 Sprint launched *Sprint Spark*, a unique combination of network technologies, spectrum capacity, and tri-band devices designed to bring customers super-high wireless speeds. *Sprint Spark* leverages Sprint's 800 MHz, 1.9 GHz and 2.5 GHz bands together with devices offering tri-band capability and high-definition voice. As of April 30, 2014, *Sprint Spark*, which offered peak speeds of 50–60 Mbps at launch and has increasing speed potential over time, was available in 24 cities, including some of the world's largest cities such as New York, Los Angeles, and Chicago. Sprint plans to deploy *Sprint Spark* in about 100 of the U.S.'s largest cities during the next three years. In the TD-LTE build on the 2.5 GHz band the 8T8R base station equipment for better coverage is now in the field testing phase. Sprint expects to have approximately 100 million 2.5 GHz pops deployed by the end of 2014.



Cities *Sprint Spark* was launched as of April 30, 2014.

Fixed-line Telecommunications Segment

Fiscal 2013 Business Results (YoY)

Net Sales:
¥548.1 billion
(+3.2%)

Segment Income:
¥108.6 billion
(–4.9%)

Fiscal 2013 Overview

The segment's net sales increased by 3.2% year on year to ¥548.1 billion. The full-year net sales of the fixed-line telecommunications business of eAccess, which was consolidated from January 2013, contributed to this increase. On the other hand, revenues from the broadband business at SoftBank BB decreased due to a decline in its number of ADSL service subscribers.

Segment income declined by 4.9% to ¥108.6 billion, mainly because of the lower revenues from the broadband business at SoftBank BB.

Strategies Ahead

1. Strengthening Cloud Solutions

In corporate data communication services, SoftBank Telecom is proposing innovative work styles that combine cloud services with mobile devices to support productivity improvements at customer corporations. For one of our cloud service offerings, *Google Apps for Business*, SoftBank Telecom achieved 800,000 cumulative ID sales by the end of 2013, and was selected by Google Inc. to receive the "Global Partner Award" for the second year running since fiscal 2012.

Coupon terminal *HappyGATE*

2. Promoting O2O Solutions

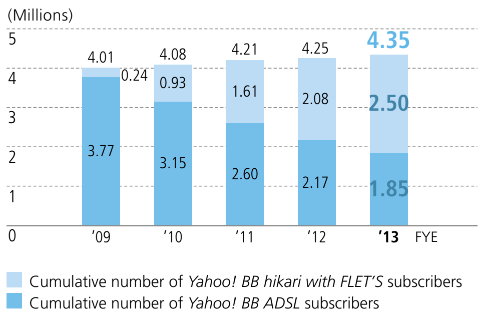
SoftBank Telecom is enhancing its lineup of O2O (Online-to-Offline) services, which link real and online stores and services and encourage consumer traffic and greater spending. SoftBank Telecom has been working with stores at AEON MALL Makuhari New City, which opened in December 2013, to develop omni-channels that seamlessly connect real and online stores and services to create opportunities for more consumers to encounter products and services. By strengthening links with the "*Super O2O solution*," which is provided in collaboration with Yahoo Japan, SoftBank Telecom encourages customers to participate in various sales promotions and offers services that enable consumers to experience a new style of shopping, such as providing product information using dedicated smartphone apps and coupons obtained from in-store coupon terminals. SoftBank Telecom will continue to support the fusion of online and offline and create new revenue opportunities.

3. Improving ARPU of *Yahoo! BB*

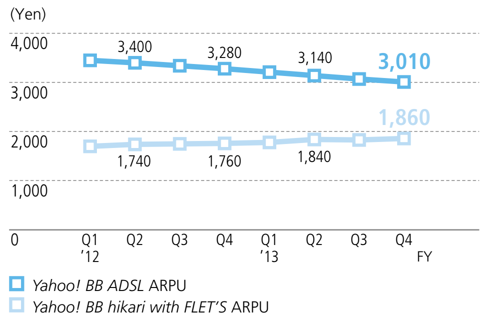
In the broadband business for individual customers, SoftBank BB has continued to increase the number of subscribers to *Yahoo! BB hikari with FLET'S* while growing revenues by providing a variety of optional services to boost ARPU.

From fiscal 2013, SoftBank BB introduced optional services that have contributed to increasing ARPU. These included the *Value Pack*, a set of seven optional services that is also available with virtually free use of an original tablet when combined with a simultaneous new subscription to *Yahoo! BB*, and *White hikari Phone*, an optical IP telephone service for *Yahoo! BB hikari with FLET'S* subscribers.

Cumulative Number of *Yahoo! BB* Subscribers



Yahoo! BB ARPU



Internet Segment

Fiscal 2013 Business Results (YoY)

Net Sales:
¥399.9 billion
(+12.1%)

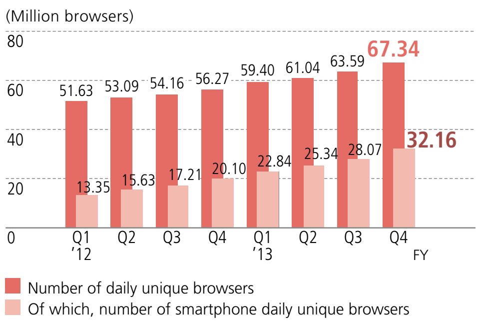
Segment Income:
¥188.9 billion
(+4.6%)

Fiscal 2013 Overview

The segment's net sales increased by 12.1% year on year to ¥399.9 billion. The increase was the result of growth in revenue at Yahoo Japan, mainly from display advertising and sponsored search advertising, especially through smartphones. This was despite the fact that Yahoo Japan eliminated store tenant and other fees from October 2013 as part of a new strategy in its e-commerce business. Operating expenses increased by 19.9% year on year to ¥210.9 billion. This was mainly due to an increase in sales promotion expenses at Yahoo Japan for vigorous promotion activities conducted in relation to the e-commerce business.

As a result, segment income was up 4.6% year on year to ¥188.9 billion.

Daily Unique Browsers at *Yahoo! JAPAN*



Strategies Ahead

Transforming the Business Structure to Reaccelerate Growth

Yahoo Japan has set a target to achieve operating income of ¥330.0 billion, twice that of fiscal 2011, as early as possible by fiscal 2018, and has embarked on a program of bold business structure transformations. The company aims to grow its profits over the medium- to long-term by breathing new life into its e-commerce business and developing new avenues for continuing the strong growth of its advertising business.

1. Reaccelerating the E-commerce Business

Yahoo Japan launched a new strategy in October 2013, including eliminating store tenant and other fees for shops on the *Yahoo! Shopping* and *YAHUOKU!* platforms. Although the new strategy causes revenues to decline in the short term, the goal is to invigorate the market by expanding the numbers of sellers and products, and to set the overall business on a new growth trajectory by increasing advertisements. The new strategies are producing steady results with the number of stores on the platforms as of March 31, 2014, increasing by a factor of 3.8 from March 31, 2013 to 78,000.* In fiscal 2014, Yahoo Japan will focus on increasing this number even more in a bid to increase transaction value and build a foundation for medium- to long-term growth.

* Number of stores is based on accounts issued. It includes accounts that are still preparing to launch store sites after passing the screening process.

2. Using Big Data to Strengthen Advertising Business

In November 2013, Yahoo Japan also announced a new strategy for its advertising business. Under the new strategy, Yahoo Japan will utilize big data and advanced advertising technologies to enhance its response to diversifying advertiser needs and realize multi-device compatibility. For example, Yahoo Japan uses big data obtained from its customer base, the largest in Japan, to enable real-time distribution of advertisements, significantly increasing advertising efficiency. Yahoo Japan also made a full-scale entry into the video advertising business and started distributing video advertisements. Looking ahead, Yahoo Japan will focus on multi-device compatibility to strengthen its response to the ongoing evolution of content, from text to images and video.

Principal Operational Data

Fiscal years ended March 31

	Units	FY2011	FY2012	FY2013	FY2013 Q1	FY2013 Q2	FY2013 Q3	FY2013 Q4
Mobile Communications Segment								
Cumulative subscribers								
SoftBank Mobile	Thousands	28,949	32,480	35,925	33,290	34,068	34,760	35,925
Postpaid	Thousands	28,076	31,661	35,186	32,479	33,268	33,985	35,186
Prepaid	Thousands	874	819	738	811	799	775	738
eAccess	Thousands	4,017	4,319	4,465	4,343	4,415	4,497	4,465
WILLCOM (PHS)	Thousands	4,556	5,086	5,546	5,199	5,310	5,403	5,546
(SoftBank Mobile)								
Net subscriber additions	Thousands	3,540	3,531	3,445	810	778	692	1,165
Postpaid	Thousands	3,517	3,585	3,526	818	790	716	1,202
Prepaid	Thousands	24	(55)	(81)	(8)	(12)	(24)	(36)
ARPU	¥/month	4,630	4,550	4,450	4,460	4,520	4,490	4,340
Data ARPU	¥/month	2,510	2,780	2,930	2,870	2,930	2,960	2,970
Data ratio	%	54.2	61.1	65.8	64.3	64.8	65.9	68.4
Churn rate	%/month	1.12	1.09	1.27	0.99	1.12	1.28	1.66
Postpaid	%/month	1.05	1.03	1.22	0.94	1.06	1.24	1.63
Upgrade rate	%/month	1.59	1.53	1.36	1.25	1.23	1.64	1.30
Units sold	Thousands	12,301	13,113	14,175	3,023	3,150	3,713	4,289
New subscriptions	Thousands	7,163	7,519	8,629	1,790	1,904	2,015	2,921
Handset upgrades	Thousands	5,138	5,594	5,546	1,233	1,246	1,698	1,368
Handsets shipped	Thousands	11,682	11,558	12,033	2,575	2,734	3,347	3,377
Fixed-line Telecommunications Segment								
Cumulative number of *Yahoo! BB ADSL* subscribers	Thousands	2,600	2,172	1,846	2,080	1,997	1,921	1,846
Yahoo! BB ADSL ARPU	¥/month	–	–	–	3,210	3,140	3,080	3,010
Cumulative number of *Yahoo! BB hikari with FLET'S* subscribers	Thousands	1,608	2,081	2,504	2,203	2,290	2,378	2,504
Yahoo! BB hikari with FLET'S ARPU	¥/month	–	–	–	1,780	1,840	1,840	1,860
Number of *OTOKU Line* lines	Thousands	1,685	1,703	1,710	1,703	1,711	1,707	1,710

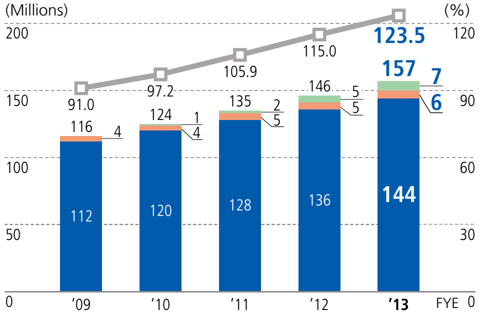
	Units	FY2011	FY2012	FY2013	FY2013 Q1	FY2013 Q2	FY2013 Q3	FY2013 Q4
Sprint Segment								
Cumulative subscribers	Thousands	56,103	55,211	54,887	53,588	54,877	55,354	54,887
Sprint platform	Thousands	50,693	53,896	53,551	53,376	53,252	53,934	53,551
Postpaid	Thousands	28,992	30,257	29,918	30,451	30,091	30,149	29,918
Prepaid	Thousands	13,698	15,701	15,257	15,215	15,299	15,621	15,257
Wholesale & affiliate	Thousands	8,003	7,938	8,376	7,710	7,862	8,164	8,376
Nextel platform	Thousands	5,410	1,315	–	–	–	–	–
U.S. Cellular & Clearwire*	Thousands	–	–	1,336	212	1,625	1,420	1,336
(Sprint platform)								
Net additions	Thousands	–	–	–	(520)	(95)	682	(383)
Postpaid	Thousands	–	–	–	194	(360)	58	(231)
Prepaid	Thousands	–	–	–	(486)	84	322	(364)
Wholesale & affiliate	Thousands	–	–	–	(228)	181	302	212
ARPU								
Postpaid	US$/month	–	–	–	64.20	64.28	64.11	63.52
Prepaid	US$/month	–	–	–	26.96	25.33	26.78	26.45
Churn rate								
Postpaid	%/month	–	–	–	1.83	1.99	2.07	2.11
Prepaid	%/month	–	–	–	5.22	3.57	3.01	4.33

* Sprint acquired 411,000 subscribers (352,000 postpaid subscribers and 59,000 prepaid subscribers) through the acquisition of assets from U.S. Cellular in conjunction with its acquisition of U.S. Cellular when the transaction closed on May 17, 2013. Sprint also acquired 1,602,000 subscribers (788,000 postpaid subscribers, 721,000 prepaid subscribers, and 93,000 wholesale subscribers), in conjunction with its acquisition of Clearwire when the transaction closed on July 9, 2013, and transferred 29,000 Sprint wholesale subscribers relating to a Clearwire MVNO arrangement that were originally recognized on the Sprint platform, to this category.

Japan and U.S. Mobile Communications Market Data

Japan

Number of Cumulative Subscribers in Mobile Communications

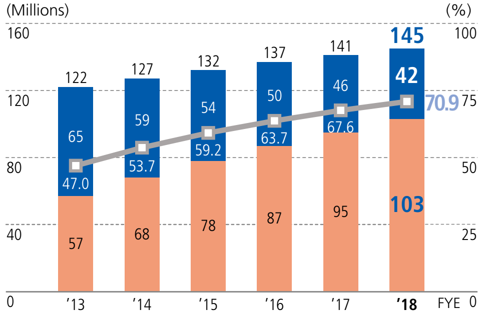


■ Mobile phones (left) ■ PHS (left) ■ BWA* (left) □ Population penetration rate (right)

* Broadband Wireless Access

(Note) Created by the Company based on publicly available information from the Telecommunications Carriers Association and respective companies.

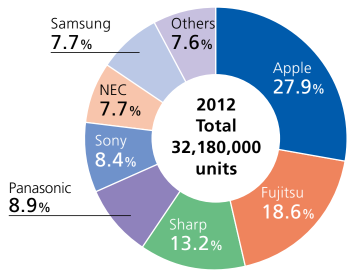
Estimated Smartphone Penetration



■ Number of smartphone subscribers (left)
■ Number of conventional mobile phone subscribers (left)
□ Ratio of smartphones (right)

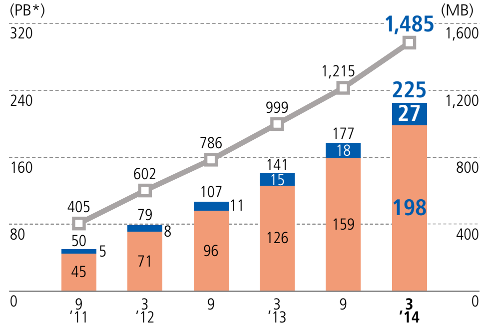
(Note) Based on MM Research Institute, "Smartphone Market Scale Trends and Projections" (April 2014). The above total is the total for smartphones and conventional mobile phones; it does not include PHS, tablets, data communication cards, communication modules, or others.

Share of Smartphone Sales by Manufacturer



(Note) According to Ministry of Internal Affairs and Communications, "2013 White Paper for Information and Communications in Japan," material by Gartner.

Monthly Mobile Communication Traffic in Japan

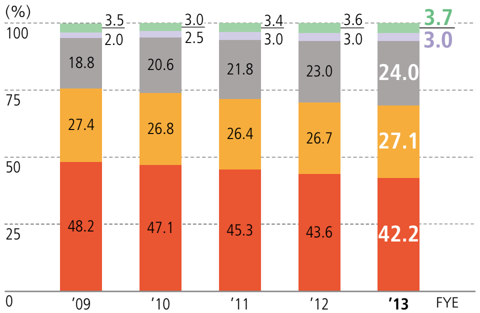


■ Downlink (PB, left) ■ Uplink (PB, left)
□ Average per subscriber (MB, right)

* Petabyte, a unit of data volume. The order of units up to petabyte is kilobyte (KB), megabyte (MB), gigabyte (GB), terabyte (TB), petabyte (PB).

(Note) From Ministry of Internal Affairs and Communications, "Mobile Communications Traffic in Japan (March 2014)." Aggregation of non-voice traffic data from four mobile operators and two BWA operators.

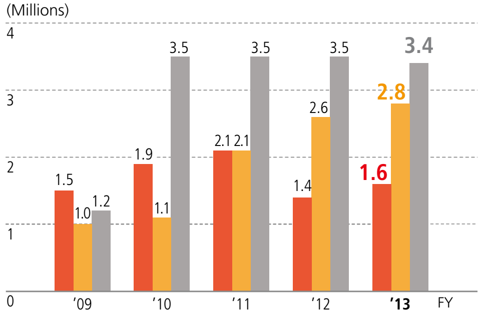
Share of Cumulative Mobile and PHS Subscribers



■ NTT DOCOMO ■ KDDI ■ SoftBank Mobile ■ eAccess ■ WILLCOM

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

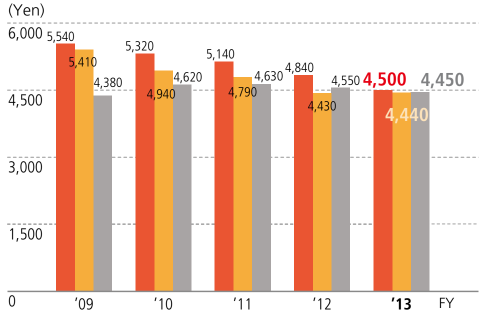
Net Subscriber Additions



■ NTT DOCOMO ■ KDDI ■ SoftBank Mobile

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

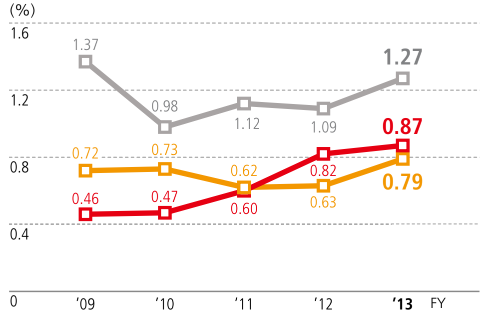
ARPU



■ NTT DOCOMO ■ KDDI ■ SoftBank Mobile

(Note) Created by the Company based on respective companies' publicly available information. NTT DOCOMO data includes Smart ARPU. KDDI data is based on its definitions up until fiscal year 2013. From fiscal 2011 onward, the KDDI data is the total of ARPU for the Personal Services segment (total of au ARPU and Value ARPU).

Churn Rate

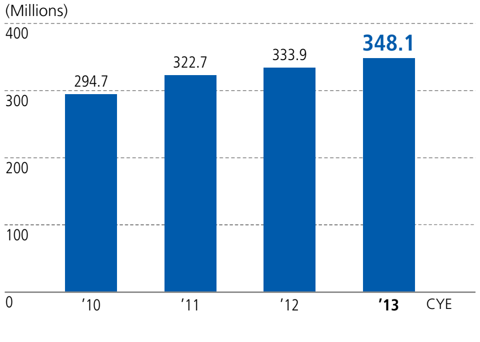


■ NTT DOCOMO ■ KDDI ■ SoftBank Mobile

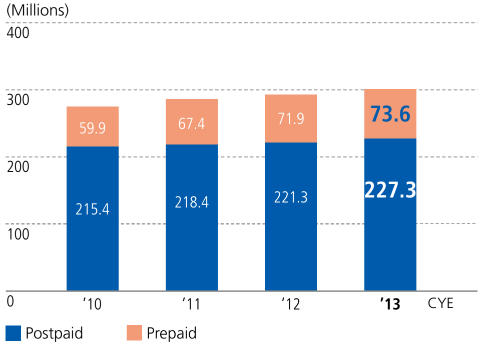
(Note) Created by the Company based on respective companies' publicly available information. KDDI data is based on its definitions up until fiscal 2013. From fiscal 2011 onward, the KDDI data is the value for the Personal Services segment.

U.S.

Number of Cumulative Subscribers in Mobile Communications

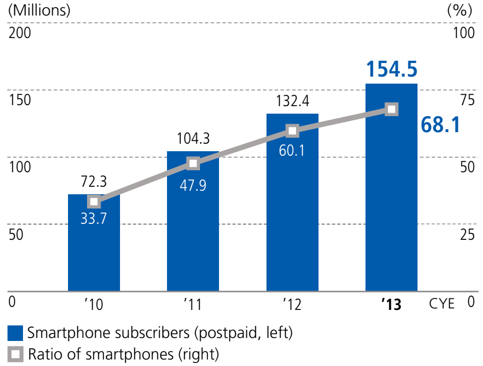


Postpaid - Prepaid Subscribers*

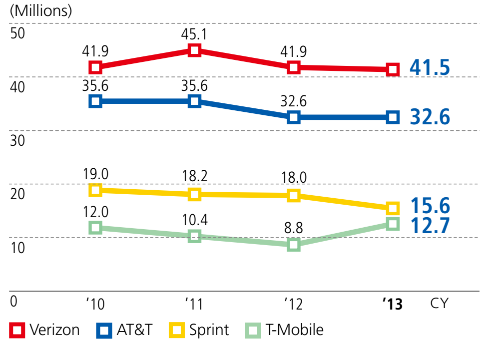


* Not including MVNO and communication module subscribers

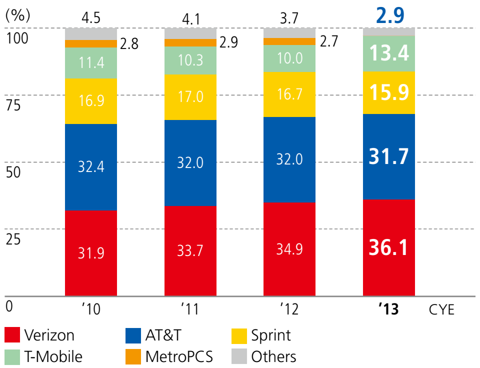
Smartphone Penetration



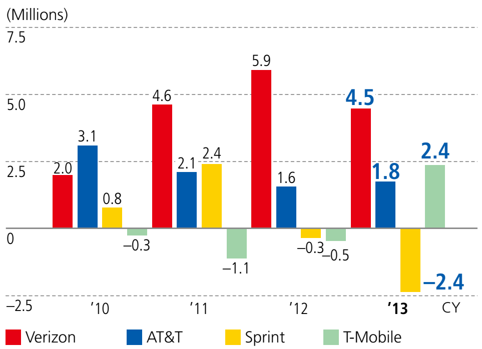
Device Sales (Postpaid)



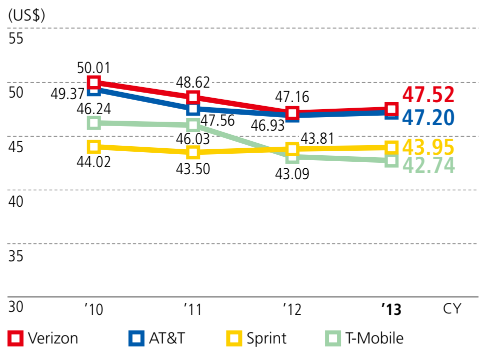
Share of Cumulative Subscribers in Mobile Communications



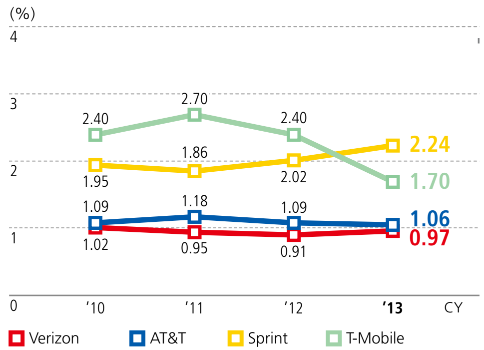
Net Subscriber Additions



ARPU



Churn Rate (Postpaid)



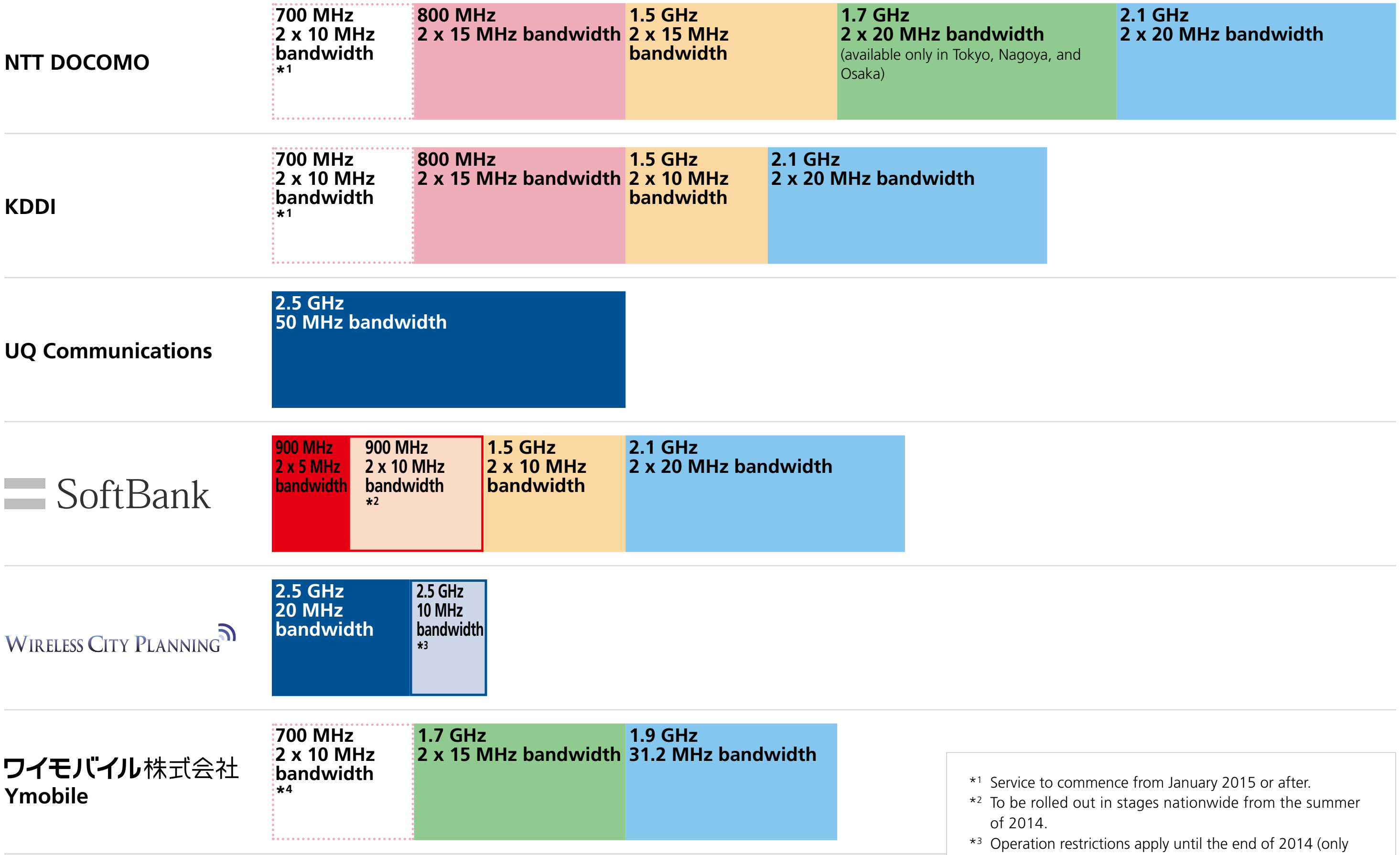
(Note)
Created by the Company based on respective companies' publicly available information of Verizon, AT&T, Sprint, T-Mobile, MetroPCS, U.S. Cellular, Leap, Ntelos, Atlantic Tele-Network, TracFone, and Cincinnati Bell.

Government Policy on Spectrum in Japan

In Western countries, spectrum for mobile phones are generally allotted based on auctions. In Japan, however, the Ministry of Internal Affairs and Communications (MIC) determines a spectrum allotment policy based on usage plans submitted by operators seeking an allotment. The policy is then examined by the Radio Regulatory Council. Upon receiving a report on these deliberations from the Radio Regulatory Council, MIC allots the spectrum to the operators. The allotted spectrum may be used for 5–10 years before the allotment expires, but in principle the operator is allowed to renew the allotment and continue using the spectrum. However, if MIC restructures the allotted spectrum, the operators are required to shift to other spectrum by the deadline set by MIC. For the allotment of the 900 MHz and 700 MHz bands in 2012, a new system was introduced, featuring a termination promotion measure whereby new spectrum users are to bear the migration costs for existing spectrum users. Moreover, there are now plans to allot spectrum to mobile operators in the 1.7 GHz band (2 x 5 MHz bandwidth) and the 3.5 GHz band (1 x 200 MHz bandwidth). In addition, spectrum users are required to pay radio utilization fees to MIC (¥200 a year for every mobile device and approximately ¥95.15 million a year for every 1 MHz of bandwidth used). However, the radio utilization fees are to be revised in 2014, and the amount of fees to be paid by SoftBank is projected to decrease.

Allocation of Spectrum to Japanese Mobile Communications Service Operators

(As of July 1, 2014)



*1 Service to commence from January 2015 or after.
*2 To be rolled out in stages nationwide from the summer of 2014.
*3 Operation restrictions apply until the end of 2014 (only available indoors).
*4 Service to commence from December 2015 or after.
(Note) Created by the Company based on published data available as of July 1, 2014

Major Subsidiaries and Associates

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	Mobile communications services, sale of mobile devices
BB Mobile Corp.		Mar.	315,155	100	Holding company
WILLCOM, Inc.*1*2		Mar.	150	100	Mobile communications services (PHS)
GungHo Online Entertainment, Inc.*3	TSE JASDAQ Standard	Dec.	5,339	40.2 [18.6]*4	Production and distribution of online games for smartphones and other devices
Wireless City Planning Inc.		Mar.	18,899	33.3	Planning and provision of mobile broadband services
eAccess Ltd.*1*5		Mar.	43,286	33.3	Mobile broadband services, development and sale of communications devices, ADSL services
Brightstar Global Group Inc.*6		Mar.	US$2K	57.2	Holding company
Brightstar Corp.*6		Dec.	US$2K	100	Mobile device distribution, supply chain solutions, handset protection and insurance, buy-back and trade-in, omnichannel solutions and financial services
GRAVITY Co., Ltd.	NASDAQ	Dec.	354	59.3	Planning, development, and operations of online games
Supercell Oy*7		Dec.	€3K	54.9	Production and distribution of mobile game applications
Sprint Segment					
Sprint Corporation*8	NYSE	Dec.	US$39,416K	79.9	Holding company
Sprint Communications, Inc.*8		Dec.	US$1,180,954K	100	Mobile communications services, sale of mobile devices and accessories, fixed-line telecommunications services
Fixed-line Telecommunications Segment					
SoftBank BB Corp.		Mar.	100,000	100	ADSL services, IP telephony services
SoftBank Telecom Corp.		Mar.	100	100	Fixed-line telephone services, data transmission and leased-line services

*1 eAccess merged with WILLCOM on June 1, 2014 and changed its company name to Ymobile on July 1, 2014.
*2 WILLCOM was consolidated from July 2013. Please refer to page 136 for details.
*3 GungHo Online Entertainment was consolidated from April 2013. Please refer to page 132 for details.
*4 Holdings by parties in close relationships, etc., with the Company.
*5 eAccess was consolidated from January 2013. Please refer to page 131 for details.
*6 Brightstar Global Group and Brightstar Corp. were consolidated from January 2014. Please refer to page 139 for details.
*7 Supercell was consolidated from October 2013. Please refer to page 138 for details.
*8 Starburst II changed its name to Sprint on July 10, 2013. Please refer to page 133 for details of consolidation of Sprint.

Company Name	Listed Market	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Internet Segment					
Yahoo Japan Corporation	TSE First Section	Mar.	8,271	42.9	Operation of the *Yahoo! JAPAN* portal, sale of Internet advertising, operation of e-commerce sites, membership services
IDC Frontier Inc.		Mar.	100	100	Sales and marketing of data centers, provison of solutions
Carview Corporation	TSE Mothers	Mar.	1,578	53.8	Online provision of automobile-related information
ValueCommerce Co., Ltd.	TSE First Section	Dec.	1,728	50.6	Operation of Internet affiliate system
Others					
Mobiletech Corporation		Mar.	315,967	100	Holding company
SB Energy Corp.		Mar.	746	100	Generation of electricity from renewable energy sources, supply and sale of electricity
SoftBank Payment Service Corp.		Mar.	450	100	Payment processing, invoice collections, and computation services for businesses
Fukuoka SoftBank HAWKS Corp.*9		Feb.	100	100	Ownership of professional baseball team, operation of baseball games, management and maintenance of baseball stadium and other sports facilities, distribution of video, voice and data content via media
SBBM Corporation		Mar.	10	100	Holding company
ITmedia Inc.	TSE Mothers	Mar.	1,639	59.1	Operation of comprehensive IT information site *ITmedia*
SoftBank Technology Corp.	TSE First Section	Mar.	635	55.5	Solutions and services for online businesses
Vector Inc.	TSE JASDAQ Standard	Mar.	1,007	52.4	Operation of online games, software downloads
SFJ Capital Limited	The Cayman Islands Stock Exchange	May/Nov.	200,000	100	Procurement of funds by issuing preferred (restricted voting) securities
SB CHINA HOLDINGS PTE LTD		Mar.	US$100,000 K	100	Holding company
SoftBank Ventures Korea Corp.*10		Dec.	KRW18,000M	100	Holding company
SoftBank Korea Corp.*11		Dec.	KRW2,200M	100	Holding company
Starburst I, Inc.		Mar.	US$216 K	100	Holding company
SoftBank Holdings Inc.		Mar.	US$8 K	100	Holding company
SoftBank America Inc.		Mar.	US$0 K	100	Holding company

*9 Fukuoka SoftBank HAWKS merged with Fukuoka SoftBank HAWKS Marketing on March 1, 2014.
*10 SoftBank Ventures Korea Inc. changed its company name to SoftBank Ventures Korea Corp. on September 10, 2013.
*11 SoftBank Korea Co., Ltd. changed its company name to SoftBank Korea Corp. on September 10, 2013.

Associates

Company Name	Listed Market	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Internet Segment					
ASKUL Corporation	TSE First Section	May	20,629	42.1	Mail-order sales of office supplies
Others					
Broadmedia Corporation	TSE JASDAQ Standard	Mar.	2,667	31.2	Video, audio and data content distribution services using communications networks
Telecom Service Co., Ltd.		Mar.	500	17.3	Sales agency for mobile phones and other products
Bharti SoftBank Holdings Pte. Ltd.		Mar.	US$50,596K	50.0	Holding company
Renren Inc.	NYSE	Dec.	US$1,075K	42.2	Investor company of company operating *Renren.com* SNS site in China
Alibaba Group Holding Limited		Mar.	US$55K	36.3	Investor company of companies operating e-commerce sites *Alibaba.com*, *Taobao.com*, and *Tmall.com*
InMobi Pte. Ltd.		Mar.	US$236K	35.0	Mobile advertising services

Main Overseas Fund Data

Fund Name	Category*12	Principal Investment Region	Fund Size	Commitment	Ownership*13 (%)
Subsidiaries					
SoftBank Ranger Venture Investment Partnership	A	South Korea	KRW19,000M	KRW19,000M	100
SoftBank Capital Fund '10 L.P.	A	U.S.	US$122,449 K	US$120,000 K	98.0
Associates					
SoftBank US Ventures VI L.P.	B	U.S.	US$626,881 K	US$608,333 K	97
SoftBank Capital Technology Fund III L.P.	B	U.S.	US$232,750 K	US$131,000 K	56.3

*12 A: funds managed by SoftBank; B: funds other than category A.
*13 Holdings as percentage of fund size.

Strategic Group Companies

Strategic Synergy Group

SoftBank is forming a "strategic synergy group" centered on the Internet and mobile fields and expanding it on a global scale. These strategic Group companies operate in diverse fields, from distribution platforms such as infrastructure, through to services, content, and products. By generating synergies between them, we will expand the entire Group.

Key Strategic Group Companies

Third Largest Mobile Operator in the U.S.

Sprint

Representative	CEO Dan Hesse
Head Office	Kansas, U.S.

Data	(Fiscal year ended December 2013, U.S. GAAP)
Total assets	**US$86,095 million**
Equity	**US$25,584 million**
Net sales	**US$35,493 million**
Operating loss	**–US$1,855 million**

Capital Relationship

Share of voting rights **79.9%** **(as of March 31, 2014)**

SoftBank acquired approximately 78% of the shares of Sprint for a total of US$21.6 billion, consolidating it on July 10, 2013. It also acquired an additional stake of approximately 2% of Sprint's shares between August and September 2013 for US$0.5 billion.

Company Outline

Sprint provides mobile communication services and fixed-line telecommunications services in the U.S. It is the third largest mobile operator in the U.S. with approximately 55 million cumulative subscribers to its mobile communications services. Sprint provides postpaid and prepaid services under the *Sprint* brand, and prepaid services under the brands *Virgin Mobile USA*, *Boost Mobile*, and *Assurance Wireless*. Sprint also has a Tier 1 Internet backbone, and provides Internet connection services for ISPs and others throughout the world. (Please refer to page 34).

World's Largest Mobile Handset Distributor

Brightstar Global Group

Representative	Founder & CEO Marcelo Claure
Head Office	Florida, U.S.

Data*	(Fiscal year ended December 2013, U.S. GAAP)
Total assets	**US$3,573 million**
Equity	**US$471 million**
Net sales	**US$7,228 million**
Operating income	**US$27 million**

* Wholly-owned subsidiary Brightstar Corp. data

Capital Relationship

Share of voting rights **62.3%** **(as of April 1, 2014)**

SoftBank acquired approximately 57% (approximately 70% after exercising a warrant) of the shares of Brightstar Global Group, for a total of US$1.26 billion, consolidating it on January 30, 2014. Subsequently, after a business reorganization conducted within the Group on April 1, 2014, SoftBank's share of voting rights increased to 62.3% (approximately 73% after exercise of the warrant).

Company Outline

Brightstar Corp., Brightstar Global Group's wholly-owned subsidiary, is the world's largest specialized wireless distributor and a leading provider of diversified services focused on enhancing the performance and results of the key participants in the wireless device value chain: manufacturers, operators, and retailers. Apart from being a wholesaler, Brightstar Corp. delivers wireless products and services to over 100 countries and has a local presence in over 50 countries. Its services include handset protection and insurance, and buyback & trade-in, omnichannel, supply chain, and financial solutions.

Providing International Mobile Gaming Blockbusters, *Clash of Clans* and *Hay Day*

Supercell

Representative CEO Ilkka Paananen

Head Office Helsinki, Finland

Data (Fiscal year ended December 2013, Finland GAAP)

Total assets	€191 million
Equity	€31 million
Net sales	€519 million
EBITDA	€243 million

Capital Relationship

Share of voting rights **54.9%**

(as of March 31, 2014)

SoftBank and GungHo acquired approximately 54.9% (approximately 51% after dilution) of the shares of Supercell through a special purpose company for a total amount of US$1.53 billion, and SoftBank consolidated it on October 31, 2013.

Company Outline

Supercell operates a mobile game business. Its smash hit game apps, *Clash of Clans* and *Hay Day*, have reached the top position in the Top Grossing in Apple's *App Store* in over 100 countries.* Supercell is also actively developing new games and released *Boom Beach* worldwide in March 2014. (Please refer to page 30).

* App Annie "Highest Grossing Game Ranking for iPad"

Providing the Unrivalled No. 1 Smartphone Game, *Puzzle & Dragons*

GungHo Online Entertainment

Representative President & CEO Kazuki Morishita

Head Office Tokyo, Japan

Data (Fiscal year ended December 2013, JGAAP)

Total assets	¥125,390 million
Equity	¥77,428 million
Net sales	¥163,060 million
Operating income	¥91,228 million

Capital Relationship

Share of voting rights **58.8%**

(as of March 31, 2014)

Previously, SoftBank held an approximate 34% share of voting rights in GungHo. In April 2013, SoftBank Corp. chairman and CEO Masayoshi Son received authority to execute the voting rights pertaining to the shares of GungHo held by the second largest shareholder (shareholding ratio: 18.6%*). As a result, GungHo became a subsidiary. Furthermore, in April 2013, SoftBank Mobile acquired 6.4% of the shares of GungHo for ¥25.0 billion.

Company Outline

GungHo has been developing their online game business since 2002, and has an enduring hit with its *Puzzle & Dragons* puzzle role-playing game which has recently achieved over 28 million cumulative downloads in Japan and seven million cumulative downloads overseas. GungHo will continue to build *Puzzle & Dragons* into a brand, develop new games, and expand its operations overseas with an eye to achieving further growth. (Please refer to page 30).

* As of March 31, 2014

World-class Humanoid Robot Manufacturer

ALDEBARAN Robotics

Representative Founder & CEO Bruno Maisonnier

Head Office Paris, France

Capital Relationship

Share of voting rights **87.4%**

(as of March 31, 2014)

SoftBank first acquired shares of Aldebaran in February 2012, and consolidated it. Aldebaran has issued stock options to employees. After dilution, SoftBank's share of voting rights in Aldebaran is 78.5%.

Company Outline

Founded in 2005 by Bruno Maisonnier, and with offices in France, China, Japan, and the U.S., Aldebaran designs, produces and sells autonomous humanoid robots to contribute to the well-being of people. Today, over 5,000 units of its first product, NAO, are being utilized as research and educational platforms in 70 countries throughout the world. Aldebaran created and developed the "Pepper" robot for SoftBank.

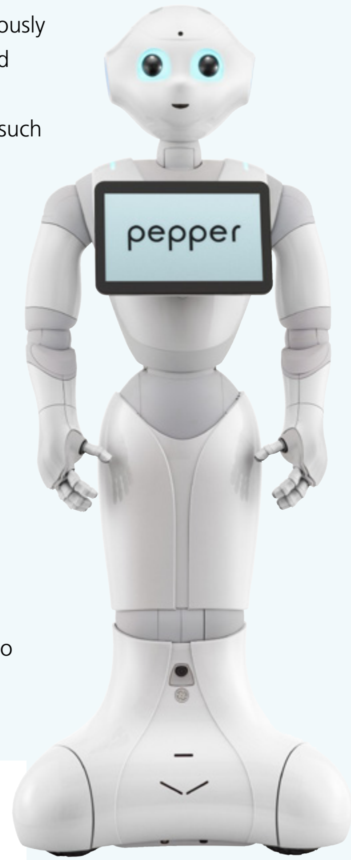
Entering the Robot Business —"Pepper:" the World's First Personal Robot that Reads Emotions

In June 2014, SoftBank Mobile and Aldebaran announced the joint development of "Pepper," the world's first personal robot that can read emotions.

Pepper, the world's first emotional humanoid robot, is distinguished by two unique features: an "emotion engine" and a "cloud-type AI database." Pepper has proprietary algorithms that it uses to react autonomously to situations while taking its surroundings into consideration and comes equipped with emotion and voice recognition functions, among other features. In addition, Pepper can digitize feelings such as human joy using its emotional engine. This data will be collectively accumulated in the cloud-type AI database to form a knowledge base that Pepper will use to autonomously evolve at an accelerated pace. SoftBank will strive to expand the functions of Pepper through the development of robot-apps. This will be encouraged by making a software development kit available to developers worldwide.

Pepper will play a role in providing joy and happiness to people in their daily lives, rather than serving as a robot for industrial use. It will be launched in Japan in February 2015 at a price of ¥198,000. With plans to mass produce Pepper in the future, SoftBank has entered into a manufacturing partnership with Foxconn Technology Group of Taiwan.

Pepper represents SoftBank's first step in the robot business. By driving the evolution of this business further, SoftBank aims to realize its vision for a society in which people and robots live together in harmony.



"Pepper" stands 121 cm tall and weighs 28 kg, with a battery life of over 12 hours. It has a motion speed of up to 3 km/h and can traverse steps of 1.5 cm in height.

Operator of *Taobao Marketplace* C2C Auction and Other Sites

Alibaba Group

Representative Chairman Yun Ma

Head Office Hangzhou, China

Data (Fiscal year ended March 2014, U.S. GAAP)

Total assets	US$17,944 million
Equity	US$4,893 million
Net sales	US$8,446 million
Net income	US$3,712 million

Capital Relationship

Share of voting rights **36.3%**

(as of December 31, 2013)

SoftBank first acquired shares of Alibaba Group in 2000. The total acquisition amount including subsequent additional acquisitions is approximately ¥38 billion. Alibaba Group is an equity method associate of SoftBank, however as it is impracticable to conform its reporting period due to the contract between Alibaba Group and SoftBank and other factors, SoftBank applies the equity method to Alibaba Group's financial statements with a three-month time lag.

Company Outline

Alibaba was founded in 1999 by a former English teacher Mr. Yun Ma. It operates the C2C auction site *Taobao Marketplace*, the B2C shopping site *Tmall.com* and the B2B e-commerce site *Alibaba.com* among others.

Since acquiring shares of the newly founded Alibaba in 2000, SoftBank has continued to build a close relationship with it by establishing business alliances and joint ventures. In addition, Mr. Yun Ma serves as a director of SoftBank Corp. and Mr. Masayoshi Son serves as a director of Alibaba, with both directors using their knowledge and rich experience to contribute to the growth of each company.

Provider of One of China's Largest Mobile Entertainment Search Platforms

Wandoujia

Representative CEO Junyu Wang

Head Office Beijing, China

Capital Relationship

Share of voting rights **Not disclosed**

SoftBank acquired shares of Wandoujia in November 2013. If SoftBank exercises the options it holds, it will become Wandoujia's largest shareholder.

Company Outline

Wandoujia was founded by former Google Inc. engineer Mr. Junyu Wang in 2010, with co-founders Mr. Feng Feng and Ms. Jin Cui. Wandoujia provides China's first mobile search platform able to search across categories such as applications, games, videos, music, and ebooks. Cumulative installations of the application have topped 350 million and it is now growing to become one of the largest mobile search engines in China.

Developing the World's Largest Independent Mobile Ad Network

InMobi

Representative CEO Naveen Tewari

Head Office Bangalore, India

Capital Relationship

Share of voting rights **35.0%**

(as of March 31, 2014)

SoftBank committed US$100 million to acquire shares of InMobi in September 2011, and a further US$100 million in April 2012.

Company Outline

InMobi is the world's largest independent mobile ad network, with a reach spanning 759 million consumers across 165 countries. InMobi enables the world's leading brands, developers, and publishers to engage global consumers through mobile advertising. InMobi platforms leverage advances in big data, user behavior, and cloud-based architectures to simplify mobile advertising for its customers. It was recognized by the *MIT Technology Review* as one of the "50 Disruptive Companies of 2013."

Management Organization

Directors and Audit & Supervisory Board Members

(As of June 20, 2014)

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)
July 2013 Chairman of the board, Sprint (to present)

Representative director, senior executive vice president
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
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)
June 2012 Director, Yahoo Japan (to present)
Apr. 2013 Representative director, executive vice president, SoftBank
June 2013 Representative director, senior executive vice president, SoftBank (to present)

Director
Yoshimitsu Goto

Apr. 1987 Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
June 2000 Joined SoftBank
Oct. 2000 General manager of finance, SoftBank
Apr. 2006 Director, Vodafone K.K. (currently SoftBank Mobile) (to present)
July 2012 Executive corporate officer, general manager of finance, SoftBank
Oct. 2013 President & owner's representative, Fukuoka SoftBank HAWKS (to present)
Apr. 2014 Executive corporate officer, finance, corporate communications, investor relations, brand management division and general manager of finance, SoftBank (to present)
June 2014 Director, SoftBank (to present)

Director
Kazuhiko Fujihara

Apr. 1982 Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
Apr. 2001 Joined SoftBank
Sept. 2001 General manager of group management group, SoftBank
Nov. 2004 Director and CFO, SoftBank BB
May 2005 Director, JAPAN TELECOM (currently SoftBank Telecom)
Apr. 2006 Senior vice president, CFO, Vodafone K.K. (currently SoftBank Mobile)
June 2012 Executive vice president, board director & CFO, SoftBank Mobile (to present)
June 2012 Executive vice president, board director, SoftBank BB (to present)
June 2012 Executive vice president, board director, SoftBank Telecom (to present)
Apr. 2014 Executive corporate officer, corporate planning, global business synergies division and general manager of corporate planning, SoftBank (to present)
June 2014 Director, SoftBank (to present)

Director
Ronald D. Fisher

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)
July 2013 Vice chairman of the board, Sprint (to present)

Director
Yun Ma

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
June 2007 Director, SoftBank (to present)
Oct. 2007 Non-executive director, chairman, Alibaba.com Limited (to present)
May 2013 Chairman, Alibaba Group Holding (to present)

Director
Manabu Miyasaka

Apr. 1991 Joined UPU Co., Ltd.
June 1997 Joined Yahoo Japan
Jan. 2002 Senior manager, media business group, Yahoo Japan
Apr. 2009 Operating officer, head of consumer business group, Yahoo Japan
Apr. 2012 CEO and operating officer, Yahoo Japan
June 2012 President and representative director, Yahoo Japan (to present)
June 2013 Director, SoftBank (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, SoftBank (to present)
June 2012 Vice chairman, Goldman Sachs Group, Inc. (to present)
June 2012 Chairman, Goldman Sachs Asia Pacific (to present)

Director, independent officer
Shigenobu Nagamori

Representative director and chairman, president and CEO, Nidec Corporation

July 1973 Founds Nidec Corporation
Representative director and chairman, president and CEO (to present)
Mar. 1997 Member of the board of directors and chairman of Read Electronics Corporation (currently Nidec-Read Corporation) (to present)
Sept. 2004 Member of the board of directors and chairman, Nidec Copal Electronics Corporation (to present)
June 2009 Member of the board of directors and chairman, Nidec Sankyo Corporation (to present)
June 2013 Member of the board of directors and chairman, Nidec-Shimpo Corporation (to present)
June 2014 Director, SoftBank (to present)

(Note) Mr. Soichiro Uno, Mr. Koichi Shibayama, and Mr. Hidekazu Kubokawa are external Audit & Supervisory Board members.

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board member
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 Audit & Supervisory Board member, SoftBank
June 1999 Retired from full-time Audit & Supervisory Board member of SoftBank
June 1999 Director, E*TRADE Securities Co., Ltd. (currently SBI SECURITIES Co., Ltd.)
June 2000 Full-time Audit & Supervisory Board member, SoftBank (to present)

Audit & Supervisory Board member
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)
June 2004 Audit & Supervisory Board member, SoftBank (to present)

Audit & Supervisory Board member, independent officer
Koichi 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 Audit & Supervisory Board member, SoftBank (to present)

Audit & Supervisory Board member, 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 Audit & Supervisory Board member, 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)

Interview with External Audit & Supervisory Board Member

Thorough Discussion within the Board of Directors to Establish Firm Governance

Audit & Supervisory Board member, independent officer
Koichi Shibayama
Certified public accountant, certified tax accountant

Q1 What are some of the recent trends in discussion about governance?

Recently in Japan there has been a growing movement for governance reform. At the recent ordinary session of the Diet (Jan. 24 to June 22, 2014) lawmakers have been discussing a proposal to reform the Companies Act that includes measures to enhance supervision of management. This time the proposed reforms have stopped short of making it mandatory for companies with audit & supervisory boards to include external directors; however, given the important role that external directors can play in corporate governance, the proposal seeks to promote their introduction. Specifically, the proposed reform would make it compulsory for companies with audit & supervisory boards and no external directors to explain the reason for not appointing external directors at each annual general meeting of shareholders. Another proposed reform is to introduce a "company with audit & supervisory board equivalent" that has no audit & supervisory board, but has an audit & supervisory board equivalent comprising at least three directors, with the majority being external directors. Most public companies in Japan, including SoftBank, have audit & supervisory boards. The successive incidents with Olympus and Daio Paper in 2011 have led to the recent proposal for reforming the Companies Act in the Diet,* partly because they made overseas investors take a stricter view of corporate governance in Japan.

* The proposal was accepted on June 20, 2014.

Q2 Against this backdrop, how has corporate governance at SoftBank been evaluated?

In the case of SoftBank Corp., prior to my appointment as an Audit & Supervisory Board member, it had already had several external directors in place for some time, starting in 1999 with the appointments of, among others, Den Fujita, who was president of McDonald's Company (Japan) and Keio University professor Jun Murai. The Board of Directors is really the lynchpin of corporate governance, and since my appointment as an Audit & Supervisory Board member in 2003, I have strongly felt that both the external directors and the directors are actively stating their opinions and conducting meaningful discussions before the Board makes its resolutions. The matters brought up for resolution by the Board of Directors are always given the necessary and sufficient amount of consideration in the relevant internal departments, including by the director in charge, but they are not always determined right away by the Board of

Directors in their original form; it's not uncommon for the Board to make a partial amendment on the spot before adopting a resolution, or to decide not to adopt a resolution because it requires further investigation. This can be seen as a sign that the Board of Directors is functioning properly. In other words, SoftBank's corporate governance is functioning properly both in terms of its form—that is its framework and mechanisms—and in actual practice. So, even if the proposed reforms to the Companies Act are passed into law by the current ordinary session of the Diet, I don't think it would have a direct impact on SoftBank.

Q3 Can you offer a specific example of SoftBank's corporate governance at work?

I think our entry into the renewable energy business is one case where we could say that our corporate governance system worked effectively. In the wake of the Great East Japan Earthquake in March 2011 and the subsequent nuclear power station incident, our chairman and CEO, Mr. Son, had a strong desire to become fully involved in the renewable energy business. However, FAST RETAILING chairman, president and CEO Mr. Yanai, one of our external directors, and others voiced their opinions that the business field was vastly different from SoftBank's core field, and that while it might be acceptable to make a social contribution in that field, it should not be at the expense of SoftBank's main business. This sparked a vigorous discussion with everybody adding their opinions. Based on this discussion, Mr. Son altered his position from seeking to make a full-scale entry into the sector to creating mechanisms and opportunities to promote renewable energy. Mr. Son listens carefully to the other directors and his subordinates, and never simply pushes his own ideas through alone. Recently the Company has made a string of large-scale acquisitions including Sprint, Supercell, and Brightstar Corp., and each of these decisions was reached after repeated examination by the Board of Directors based on sufficient information, and careful discussion.

Q4 How do you see the role of an Audit and Supervisory Board member?

As one of the functions of a corporation, the role of the audit & supervisory board members is to audit the directors' execution of business. The basic components of this audit are accounting audits and business audits. The accounting audit component in a company with an independent auditor, such as SoftBank Corp., involves checking that the methods and results of the audit conducted by the independent auditor are appropriate. The business audit component, on the other hand, is basically an audit for legal compliance. In other words, audit & supervisory board members are considered to play a very important role in corporate governance. I have spent many years working in accounting audits and tax consulting as a certified public accountant and tax accountant. I hope to use the knowledge and experience I have accumulated as an expert in my field to continue to faithfully fulfill my duties as an Audit & Supervisory Board member.

Q5 What challenges in corporate governance will SoftBank face going forward?

Mr. Son is an extremely able entrepreneur. Because of this, the level of dependence on him in management is our biggest risk factor. I consider SoftBank's most important challenge to be establishing a sustainable framework for promoting business as an organization, without relying on Mr. Son's abilities as an individual.

Corporate Governance

The Company's Corporate Governance Report was submitted (Japanese only) to the Tokyo Stock Exchange on June 20, 2014. This section is based on the Corporate Governance Report.

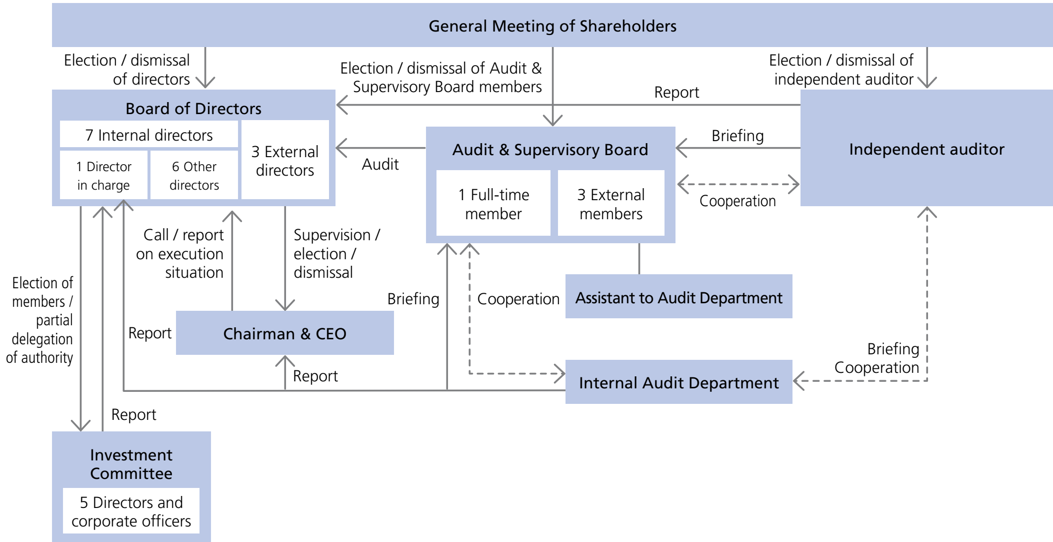
The following is an overview of corporate governance at SoftBank.

I. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic approach

The SoftBank Group (the 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



SoftBank Corp. (within this Corporate Governance section hereafter "the Company"), the Group's holding 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, to share the Group's fundamental concept and corporate philosophy, and the SoftBank Group Company Management Regulations to set out the management policy and management framework for Group companies, among other matters. The Company has also determined various rules and so forth that Group companies and their officers and employees are to observe.

The Company's corporate governance system centers on the Board of Directors meeting, Audit & Supervisory Board members, and the Audit & Supervisory Board meeting. Three of the ten directors are external directors to ensure a robust mutual monitoring between the directors. Likewise, three of the four Audit & Supervisory Board members are external Audit & Supervisory Board members, to ensure independent auditing functions, thereby strengthening the monitoring of management.

2. Other special circumstances that may critically affect corporate governance

The Company respects the independence of management of the listed subsidiaries, which, while adhering to the aforementioned SoftBank Group Charter and SoftBank Group Company Management Regulations, conduct their operations based on independent decision-making and management judgments.

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 Audit & Supervisory Board members

[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	10
Election of External Directors	Elected
Number of External Directors	3
Number of External Directors Designated as Independent Officers	3

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					○			○	
Shigenobu Nagamori	From another company					○			○	

* Selection criteria regarding the relationship with the Company
- a. Originally from the parent company
- b. Originally from another associated company
- c. Major shareholder of the Company
- d. Concurrently serves as an external director or external Audit & Supervisory Board member 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 associates
- 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	<Reason for Election as External Director> As the manager of one of the world's leading specialty 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 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 been involved with management of one of the world's leading investment banks, and has a wealth of knowledge and experience in corporate management and finance. 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 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.
Shigenobu Nagamori	○	Representative director and chairman, president and CEO, Nidec	<Reason for Election as External Director> As the manager of one of the world's leading motor manufacturers, Mr. Nagamori has a wealth of knowledge and experience relating to corporate management and business strategy. He was elected as an external director in June 2014 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 Independent Officer> Mr. Nagamori 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. Nagamori and ordinary shareholders, and designated him as an independent officer in June 2014.

[Audit & Supervisory Board members]

Establishment of an Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Independent Auditor and Internal Audit Department

<Cooperation between Audit & Supervisory Board Members and Independent Auditor>

The Audit & Supervisory Board members receive regular briefings from the independent auditor (Deloitte Touche Tohmatsu LLC) on the audit plan, main items to be audited, the audit results and other matters. The Audit & Supervisory Board members and the independent auditor also cooperate as necessary, by exchanging information, opinions and so on.

<Cooperation between the Audit & Supervisory Board Members and the Internal Audit Department>

The Audit & Supervisory Board members 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 Audit & Supervisory Board members 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 and other matters. Moreover, both entities cooperate with each other as necessary, by exchanging information, opinions and so on.

Election of External Audit & Supervisory Board Members	Elected
Number of External Audit & Supervisory Board Members	3
Number of External Audit & Supervisory Board Members 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								○	
Koichi 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 associated company
c. Major shareholder of the Company
d. Concurrently serves as an external director or external Audit & Supervisory Board member 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 associates
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 Audit & Supervisory Board Member (for Independent Officers, Including the Reason for Designation as Such)
Soichiro Uno		Partner, Nagashima Ohno & Tsunematsu	<Reason for Election as External Audit & Supervisory Board Member> Mr. Uno has extensive knowledge and experience as a lawyer. He was elected as an external Audit & Supervisory Board member 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 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.
Koichi Shibayama	○	Advisor, Zeirishi-Hojin Pricewaterhouse-Coopers	<Reason for Election as External Audit & Supervisory Board Member> Mr. Shibayama has extensive knowledge and experience as a certified public accountant and certified tax accountant. He was elected as an external Audit & Supervisory Board member 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 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. <Relationship between Important Concurrent Employer and the Company> The Company and Zeirishi-Hojin PricewaterhouseCoopers have transactions related to tax consulting and other such matters. However, the transaction amount is extremely insignificant (less than 0.1% of the Company's selling, general and administrative expenses) and the Company recognizes that this transaction has no impact whatsoever on the independence of Mr. Shibayama.
Hidekazu Kubokawa	○	Representative partner, Yotsuya Partners Accounting Firm	<Reason for Election as External Audit & Supervisory Board Member> Mr. Kubokawa has extensive knowledge and experience as a certified public accountant and certified tax accountant. He was elected as an external Audit & Supervisory Board member 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 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	5

Other issues related to independent officers

——

[Incentives]

Implementation of Measures for Granting of Incentives to Directors	Stock options implemented

Supplementary information

The stock acquisition rights are exercisable only if the Company's consolidated operating income for the fiscal year ending March 31, 2016 exceeds ¥1.2 trillion.

Recipients of Stock Options	Directors and employees of the Company and subsidiaries of the Company

Supplementary information

The Company issues stock acquisition rights with charge to directors, corporate officers, and employees of the Company and subsidiaries of the Company, in order to encourage their motivation on enhancing the enterprise value of the Company.

[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 Audit & Supervisory Board members in the fiscal year ended March 31, 2014, 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, 2014 by person, with subtotals for each type of remuneration, for directors whose total of remuneration paid by the Company and its subsidiaries is ¥100 million or more.

<Total Remuneration for Directors and Audit & Supervisory Board Members with Subtotals for Each Type of Remuneration and Numbers of Recipients (Fiscal 2013)>

	Number of Recipients	Total Remuneration Paid	Basic Remuneration	Stock Options	Bonus	Retirement Package	RSU (Restricted Stock Units)
Directors (Excluding external directors)	3	¥225 million	¥181 million	–	¥44 million	–	–
Audit & Supervisory Board members (Excluding external Audit & Supervisory Board members)	1	¥42 million	¥42 million	–	–	–	–
External officers	6	¥51 million	¥51 million	–	–	–	–

(Note) The above number of directors includes one director who retired on October 21, 2013. The above number of external officers includes one director who retired at the conclusion of the 33rd Annual General Meeting of Shareholders held on June 21, 2013.

<Total Consolidated Remuneration Paid to Respective Directors (Fiscal 2013)>

	Total Consolidated Remuneration Paid	Company Name	Basic Remuneration	Stock Options	Bonus	Retirement Package	RSU (Restricted stock units)
Masayoshi Son (Director)	¥130 million	SoftBank	¥108 million	–	¥22 million	–	–
Ken Miyauchi (Director)	¥130 million	SoftBank Mobile	¥43 million	–	¥9 million	–	–
		SoftBank BB	¥22 million	–	¥4 million	–	–
		SoftBank Telecom	¥39 million	–	¥9 million	–	–
		WILLCOM	¥4 million	–	–	–	–
Ronald D. Fisher (Director)	¥323 million	SoftBank Inc.	¥200 million	–	¥23 million	–	–
		Galaxy Investment Holdings, Inc.	–	–	–	–	¥35 million
		Sprint Corporation	¥25 million	–	–	–	¥40 million
Manabu Miyasaka (Director)	¥101 million	Yahoo Japan	¥44 million	¥2 million	¥55 million	–	–

(Note) Only directors whose total consolidated remuneration 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 or calculation method of remuneration

The total amount of remuneration for directors and Audit & Supervisory Board members 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 Audit & Supervisory Board members is determined by deliberation of the Audit & Supervisory Board meeting. Pursuant to the resolution of the General Meeting of Shareholders on June 28, 1990, the annual aggregate remuneration paid to directors and to Audit & Supervisory Board members shall not exceed ¥800 million (total) and ¥80 million (total), respectively.

[Support system for external directors and external Audit & Supervisory Board members]

The Company seeks to ensure that all officers, including the external directors and external Audit & Supervisory Board members, can participate fully in the 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 Audit & Supervisory Board members, including the external Audit & Supervisory Board members. The department comprises dedicated staff (two persons as of May 31, 2014) who act under the directions of the Audit & Supervisory Board members 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 system at the Company

(1) Board of Directors

The Company's Board of Directors consists of ten 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 related to business management and other matters. Each of the external directors participates 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 Board of Directors Regulations. 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 and borrowings, etc., exceeding a certain amount
(iii) Certain matters relating to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as investments and loans and borrowings, etc., 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 Board of Directors Regulations, and these candidates are proposed at the General Meeting of Shareholders.

<External Directors' Attendance at the Board of Directors Meetings>

Attendance at the Board of Directors meetings for the fiscal year ended March 31, 2014 was as follows.

	Attendance at the Board of Directors Meetings
Tadashi Yanai	Attended 7 out of 8 Board of Directors meetings held in the fiscal year ended March 31, 2014
Mark Schwartz	Attended 7 out of 8 Board of Directors meetings held in the fiscal year ended March 31, 2014

(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 a total of five directors and corporate officers 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 and borrowings, etc., under a certain amount
(ii) Certain matters relating to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as (a) investments and loans and borrowings etc., under a certain amount, (b) issue and gratis issue of new stock or stock acquisition rights etc., (except matters such as the 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) Audit & Supervisory Board members and Audit & Supervisory Board

The Audit & Supervisory Board consists of one full-time Audit & Supervisory Board member and three external Audit & Supervisory Board members. The full-time Audit & Supervisory Board member 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 Audit & Supervisory Board members, who possess a wealth of knowledge and experience in their professional roles as a lawyer, certified public accountants, and certified tax accountants.

The Audit & Supervisory Board members, including the external Audit & Supervisory Board members, 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 Audit & Supervisory Board members conduct regular hearings with directors, employees, Audit & Supervisory Board members of major subsidiaries and others to audit the execution of duties by the directors of the Company.

The Audit & Supervisory Board meeting is held once a month in principle. At the meeting, the Audit & Supervisory Board members 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 Audit & Supervisory Board members 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 Audit & Supervisory Board members. The department comprises dedicated staff who act under the directions of the Audit & Supervisory Board members to gather information, investigate matters, and give other assistance.

<Attendance of the External Audit & Supervisory Board Members>

Attendance at the Board of Directors meetings and the Audit & Supervisory Board meetings for the fiscal year ended March 31, 2014 was as follows:

	Attendance at the Board of Directors Meetings and the Audit & Supervisory Board Meetings
Soichiro Uno	Attended 7 out of 8 Board of Directors meetings held in the fiscal year ended March 31, 2014 Attended all 15 Audit & Supervisory Board meetings held in the fiscal year ended March 31, 2014
Koichi Shibayama	Attended all 8 Board of Directors meetings held in the fiscal year ended March 31, 2014 Attended all 15 Audit & Supervisory Board meetings held in the fiscal year ended March 31, 2014
Hidekazu Kubokawa	Attended all 8 Board of Directors meetings held in the fiscal year ended March 31, 2014 Attended all 15 Audit & Supervisory Board meetings held in the fiscal year ended March 31, 2014

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

(4) Internal audits

The Internal Audit Department responsible for internal audits consists of ten staff under the department head (as of May 31, 2014). 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 and regulations, the Articles of Incorporation, and Company Regulations. The results of these internal audits are reported to the chairman and CEO and the director in charge, and briefings are also given to the Audit & Supervisory Board members.

2. Audit by independent auditor

The status of the audit by the independent auditor in the fiscal year ended March 31, 2014 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, 2014 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 Partners:
Akemi Mochizuki, Yasuhiko Haga, Satoshi Takeuchi

(b) Structure of assistants who supported the audit duties
Certified Public Accountants: 10, Junior Certified Public Accountants, etc.: 23

(2) Remuneration for audit
Amount of remuneration to Deloitte Touche Tohmatsu
(a) Remuneration for audit certification duties
The Company: ¥358 million
Consolidated subsidiaries: ¥978 million
(b) Remuneration for duties other than the above
The Company: ¥69 million
Consolidated subsidiaries: ¥84 million

3. Reason for adopting the current corporate governance system

The Company has adopted the Company with Audit & Supervisory Board 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 Audit & Supervisory Board members, and the Audit & Supervisory Board.

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

The Audit & Supervisory Board members conduct strict audits of directors' execution of duties from their specialist perspectives such as certified public accountants and a lawyer. Moreover, since the majority of the Audit & Supervisory Board members are external members, 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 Other 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 other investors since the start of the service in 2006 (the 26th Annual General Meeting of Shareholders).
Availability of Notice of General Meeting of Shareholders 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 websites of the Company and the Tokyo Stock Exchange one or two business days before 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 the results of operations 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, the Notice of the General Meeting of Shareholders provides shareholders with a greater volume of information to use in exercising their voting rights. To facilitate easy reading, the information in the Notice is illustrated with charts and color photographs, and other content. <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 website. <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 website.

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 website. 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 website:	
Regular Briefings for Individual Investors	The Company is vigorously working on IR activities targeting individual investors. Investor Relations Department staff and General Administration Department staff hold briefing sessions at branches of securities companies and other venues in Japan. In the fiscal year ended March 31, 2014, 23 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. <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., 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. <Others> The Company's website provides streaming of earnings results briefings and the General Meeting of Shareholders dubbed in English in real time. Videos of the earnings results briefings are made available to the public after the briefings are finished.	Yes
Posting of IR Materials on Website	The following IR materials are posted on the Company's website. Items (a) through (g) are available in both Japanese and English. (a) Consolidated financial reports (b) Earnings results briefing presentation materials (c) Data sheets for earnings results (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 Please see the Company's website 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 May 31, 2014, 14 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 website, 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 website:
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 website:
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 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, website, 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 and 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 (internal reporting system) 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 and regulations, the Articles of Incorporation, and such, and the results of those audits are reported to the chairman and director in charge. The Internal Audit Department also works in cooperation with the Audit & Supervisory Board members 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 internal 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) The Company appoints a chief information security officer (CISO) as the person responsible for information security, and the CISO promotes the establishment and reinforcement of 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 their materialization 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 Board of Directors Regulations 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 the 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 Company has set out the Regulations on Segregation and Authority of Duties, which clearly define the scope of operations, authority and responsibilities necessary for operations.

System to ensure appropriateness of the Group operations

The Company has formulated the SoftBank Group Charter, to share the Group's fundamental concept and corporate philosophy, and the SoftBank Group Company Management Regulations, to set out the management policy and management framework for Group companies. In addition, the Company has set out various regulations to be observed by Group companies, as well as their officers and employees. Based on the regulations, the following systems have been established:

(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) 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.
(3) 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 reports and other documents submitted by the Group.
(4) The Internal Audit Department comprehensively judges the results of past internal audits, financial position, and other matters, and carries out internal audits of Group companies deemed as having high risk.
(5) Each Group company manages its risks and works to reduce risks and prevent their materialization. In addition, when an emergency situation arises, each Group company works to minimize the damage (loss) based on the Company's instructions, according to the escalation flow to the Company.

System for excluding organized crime and other criminal elements

The Company clearly states in the SoftBank Group Officer and Employee Code of Conduct its policy of having absolutely no association with organized crime and other criminal elements that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from organized crime and other criminal elements 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 Audit & Supervisory Board members, 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 Audit & Supervisory Board members, and has assigned dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board members and any personnel changes, evaluations or other such actions, require the agreement of the Audit & Supervisory Board members.

System for reporting to the Audit & Supervisory Board members

Directors and employees of the Company report the following matters to the Audit & Supervisory Board members:

(1) Important matters related to the management, finances or business execution of the Company or the Group.
(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 and regulations or the Articles of Incorporation.
(6) Results of audits conducted by the Internal Audit Department.
(7) Other matters that the Audit & Supervisory Board members have decided need to be reported in order for them to execute their duties.

Other systems to ensure that the audits by the Audit & Supervisory Board members are conducted effectively

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

2. Basic approach to excluding organized crime and other criminal elements and establishment of relevant structures

The Company's approach to excluding organized crime and other criminal elements, 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 organized crime and other criminal elements that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from organized crime and other criminal elements 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. Group company management and oversight system

In its management and oversight of Group companies as a holding company, the Company has formulated the SoftBank Group Charter, to share the Group's fundamental concept and corporate philosophy, and the SoftBank Group Company Management Regulations to set out the management policy and management framework for Group companies. In addition, the Company has set out the following regulations to be observed by Group companies, as well as their officers and employees.

SoftBank Group Company Information Rules
SoftBank Group PR Rules
SoftBank Group IR Rules
SoftBank Group IT Governance Rules
SoftBank Group Risk Management Rules
SoftBank Group Brand Management Rules
SoftBank Group CSR Principles
SoftBank Group Officer and Employee Code of Conduct
SoftBank Group Compliance Rules
SoftBank Group Rules on Prevention of Insider Trading
SoftBank Group Internal Audit Rules
SoftBank Group Audit & Supervisory Board Rules

2. 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 conducts timely disclosure with the IR Department as the responsible department. The SoftBank Group IR Rules set out matters to be reported to the IR Department relating to timely disclosure, reporting times, procedures, and related matters. The IR Department acts under the approval of the division head when timely disclosure is necessary to swiftly conduct timely disclosure.

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 division head.

Compliance

SoftBank implements compliance to meet the expectations and demands of stakeholders and enhance management efficiency.

1. Basic Policy

Compliance at SoftBank

SoftBank considers it crucial to meet the expectations and demands of all stakeholders in the course of its business operations. The stakeholders include shareholders, as well as customers, business partners, and regional communities. To meet their expectations and demands, SoftBank strives to create an organization and an environment that enables every officer and employee to act with a full awareness of compliance. As the Group's officers and employees work in concert to ensure proper compliance throughout the organization, they will tighten risk management and enhance management efficiency, thereby driving further improvement in SoftBank's enterprise value.

Compliance Code

The awareness and conduct of every officer and employee is important for ensuring compliance. SoftBank has compiled the SoftBank Group Officer and Employee Code of Conduct—a set of rules for conduct that must be observed by all officers and employees. To ensure that everyone follows this Code of Conduct, SoftBank provides all officers and employees with a Compliance Manual, which provides clear and simple explanations of the Code of Conduct using examples and a Q&A format.

2. Compliance Structure

An Organizational Structure Centered on a GCO and CCOs

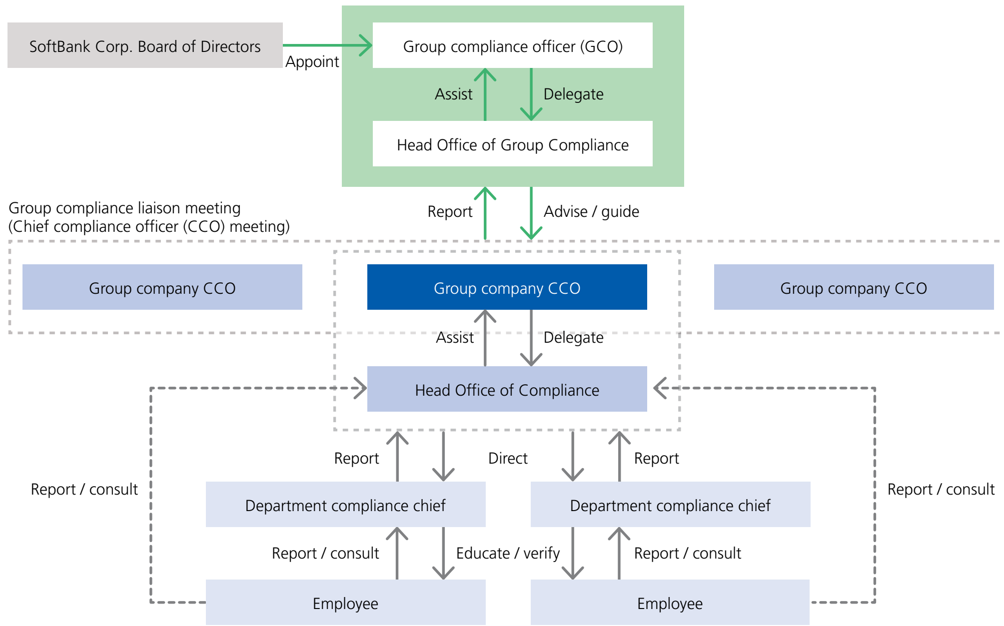
SoftBank appoints a group compliance officer (GCO) who has responsibility for compliance for the entire Group, and each Group company has a chief compliance officer (CCO) who has responsibility for compliance at each company. The GCO establishes and strengthens the compliance system for the entire Group, while providing advice and guidance to the CCOs of various Group companies as necessary. The CCOs formulate and implement policies at each Group company and regularly report on the status of the compliance structure to the GCO.

The GCO and CCOs have discretionary authority to modify or stop actions that constitute actual or suspected compliance breaches, from compliance, corporate social responsibility (CSR) and other perspectives. Rather than adopt a committee system, SoftBank has concentrated all compliance authority and responsibility in the GCO and CCOs for a swifter and more flexible organization.

Hotlines (Internal Reporting System)

The main Group companies have a hotline in place to receive reports and provide consultations for officers and employees who discover compliance breaches or actions that may breach compliance. In addition to the hotlines at each Group company, a Group Hotline has been established as a channel for reports and issues arising from Group officers and employees. This Hotline is intended principally for employees of Group companies that do not have their own individual hotlines and employees who find it difficult to consult someone using the hotlines of their own companies. The Group Hotline has an internal contact point staffed by Internal Compliance Department personnel and an external contact point staffed by external lawyers. By establishing multiple contact points

Group Compliance Structure



throughout the Group, SoftBank endeavors to identify risks at an early stage and prevent them from materializing.

A poster advertising the Group Hotline

3. Measures for Enhancing Awareness

There are a variety of compliance risks on the frontlines of business. SoftBank conducts practical training and awareness-raising activities for various officer and employee levels to ensure that these personnel can make decisions and act properly, as well as carry out their duties efficiently. The goal is to build a strong organization where each and every member embraces a high awareness of compliance while implementing compliance as part of his or her daily duties.

Officer Training

SoftBank provides compliance training to between 100 and 150 officers of various Group companies every year.

In this training, participants conduct group discussion sessions focused on case studies of past incidents that have occurred in the Group, along with themes believed to pose a potential risk within the Group.

By providing the opportunity for officers to study the risks associated with various laws, as well as specific means of addressing them, SoftBank strives to minimize risk and enhance management efficiency. These laws include the Financial Instruments and Exchange Act, the Labor Law, the Companies Act, and the Act on the Prohibition of Private Monopolization and Maintenance of Fair Trade. Additionally, SoftBank's training themes actively incorporate new risks associated with changes in the business environment and labor conditions, while exploring and sharing specific means of addressing them.

Compliance Awareness Month

SoftBank holds a Compliance Awareness Month annually for all Group officers and employees. Throughout the month, seminars and contests are held. In fiscal 2013, SoftBank continued to conduct intranet-based seminars by posting training content on the intranet, including case studies and e-learning. The intranet-based seminars looked at a new theme every week, explaining possible risks and problems that could occur within the company using specific examples familiar to employees. Moreover, from fiscal 2013, SoftBank conducted a Compliance Test for officers and employees to assess their own level of basic compliance knowledge and understanding. The test has been taken and passed by approximately 20,000 officers and employees within the Group. By conducting the above training and testing using the intranet, which has fewer restrictions in terms of time and place, SoftBank increased compliance awareness among an even larger number of employees.

A poster advertising Compliance Awareness Month

In addition, the Compliance Slogan Contest is held during Compliance Awareness Month. In this contest, SoftBank calls for the submission of compliance-related slogans by Group officers and employees, in an effort to encourage their proactive participation in compliance activities. Outstanding slogans are used to create a calendar that is put up within various Group companies. In these and other ways, SoftBank works to put an environment in place that fosters compliance awareness among employees on a day-to-day basis.

4. Key Challenges Ahead

SoftBank sees strengthening the compliance system at Group companies as a key challenge going forward. At Group companies with small organizations that do not have dedicated compliance staff, SoftBank is continuing to promote creation of a checklist for CCOs that will make it easier for them to strengthen the compliance systems. SoftBank will also look into upgrading the compliance systems at recently acquired overseas companies, such as Sprint and Brightstar Corp., based on the status of each individual company.

SoftBank will also continue to enhance Group-wide compliance awareness, including advancing risk management with respect to overseas laws and regulations as it expands its business into overseas markets.

Risk Management

SoftBank makes daily efforts to manage risk, aiming to prevent the materialization of potential risks, while minimizing the potential human, social, and economic impacts that may ensue in emergency situations that could arise when a substantial risk materializes.

Domestic Telecommunications Companies

SoftBank Mobile, SoftBank Telecom, and other domestic telecommunications companies in the Group have business continuity plans (BCP) in place to ensure the continuity of telecommunications services and the rapid restoration of service if communications happen to be disrupted during emergency situations such as natural disasters, terrorist attacks, and pandemics. Through these plans, these companies will give top priority to protecting human life when a major disaster or accident occurs. Furthermore, they will establish an Emergency Response Department linking the companies to implement measures to recover the telecommunications network quickly.

Based on experience from the Great East Japan Earthquake, these companies continue to build a telecommunications network that is resilient to natural disasters. In June 2013 they developed a practical balloon-moored radio relay system. The system has been deployed at 10 sites throughout Japan. In another initiative in October 2013, SoftBank Mobile and SoftBank Telecom were recognized as designated public corporations under Japan's Disaster Countermeasures Basic Act. As such, both companies have made Disaster Operational Plans and will fully uphold their duties as designated public corporations by making an even greater effort to prepare disaster readiness systems, ensure the viability of key communication lines, improve the reliability of communications equipment, and take steps to enable rapid recovery.


Drills in preparation for the event of a major disaster

Sprint

Sprint also has a BCP in place. To reinforce risk management, the Corporate Business Continuity Office has been established, and under it a Corporate Business Continuity Committee. The committee's basic policy is to prevent business operation risks from materializing, and to minimize the impact on management of any risks that do materialize.

Yahoo Japan

Yahoo Japan discloses risk management information together with quarterly financial results. Yahoo Japan has systematically compiled and documented efforts on identifying and managing business risks based on the Risk Management Regulations. 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.

As part of these efforts, Yahoo Japan has formulated Emergency Disaster Response Guidelines based on earthquake, fire, and other major 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 backup in the event of an emergency situation. The *Yahoo! News – Topics* is one service that 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.

Information Security

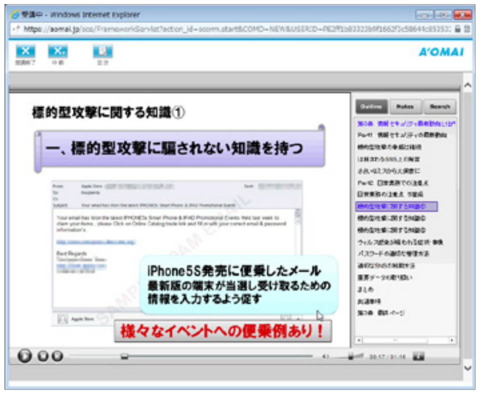
SoftBank recognizes that it has a social responsibility to appropriately manage information assets, including customers' personal information. We therefore work constantly to improve our information security.

Group-wide meeting on information security activities

Information Security Management System

SoftBank has formulated a guideline for the Group that sets forth 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.

SoftBank's 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. Through the CISOs, the GCISO works to acquire an accurate grasp of information security at each Group company, and vigorously promotes information security countermeasure activities.



E-learning

Specific Initiatives

Based on cyber attack countermeasures implemented so far, SoftBank has rigorously rechecked necessary countermeasures to ensure the protection of information systems, business devices used by officers and employees, and other information assets. Targeted cyber attacks on governments, corporations, and other institutions show no sign of letting up, and SoftBank is therefore gathering information daily on information security risks including cyber attacks. Useful information is distributed to all Group companies and additional measures are taken.

Moreover, envisaging a scenario where a Group company has been subjected to a cyber attack, SoftBank has prepared an incident response framework which enables it to confirm channels for swiftly gathering information, and enables the affected Group company to obtain the cooperation of other Group companies to address an incident. After responding to an incident, SoftBank identifies issues and ensures that the lessons learned from the incident are put to good use.

SoftBank also puts emphasis on improving the information security literacy of officers and employees, and regularly conducts a variety of measures such as e-learning programs and training seminars.

Poster for raising awareness about information security

Key Priorities Ahead

SoftBank has started new measures to improve the Group's overall security level. Measures include further enhancements to the Security Operation Center, which serves the entire Group, continuing to strengthen the basic security environment, and other steps to prepare against the abovementioned cyber attacks as well as new risks.

As SoftBank grows, we will also consider revising our Group-wide information security management system.

Corporate Social Responsibility (CSR)

SoftBank seeks to help realize a rich and happy society through its business activities. To this end, the SoftBank Group CSR Principles set forth our aspirations to develop along with all stakeholders, including customers, shareholders, employees, and business partners. Under these principles, we have positioned the following as key themes in our CSR activities: building a healthy Internet society, cultivating a next generation that has dreams and aspirations, protecting the planet's future through environmental protection, and supporting the reconstruction of areas affected by the Great East Japan Earthquake. We are promoting CSR activities focused on each of these themes.

KazashiteBokin

The New Way to Give Using Your Mobile Phone

SoftBank Mobile launched Japan's first*1 donation platform, *KazashiteBokin* in March 2014. The platform enables users to make ongoing donations to non-profit organizations (NPOs) together with their monthly service charges simply by holding their smartphones*2 up to the poster or flyer of a participating organization.

Many NPOs cite fundraising as their biggest challenge in continuing their activities. *KazashiteBokin* helps NPOs keep up their activities by enabling users to make ongoing donations using a simple method and acquiring long-term funding for the NPOs. When *KazashiteBokin* was first launched, the number of NPOs using the platform climbed to around 40. SoftBank Mobile will continue to increase the number of participating NPOs and expand the platform to make it available to even more users.

*1 According to research by Japan Fundraising Association (as of March 5, 2014).
*2 Non-SoftBank Mobile smartphone users are required to enter a credit card number or other details.

Users can donate simply by holding up their smartphones to a poster or flyer.

For further details about *KazashiteBokin* (Japanese only)

Official *KazashiteBokin* app (Japanese only)

iOS
Download on the App Store

Android
GET IT ON Google play

TOUR de TOHOKU

A tour by bicycle provides a sense of the current reality of the disaster-affected areas and helps to preserve the memory of the earthquake for the future

Yahoo Japan held the *TOUR de TOHOKU* cycling event in 2013 as part of its efforts to support reconstruction of the areas affected by the Great East Japan Earthquake. The event is intended to preserve the memory of the earthquake for the future by allowing cyclists and many others from all over Japan to enjoy the sense of the great outdoors created by the backdrop of the sea at Sanriku while directly experiencing the current reality of the disaster affected areas. The organizers intend to continue the event for 10 years, and are also looking at holding a race in the future, with the aim of developing events that attract international participants.

The first *TOUR de TOHOKU 2013 in Miyagi-Sanriku*, was held in the Sanriku coastal area of Miyagi Prefecture on November 3, 2013. The response was so positive that all positions in the event were filled 14 minutes after reception for applications was opened. Altogether, 1,316 participants rode through Tohoku. The second event is scheduled to be held in September 2014, with plans for a larger number of participants, enhancing the course, the available distances, and other aspects. The proceeds from the event will be used to promote cycle tourism in the Tohoku region and assist the development of cycling lanes and other social infrastructure.

Facebook
Official *TOUR de TOHOKU* Page (Japanese only)

Initiatives in Renewable Energy

Helping to create a society that enjoys access to secure, reliable energy

SB Energy Corp. is involved in the renewable energy business and other businesses. SB Energy aims to promote and popularize renewable energy such as large-scale solar power generation (mega-solar) and wind power generation by using land owned by public bodies and private owners throughout Japan to build and operate renewable energy power plants. As of July 17, 2014, SB Energy has 13 mega-solar plants in operation throughout Japan, and is preparing to begin operating at least six more renewable power plants around the country.

SB Energy began constructing its first wind power generation plant “Wind Farm Hamada” in June 2013 (Image of the completed plant).

Accessibility

Providing communications solutions that enable blind or low vision consumers to more fully participate in society

Sprint recognizes the powerful role technology can play in reducing communications barriers faced by individuals with disabilities. Sprint is committed to working with suppliers and manufacturers to create accessible technology that improves the quality of life for people with disabilities.

To better help the blind and visually impaired communicate and access information, Sprint launched the Kyocera Kona, the first feature phone in the U.S. wireless industry to offer verbal translation enabling Internet browsing. Sprint also launched the LG Optimus F3™, the first U.S. smartphone to come preloaded with *TalkBack* by Google Inc. and Sprint's *Accessible Now* startup wizard which provides immediate voice guidance on how to set-up and activate the phone, making it more accessible for blind and visually impaired consumers.

To help foster a more conducive learning environment for students with print disabilities, Sprint launched a unique Accessible Education ID pack that makes it simple to access web-based educational resources on their smartphone.

Sustainable Devices/Recycling

Raising the bar on device recycling and sustainability

With millions of wireless phones being retired across the globe every year, Sprint has taken a leadership role in both developing more sustainable products and ensuring they are responsibly recycled at the end of their life.

To move the industry towards a single global standard for sustainable devices, Sprint partnered with Underwriters Laboratories Environment to develop UL 110, a standard for wireless devices that covers materials, energy consumption, end-of-life management, packaging and more. Every wireless phone that Sprint launches is required to go through the UL 110 assessment process. As a result, Sprint has more wireless phones certified as meeting UL 110 than any other wireless carrier, globally.

Sprint also recognizes the key role it can play in collecting retired products from customers for reuse and recycling and has reclaimed more than 57 million devices. Sprint was also the first U.S. carrier to launch a buyback program that offers an instant, in-store credit of up to $300 for any eligible device, regardless of carrier or manufacturer. Today, more than four out of every 10 customers in Sprint retail stores participate in the buyback program.

Product packaging that enables used devices to be put out for collection without any special preparation.

Financial Section

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Interview with Corporate Executive in Charge of Finance

Accelerating Our Growth on the Global Stage

Yoshimitsu Goto
Director, executive corporate officer, finance, corporate communications, investor relations, brand management division
General manager, finance

Q1 What is your assessment of SoftBank's financing activities in fiscal 2013?

We raised about ¥2 trillion in acquisition funds for the Sprint acquisition. Because we successfully turned Vodafone K.K. around after we acquired the company in 2006, our track record allowed us to conduct financing activities for the Sprint buyout much more smoothly than the Vodafone K.K. acquisition. That said, our global strategy has just gotten underway. We must be mindful of the importance of building long-term relationships of trust with bond investors and banks to ensure that we can raise funds when necessary over the next 5–10 years. That's why we paid particular attention to our IR activities for the Sprint acquisition. We clearly explained to investors the significance of the acquisition, the Group's current status, and our future strategies; and I believe that we communicated these successfully and gained their understanding.

Q2 What are your future plans for fund procurement and what approach will you take?

Looking at fund procurement from the standpoint of a lender, two points are crucial: the borrower's ability to continuously generate stable cash flows, and its financial soundness. SoftBank has steadily grown its telecommunications business in Japan and has laid a solid business foundation for generating stable cash flows into the future. Furthermore, SoftBank has an extensive asset portfolio with a high degree of convertibility, such as Alibaba Group, Yahoo Japan, GungHo, and Sprint shares. You could say that SoftBank has grown to become much more easy to evaluate in terms of creditworthiness.

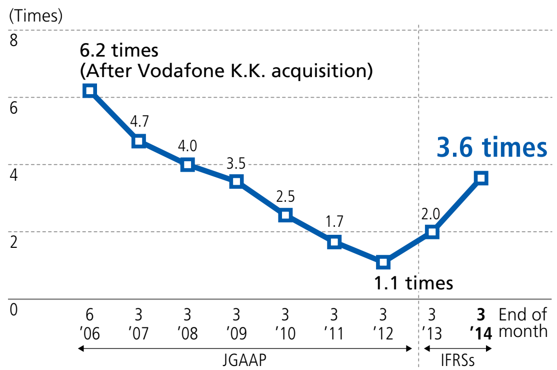
The ideal means of debt financing is to have a debt portfolio that is split evenly between corporate bonds and bank loans. In anticipation of future fund procurement, we are diversifying our fund procurement channels across different markets. In fiscal 2013, SoftBank issued U.S. dollar- and euro-denominated corporate bonds, aiming to access the broad and deep European and U.S. corporate bond markets and develop relationships with investors upon entering the U.S. market through the Sprint acquisition. Although the interest rates are higher overseas than in the Japanese market, we believe that SoftBank's corporate bond issuances were valued at a fair level in each market. In Japan, SoftBank also actively issues corporate bonds to individual investors as well as institutional investors. Japan's individual investor market has scarcely been tapped, and it still offers a much larger capacity to supply funds. For this reason, we intend to continue vigorously accessing this market going forward.

We will strive to make our creditworthiness consistent across the Group. By doing so, we will create an environment where it is easier for our lenders to invest, since they will only have to focus on SoftBank's financial statements and business development, instead of having to look at numerous Group companies individually. That said, although we share a common strategic direction with our listed subsidiaries, we respect the autonomy of each company. For instance, Yahoo Japan and Sprint have policies of procuring funds independently. Considering our future growth strategies, SoftBank will be mindful of constantly securing and increasing its fund procurement capacity in Japan.

Q3 What is your approach to M&As?

As an Internet company that owns communications infrastructure, SoftBank is distinguished by having an expansive range of fields where it can generate synergies. Therefore, if a company's corporate philosophy matches our own, we are well positioned to execute a broad range of acquisitions. One of our strengths is that we can acquire companies flexibly as we have actually chosen not to set detailed acquisition rules. In fiscal 2013, we acquired promising companies like Supercell and Brightstar Corp. to solidify the Group's foundations for further growth.

Net Interest-bearing Debt / EBITDA Multiple



* EBITDA for fiscal 2013 is calculated by adding the annualized Sprint segment's EBITDA (aggregated amount from July 11, 2013 to March 31, 2014) to the remaining segments' EBITDA.

On the other hand, our debt could very well increase in step with our M&A activities. Our current leverage, in terms of the net interest-bearing debt / EBITDA multiple, is 3.6 times (as of March 31, 2014). The adequate level of leverage will vary depending on the economic environment and business conditions. It is important to constantly consider the adequate level of leverage that will ensure financial soundness and maximize corporate value as we make management decisions. We must boldly take on the challenge of executing large M&As, even if it causes SoftBank's creditworthiness to temporarily decline, as long as we are confident in our ability to steadily improve it again.

SoftBank's Finance Department is responsible for working with business divisions to drive the Company's growth strategy while synchronizing activities with management. If we were to consider only financial soundness, we would tend to shy away from large M&As. But that would slow down our growth. Kazuhiko Kasai, the former SoftBank director who passed away in October 2013, never turned down a challenging initiative without a good reason. We, too, must strive as a Finance Department to always ask "What is the adequate level of leverage?" as we constantly take on the challenge of new M&A projects.

Interview with Corporate Executive in Charge of Accounting

Adopting IFRSs to Promote Understanding among Global Investors

Kazuko Kimiwada
Corporate officer, accounting, tax management, internal control, information system division
General manager, accounting & internal control

Q1 Please explain the background and reasoning for SoftBank's voluntary adoption of International Financial Reporting Standards (IFRSs).

IFRSs have been adopted by listed companies in the EU since the year ended December 2005, and are understood by many overseas investors to some extent. By comparison, Japanese Generally Accepted Accounting Standards (JGAAP) have some unique characteristics that are not sufficiently understood in the global context. If investors do not have a good understanding of JGAAP, they will have difficulty evaluating companies that use them, hindering their decisions to invest in these companies. In line with its overseas expansion, we knew that SoftBank would inevitably attract attention from overseas investors. After considering the most suitable form for our financial statements in preparation for this, we decided to adopt IFRSs. We spent three full years preparing for the change, starting in May 2010, and successfully introduced the standards from the first quarter of fiscal 2013. We completed the acquisition of Sprint in July 2013, and we had already seen a surge in interest from overseas investors immediately following the acquisition announcement made a year earlier. I think it was fortunate that we had decided to adopt IFRSs early.

Q2 What impact has the adoption of IFRSs had on the financial statements?

In the case of SoftBank, there were two major impacts on accounting for business combinations and on liabilities. First, in accounting for business combinations, which defines procedures for M&As and so forth, it is well known that JGAAP calls for regular amortization of goodwill, whereas under IFRSs there is no regular amortization, and we need only check each fiscal year whether a write-down is required in a process known as impairment testing. Since SoftBank had been very active in M&As, it had accumulated a substantial amount of goodwill and stopping regular amortization with the adoption of IFRSs meant that the operating income result for fiscal 2013 was increased by ¥108.7 billion. Another aspect, and there is no difference in this between JGAAP and IFRSs, is the importance of understanding the purchase price allocation (PPA) process, which determines how assets acquired through an M&A are presented in a company's statements of financial position. For example, in the PPA for the Sprint acquisition, we recorded intangible assets such as Federal Communications Commission (FCC) licenses, customer relationships, trademarks, and favorable lease contracts. Among these, customer relationships is regularly amortized under both JGAAP and IFRSs, with a negative effect on the income statement.

Another major impact of adopting IFRSs is the method of recording liabilities. SoftBank sells mobile devices through installment sales, and from 2007 a portion of those installment sales receivables was transferred to a trust bank to establish a trust and then sold as securitized products. These securitized installment sales receivables (approximately ¥350.0 billion as of March 31, 2014) were not recorded on the balance sheet under JGAAP, but under IFRSs they are recorded on the balance sheet (balance sheets are referred to as "Consolidated Balance Sheets" under JGAAP and "Consolidated Statements of Financial Position" under IFRSs). Another item to note is that preferred securities issued by subsidiaries (approximately ¥200.0 billion as of March 31, 2014) are recorded as minority interests on the balance sheet under JGAAP, increasing the Company's net assets, whereas under IFRSs they are treated as interest-bearing debt. Different treatment for leases also has an impact on liabilities. Under JGAAP, finance leases whose contracts were concluded after April 2008 are to be processed on the balance sheet, while those concluded prior to that may be treated off the balance sheet. Under IFRSs, all finance leases must be processed on the balance sheet, and we recorded approximately ¥1.0 trillion for these as of March 31, 2014. The differences of all of these liabilities were noted in the notes to financial statements under JGAAP, but under IFRSs they are all included as liabilities on the statements of financial position, making it easier for investors to understand.

Q3 Has the application of IFRSs given rise to changes in management? And what are the challenges to be faced going forward?

Opinion in the accounting industry is divided on the issue of not regularly amortizing goodwill under business combination accounting. Since the burden of amortization does not occur immediately, companies can take a bold approach to M&As. Another benefit is that IFRSs provide a common basis for discussing investments in companies overseas, thereby enabling investors to avoid misunderstandings that can arise from differences in accounting standards.

Our challenge going forward is how to enable investors in Japan and overseas to gain a correct understanding of the financial statements presented based on IFRSs. In actual fact, IFRSs have many points that are complex and difficult to understand. They include a larger volume of notes than JGAAP, which may come as a surprise to some investors. Naturally, we must disclose the information required by the rules, but we would like to go beyond that and explain the information that investors need in a way that is easy to understand.

For further information about the adoption of IFRSs, please refer to Notes to Consolidated Financial Statements page 214 "45. First-time adoption of IFRSs."

Eleven-year Summary

SoftBank Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

(Millions of yen)		JGAAP FY2003	FY2004	FY2005	FY2006	FY2007
Net sales		517,394	837,018	1,108,665	2,544,219	2,776,169
EBITDA		(20,705)	44,095	149,913	525,428	626,662
Operating (loss) income		(54,894)	(25,359)	62,299	271,066	324,287
(Loss) income before income taxes and minority interests / income before income tax		(76,745)	(9,549)	129,484	208,574	225,887
Net (loss) income / net income attributable to owners of the parent		(107,094)	(59,872)	57,551	28,815	108,625
Total assets		1,421,207	1,704,854	1,808,399	4,310,853	4,558,902
Total shareholders' equity / total equity attributable to owners of the parent		238,081	178,017	242,768	282,950	383,743
Interest-bearing debt		585,541	953,918	1,005,293	2,544,404	2,532,969
Net interest-bearing debt		144,858	631,680	554,614	2,158,149	2,036,879
Net cash (used in) provided by operating activities		(83,829)	(45,989)	57,806	311,202	158,258
Net cash provided by (used in) investing activities		81,878	(242,944)	27,852	(2,097,937)	(322,461)
Net cash provided by (used in) financing activities		306,390	277,771	30,078	1,718,385	284,727
Net increase (decrease) in cash and cash equivalents		290,980	(9,689)	126,642	(65,277)	113,517
Cash and cash equivalents at the end of the year		437,133	320,195	446,694	377,521	490,267
Major Indicators	(Units)					
EBITDA margin	%	—	5.3	13.5	20.7	22.6
Operating margin	%	—	—	5.6	10.7	11.7
ROA	%	(9.0)	(3.8)	3.3	0.9	2.4
ROE	%	(43.2)	(28.8)	27.4	11.0	32.6
Equity ratio / ratio of equity attributable to owners of the parent to total assets	%	16.8	10.4	13.4	6.6	8.4
Debt / equity ratio	Times	2.5	5.4	4.1	9.0	6.6
Net debt / equity ratio	Times	0.6	3.5	2.3	7.6	5.3
Per Share Data*[1]	(Units)					
Net (loss) income / earnings per share attributable to owners of the parent – basic	¥	(104.91)	(57.01)	54.36	27.31	101.68
Net income – diluted / earnings per share attributable to owners of the parent – diluted	¥	— *[2]	— *[2]	50.71	26.62	95.90
Shareholders' equity / equity attributable to owners of the parent	¥	225.80	168.62	229.88	268.02	355.15
Cash dividends	¥	2.33	2.33	2.50	2.50	2.50
Others						
Shares outstanding (thousands of shares)		351,404	351,457	1,055,082	1,055,704	1,080,501
Subsidiaries		177	153	153	118	109
Associates		103	108	87	66	67
Number of public companies*[3]		14	11	11	11	14
Number of employees (consolidated basis)		5,108	12,949	14,182	17,804	19,040

*[1] The number of shares is retroactively adjusted to reflect the following stock split: January 5, 2006 3.0:1. Earnings per share attributable to owners of the parent – basic and earnings per share attributable to owners of the parent – diluted are calculated based on net income attributable to owners of the parent.
*[2] Not shown because of net loss for the fiscal year.
*[3] Number of subsidiaries and associates with publicly offered shares (including SFJ Capital Limited, which has issued preferred (restricted voting) securities).

(Note) The Company adopted the International Financial Reporting Standards (IFRSs) from fiscal 2013. Figures for fiscal 2012 have also been presented in accordance with IFRSs. Items where terminology differs between JGAAP and IFRSs are presented together in the style "JGAAP / IFRSs."

Eleven-year Summary

SoftBank Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

		JGAAP				IFRSs	
(Millions of yen)		FY2008	FY2009	FY2010	FY2011	FY2012	**FY2013**
Net sales		2,673,035	2,763,406	3,004,640	3,202,436	3,202,536	**6,666,651**
EBITDA		678,636	787,631	930,730	1,013,716	1,152,741	**1,786,810**
Operating (loss) income		359,121	465,871	629,163	675,283	799,399	**1,085,362**
(Loss) income before income taxes and minority interests / income before income tax		107,338	289,250	480,613	632,257	715,504	**932,367**
Net (loss) income / net income attributable to owners of the parent		43,172	96,716	189,713	313,753	372,481	**527,035**
Total assets		4,386,672	4,462,875	4,655,725	4,899,705	7,218,172	**16,684,997**
Total shareholders' equity / total equity attributable to owners of the parent		374,094	470,532	619,253	936,695	1,612,756	**1,955,374**
Interest-bearing debt		2,400,391	2,195,471	2,075,801	1,568,126	3,707,853	**9,170,053**
Net interest-bearing debt		1,939,521	1,501,074	1,209,636	547,299	2,257,806	**7,059,286**
Net cash (used in) provided by operating activities		447,858	668,050	825,837	740,227	813,025	**860,245**
Net cash provided by (used in) investing activities		(266,295)	(277,162)	(264,448)	(375,656)	(874,144)	**(2,718,188)**
Net cash provided by (used in) financing activities		(210,348)	(159,563)	(397,728)	(196,667)	471,477	**2,359,375**
Net increase (decrease) in cash and cash equivalents		(31,169)	230,719	159,457	168,069	417,944	**524,433**
Cash and cash equivalents at the end of the year		457,644	687,682	847,155	1,014,559	1,439,057	**1,963,490**
Major Indicators	(Units)						
EBITDA margin	%	25.4	28.5	31.0	31.7	36.0	**26.8**
Operating margin	%	13.4	16.9	20.9	21.1	25.0	**16.3**
ROA	%	1.0	2.2	4.2	6.6	6.0	**4.4**
ROE	%	11.4	22.9	34.8	40.3	29.7	**29.5**
Equity ratio / ratio of equity attributable to owners of the parent to total assets	%	8.5	10.5	13.3	19.1	22.3	**11.7**
Debt / equity ratio	Times	6.4	4.7	3.4	1.7	2.3	**4.7**
Net debt / equity ratio	Times	5.2	3.2	2.0	0.6	1.4	**3.6**
Per Share Data*[1]	(Units)						
Net (loss) income / earnings per share attributable to owners of the parent – basic	¥	39.95	89.39	175.28	285.78	332.51	**442.64**
Net income – diluted / earnings per share attributable to owners of the parent – diluted	¥	38.64	86.39	168.57	278.75	328.08	**440.37**
Shareholders' equity / equity attributable to owners of the parent	¥	346.11	434.74	572.14	852.69	1,353.55	**1,645.31**
Cash dividends	¥	2.50	5.00	5.00	40.00	40.00	**40.00**
Others							
Shares outstanding (thousands of shares)		1,080,855	1,082,329	1,082,350	1,098,515	1,191,500	**1,188,456**
Subsidiaries		108	109	117	133	230	**756**
Associates		74	64	73	74	100	**105**
Number of public companies*[3]		13	12	13	14	14	**13**
Number of employees (consolidated basis)		21,048	21,885	21,799	22,710	25,891	**70,336**

Segment Financial Data

SoftBank Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

			FY2012				FY2013			
(Millions of yen)	FY2012	FY2013	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobile Communications Segment										
Net sales	2,345,630	3,165,518	522,214	565,749	630,052	627,615	661,918	724,609	817,301	961,690
EBITDA	797,343	1,003,934	198,274	214,918	197,094	187,057	255,826	259,320	275,233	213,555
EBITDA margin (%)	34.0	31.7	38.0	38.0	31.3	29.8	38.6	35.8	33.7	22.2
Segment income	517,120	608,950	138,581	151,370	129,316	97,853	172,459	167,092	175,028	94,371
Segment income margin (%)	22.0	19.2	26.5	26.8	20.5	15.6	26.1	23.1	21.4	9.8
Capital expenditure (acceptance basis)	649,883	678,960	92,500	141,927	176,705	238,751	163,581	164,563	170,469	180,347
Depreciation and amortization	280,223	394,984	59,693	63,548	67,778	89,204	83,367	92,228	100,205	119,184
Sprint Segment*1										
Net sales	–	2,601,031	–	–	–	–	–	760,941	923,498	916,592
EBITDA	–	417,245	–	–	–	–	–	111,887	116,537	188,821
EBITDA margin (%)	–	16.0	–	–	–	–	–	14.7	12.6	20.6
Segment income (loss)	–	(1,216)	–	–	–	–	–	(22,304)	(35,874)	56,962
Segment income margin (%)	–	–	–	–	–	–	–	–	–	6.2
Capital expenditure (acceptance basis)	–	464,276	–	–	–	–	–	163,574	208,733	91,969
Depreciation and amortization	–	418,461	–	–	–	–	–	134,191	152,411	131,859
Fixed-line Telecommunications Segment										
Net sales	531,028	548,090	127,935	134,129	129,374	139,590	133,406	136,963	137,056	140,665
EBITDA	168,061	170,689	40,337	44,757	42,387	40,580	42,881	45,962	43,964	37,882
EBITDA margin (%)	31.6	31.1	31.5	33.4	32.8	29.1	32.1	33.6	32.1	26.9
Segment income	114,232	108,612	27,734	32,115	29,589	24,794	28,072	31,044	28,562	20,934
Segment income margin (%)	21.5	19.8	21.7	23.9	22.9	17.8	21.0	22.7	20.8	14.9
Capital expenditure (acceptance basis)	65,682	60,468	10,292	12,708	16,216	26,466	9,903	16,743	13,091	20,731
Depreciation and amortization	53,829	62,077	12,603	12,642	12,798	15,786	14,809	14,918	15,402	16,948

*1 In the Sprint segment, the earnings reflect results of operations of Sprint since July 11, 2013.

(Note) Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment

Segment Financial Data

SoftBank Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

			FY2012				FY2013			
(Millions of yen)	FY2012	FY2013	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Internet Segment										
Net sales	356,609	399,869	80,937	82,124	92,083	101,465	96,198	100,092	101,686	101,893
EBITDA	193,290	204,318	42,608	44,751	52,220	53,711	49,850	51,172	52,205	51,091
EBITDA margin (%)	54.2	51.1	52.6	54.5	56.7	52.9	51.8	51.1	51.3	50.1
Segment income	180,720	188,949	39,437	41,834	49,228	50,221	46,629	47,954	48,505	45,861
Segment income margin (%)	50.7	47.3	48.7	50.9	53.5	49.5	48.5	47.9	47.7	45.0
Capital expenditure (acceptance basis)	22,985	26,039	4,942	3,195	6,310	8,538	4,393	2,746	9,194	9,706
Depreciation and amortization	12,570	15,369	3,171	2,917	2,992	3,490	3,221	3,218	3,700	5,230
Others										
Net sales	117,065	124,453	28,192	33,089	27,919	27,865	30,575	34,198	28,620	31,060
EBITDA	13,158	13,592	2,572	6,386	2,317	1,883	2,938	6,493	1,875	2,286
EBITDA margin (%)	11.2	10.9	9.1	19.3	8.3	6.8	9.6	19.0	6.6	7.4
Segment income (loss)	6,400	6,041	1,023	4,802	674	(99)	1,351	4,744	(67)	13
Segment income margin (%)	5.5	4.9	3.6	14.5	2.4	–	4.4	13.9	–	0.0
Capital expenditure (acceptance basis)	14,611	15,507	7,163	1,866	2,126	3,456	2,835	4,694	3,082	4,896
Depreciation and amortization	6,758	7,551	1,549	1,584	1,643	1,982	1,587	1,749	1,942	2,273
Reconciliations*2										
Net sales	(147,796)	(172,310)	(33,334)	(36,391)	(37,100)	(40,971)	(41,028)	(39,260)	(45,070)	(46,952)
EBITDA	(19,111)	(22,968)	(3,052)	(3,778)	(7,708)	(4,573)	(6,319)	(4,012)	(6,156)	(6,481)
Segment income	(20,851)	(24,430)	(3,459)	(4,308)	(8,192)	(4,892)	(6,634)	(4,348)	(6,543)	(6,905)
Depreciation and amortization	1,740	1,462	407	530	484	319	315	336	387	424
Consolidated										
Net sales	3,202,536	6,666,651	725,944	778,700	842,328	855,564	881,069	1,717,543	1,963,091	2,104,948
EBITDA	1,152,741	1,786,810	280,739	307,034	286,310	278,658	345,176	470,822	483,658	487,154
EBITDA margin (%)	36.0	26.8	38.7	39.4	34.0	32.6	39.2	27.4	24.6	23.1
Segment income	797,621	886,906	203,316	225,813	200,615	167,877	241,877	224,182	209,611	211,236
Segment income margin (%)	24.9	13.3	28.0	29.0	23.8	19.6	27.5	13.1	10.7	10.0
Capital expenditure (acceptance basis)	753,161	1,245,250	114,897	159,696	201,357	277,211	180,712	352,320	404,569	307,649
Depreciation and amortization	355,120	899,904	77,423	81,221	85,695	110,781	103,299	246,640	274,047	275,918

*2 Reconciliations includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment.

Management's Discussion and Analysis of Results of Operations and Financial Position

– Net sales reached ¥6.7 trillion, double the level of fiscal 2012.

– Operating income exceeded ¥1 trillion, up 35.8% from fiscal 2012.

– Net income attributable to owners of the parent was ¥527.0 billion, up 41.5% from fiscal 2012.

Adoption of IFRSs

The Company (SoftBank Corp. and its subsidiaries) has adopted the International Financial Reporting Standards (IFRSs) from the first quarter (the three-month period ended June 30, 2013) of fiscal 2013 (April 1, 2013 to March 31, 2014). The date of transition to IFRSs is April 1, 2012, and data for fiscal 2012 (April 1, 2012 to March 31, 2013) has also been presented in accordance with IFRSs.

In Detail (1) Main Items to Be Adjusted from JGAAP to IFRSs

The main items to be adjusted in the transition from Japanese Generally Accepted Accounting Principles (JGAAP) to IFRSs are as follows. For further details on these adjustments and other adjustment items, please refer to Notes to Consolidated Financial Statements page 214 "45. First-time adoption of IFRSs."

Differences in the scope of consolidation

- eAccess and Wireless City Planning, which were associates under JGAAP are subsidiaries under IFRSs.

Items related to consolidated statements of financial position

- Regarding certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, securitized receivables are recognized retrospectively and accompanying liabilities are recognized as interest-bearing debt under IFRSs when they are not qualified for derecognition of financial assets under IFRSs.
- Preferred securities issued by a subsidiary are accounted for as equity transactions and recorded as minority interests under JGAAP. Under IFRSs, they are accounted for as interest-bearing debt in the consolidated statements of financial position.

Items related to the consolidated statements of income

- Goodwill is amortized regularly under JGAAP. Under IFRSs, goodwill is not amortized regularly but tested for impairment at least once a year.
- Commission fees paid related to sale of mobile devices are accounted for as costs when they occur under JGAAP. Under IFRSs, the amount of commission fees expected to occur in the future is deducted from revenues.

Business Description

The Company has four reportable segments: the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment. Under SoftBank's management structure, SoftBank Corp. manages and adjusts these segments as a pure holding company.

In fiscal 2013, the Company changed its reportable segment classifications and names, and from the second quarter (the three-month period ended September 30, 2013), the Sprint segment was established as a new reportable segment in conjunction with the consolidation of Sprint. For details please refer to Notes to Consolidated Financial Statements page 142 "6. Segment information."

Main Business, Core Companies, and Numbers of Companies in Each Reportable Segment

	Business Segments	Main Businesses	Core Companies	Subsidiaries	Associates
Reportable Segments	Mobile Communications	• Provision of mobile communications services in Japan • Sale of mobile devices and accessories • Sale of PC software and peripherals • Production and distribution of online games for smartphones and other devices	SoftBank Mobile Corp. eAccess Ltd.*1, *2 WILLCOM, Inc. (Consolidated on July 1, 2013)*1, *2 Wireless City Planning Inc. Brightstar Corp. (Consolidated on Jan. 30, 2014)*2 SoftBank BB Corp. SoftBank Telecom Corp. GungHo Online Entertainment, Inc. (Consolidated on April 1, 2013)*2 Supercell Oy (Consolidated on Oct. 31, 2013)*2	174	6
	Sprint	• Provision of mobile communications services by Sprint in the U.S. • Sale of mobile devices and accessories accompanying the above services • Provision of fixed-line telecommunications services by Sprint	Sprint Corporation (Consolidated on July 10, 2013)*2	355	–
	Fixed-line Telecommunications	• Provision of telecom services such as fixed-line telephone and data communications services to domestic corporate customers • Provision of broadband services to domestic individual customers • Services accompanying the above services	SoftBank Telecom Corp. SoftBank BB Corp. eAccess Ltd. Yahoo Japan Corporation	5	–
	Internet	• Internet advertising • E-commerce business • Membership services	Yahoo Japan Corporation	19	3
	Others	• Fukuoka SoftBank HAWKS related businesses	Fukuoka SoftBank HAWKS Corp.	203	96
			Total	756	105

*1 eAccess merged with WILLCOM on June 1, 2014 and changed its company name to Ymobile on July 1, 2014.
*2 Please refer to the following pages for details of each consolidation.

GungHo: p.132 Sprint: p.133 WILLCOM: p.136 Supercell: p.138 Brightstar Corp.: p.139

(Notes) 1. The results for fiscal 2012 are presented in accordance with the above reportable segments.
2. SoftBank BB, SoftBank Telecom, eAccess, and Yahoo Japan operate businesses belonging to multiple segments, however to report numbers of subsidiaries SoftBank BB and SoftBank Telecom have been included in Fixed-line Telecommunications, eAccess in Mobile Communications, and Yahoo Japan in Internet.

Analysis of Consolidated Results of Operations

1. Overall Results for Fiscal 2013

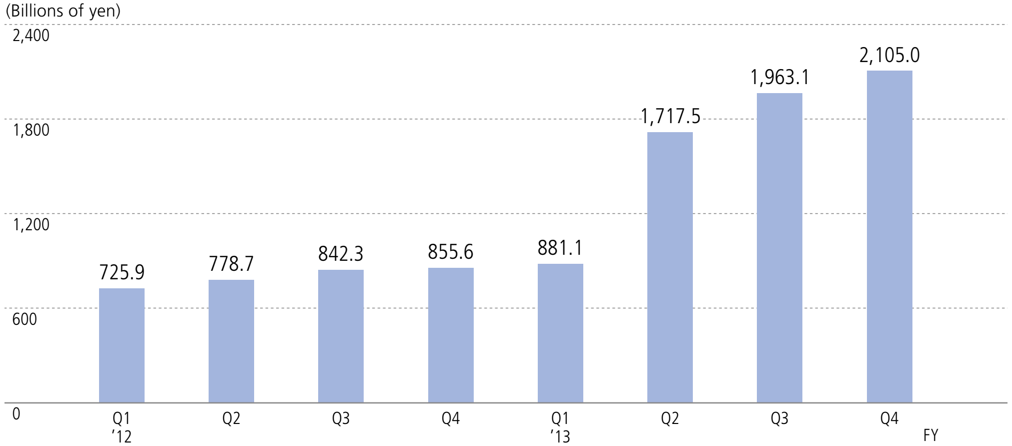
(Millions of yen)

	Fiscal Year Ended March 31, 2013 (Fiscal 2012)	Fiscal Year Ended March 31, 2014 (Fiscal 2013)	Change	Change %
Net sales	3,202,536	**6,666,651**	3,464,115	108.2%
Operating income	799,399	**1,085,362**	285,963	35.8%
Income before income tax	715,504	**932,367**	216,863	30.3%
Net income	437,837	**586,149**	148,312	33.9%
Net income attributable to owners of the parent	372,481	**527,035**	154,554	41.5%

2. Net Sales

Net sales totaled ¥6,666,651 million, for a ¥3,464,115 million (108.2%) increase compared to fiscal 2012 (year on year). This was mainly due to recording sales of ¥2,601,031 million in the newly added Sprint segment from the second quarter. Apart from this, the Mobile Communications segment also recorded a ¥819,888 million year-on-year increase in net sales. The increase in the Mobile Communications segment was due to the impact of consolidating GungHo from April 2013, WILLCOM from July 2013, Supercell from October 31, 2013, and Brightstar Corp. from January 30, 2014, as well as increases in the number of subscribers and units sold at SoftBank Mobile, which led to increases in both service revenue (mainly former telecom service revenue) and product sales (mainly former sales of handsets). In addition, the full-year sales of eAccess, which was consolidated from January 2013, were recorded and also contributed to the overall increase.

Net Sales



3. Operating Income

Operating income was ¥1,085,362 million, for a ¥285,963 million (35.8%) year-on-year increase.

Cost of sales increased ¥2,342,328 million (145.4%) year on year to ¥3,953,170 million. This was primarily due to the newly added Sprint segment from the second quarter. Apart from this, the impact of consolidating GungHo, WILLCOM, Supercell, and Brightstar Corp., and the rise in cost of goods in line with an increase in the number of smartphones, especially iPhone, sold at SoftBank Mobile caused part of the overall increase. The full-year cost of sales of eAccess, which was consolidated from January 2013, was recorded and also caused part of this increase.

Selling, general and administrative expenses increased by ¥1,032,502 million (130.0%) year on year to ¥1,826,575 million. This was primarily due to the newly added Sprint segment from the second quarter. Apart from this, the impact of consolidating GungHo, WILLCOM, and Supercell and a rise in sales commissions at SoftBank Mobile caused part of the overall increase. The full-year expenses of eAccess, which was consolidated from January 2013, were recorded and also caused part of this increase.

Gain from remeasurement relating to business combination was ¥253,886 million, an increase of ¥252,108 million year on year. This corresponds to gains of ¥150,120 million and ¥103,766 million recognized following reevaluation at fair value of the Company's respective equity interests in GungHo and WILLCOM that it already held on the dates when the Company acquired control of the respective companies. Please refer to Notes to Consolidated Financial Statements page 133 "5. Business combinations (2) GungHo Online Entertainment, Inc. b. Consideration transferred and its components" and page 136 "(4) WILLCOM, Inc. b. Consideration transferred and its components" for details.

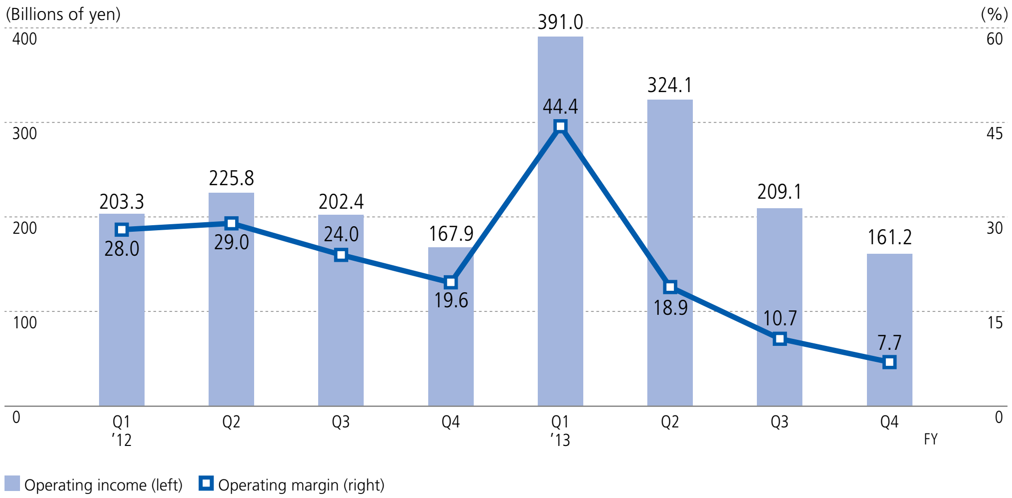
Other operating loss was ¥55,430 million (not recorded in fiscal 2012). This primarily reflected the recording of impairment loss of ¥32,090 million, as well as severance costs associated with reduction in the workforce of Sprint of ¥18,307 million. Please refer to Notes to Consolidated Financial Statements page 208 "35. Other operating income and loss" for details.

4. Income before Income Tax

Income before income tax was ¥932,367 million, an increase of ¥216,863 million (30.3%) year on year.

Finance cost rose ¥206,181 million (315.8%) year on year to ¥271,478 million. The increase was mainly due to the impact of adding the interest expense of Sprint, as well as an increase in interest expenses for bonds and borrowings at SoftBank Corp.

Operating Income and Operating Margin



Equity in income of associates was ¥74,402 million, an improvement of ¥78,065 million year on year (equity in loss of associates of ¥3,663 million was recorded in fiscal 2012). The increase was mainly due to recording equity in income of associates of ¥66,780 million related to Alibaba Group Holding Limited.

Other non-operating income was ¥44,081 million, an improvement of ¥59,016 million year on year (other non-operating loss of ¥14,935 million was recorded in fiscal 2012).

i. Gain on sale of associates increased ¥32,221 million year on year to ¥33,058 million. This was mainly due to the sale of shares of PPLive in December 2013.

ii. Interest income increased ¥17,906 million year on year to ¥21,015 million.

iii. Derivative loss was ¥19,588 million, deteriorating by ¥31,465 million year on year.

Please refer to Notes to Consolidated Financial Statements page 208 "37. Other non-operating income and loss" for details about interest income and derivative loss.

5. Income Taxes and Net Income Attributable to Owners of the Parent

Income taxes were ¥346,218 million, an increase of ¥68,551 million (24.7%) year on year.

Net income totaled ¥586,149 million, for a ¥148,312 million (33.9%) year-on-year increase.

After deducting net income and loss attributable to non-controlling interests in subsidiaries such as Yahoo Japan, Sprint, and GungHo from net income, net income attributable to owners of the parent was ¥527,035 million, for a ¥154,554 million (41.5%) increase year on year.

6. Comprehensive Income

Comprehensive income totaled ¥525,570 million, for a ¥116,617 million (18.2%) year-on-year decrease. Of this, comprehensive income attributable to owners of the parent was ¥451,167 million, for a ¥123,975 million (21.6%) year-on-year decrease.

Reportable Segment Analysis

Overview of Reportable Segments

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has four reportable segments: "Mobile Communications," "Sprint," "Fixed-line Telecommunications," and "Internet."

In the Mobile Communications segment, SoftBank Mobile and other companies provide mobile communications services and sale of mobile devices and accessories, etc., and GungHo and Supercell produce and distribute online games for smartphones and other devices.

In the Sprint segment, Sprint provides mobile communications services in the U.S. and sale of mobile devices and accessories accompanying the services, as well as fixed-line telecommunications services.

In the Fixed-line Telecommunications segment, SoftBank Telecom provides telecommunication services such as fixed-line telephone and data communications services to corporate customers, while SoftBank BB and other companies provide broadband services for individual customers.

In the Internet segment, Yahoo Japan provides Internet-based advertising operations and other services.

(Note) Income of reportable segments is based on income from operating income, excluding "Gain from remeasurement relating to business combination" and "Other operating income (loss)," as follows:
Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment

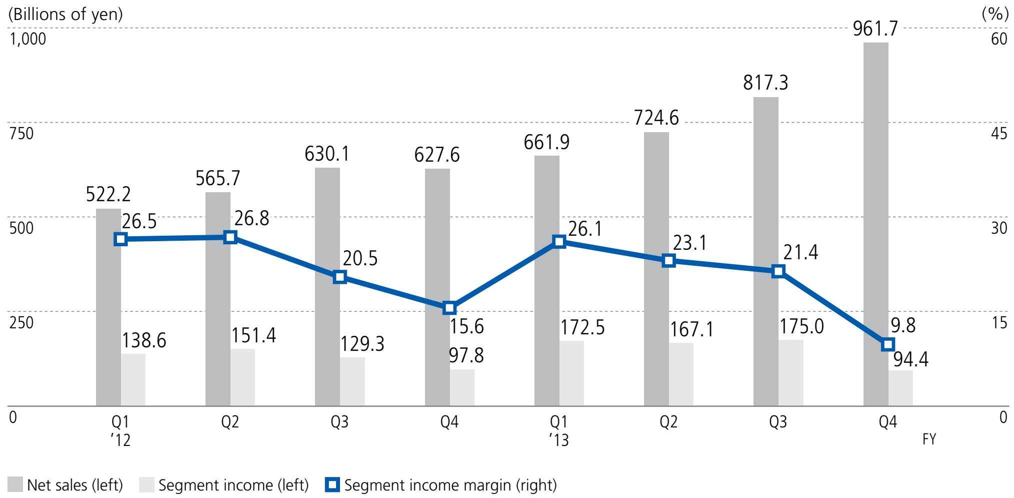
Mobile Communications Segment

Overall Results

The segment's net sales increased by ¥819,888 million (35.0%) year on year to ¥3,165,518 million. The main factor behind the increase was the impact of consolidating GungHo, WILLCOM, Supercell, and Brightstar Corp. in addition to increases in the number of mobile phone subscribers and units sold at SoftBank Mobile, which led to increases in both service revenue (mainly former telecom service revenue) and product sales (mainly former sales of mobile handsets). In addition, the full-year net sales of eAccess, which was consolidated from January 2013, were recorded and also contributed to the overall increase.

The segment's operating expenses increased by ¥728,058 million (39.8%) year on year to ¥2,556,568 million. The principal cause of this increase was the impact of consolidating GungHo, WILLCOM, Supercell, and Brightstar Corp. and higher operating expenses at SoftBank Mobile. The higher expenses at SoftBank Mobile reflected increases in the cost of goods in line with strong sales of smartphones, especially iPhone. Another factor behind the increase in operating expenses was

Mobile Communications



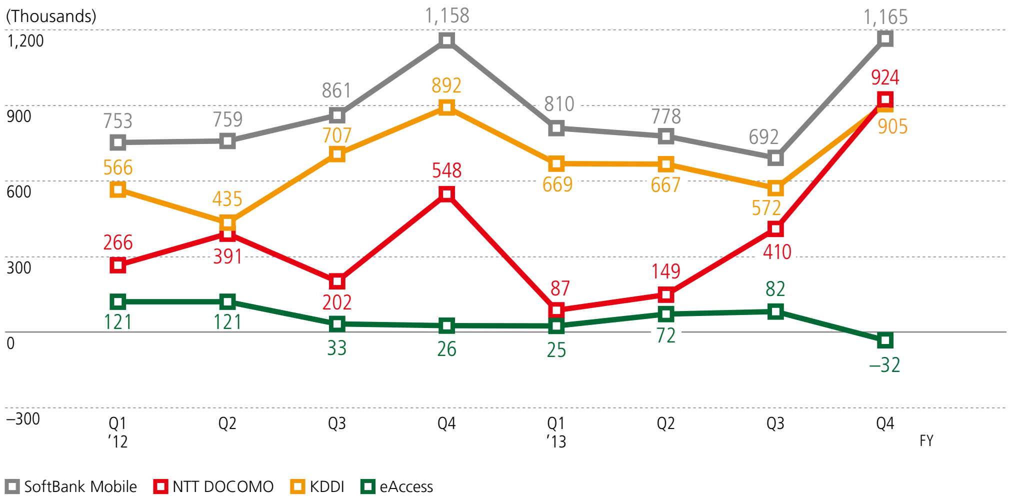
further competition to win customers under Mobile Number Portability (MNP), which resulted in higher sales commissions at SoftBank Mobile. In addition, the full-year operating expenses of eAccess, which was consolidated from January 2013, also caused part of the overall increase.

As a result, segment income increased by ¥91,830 million (17.8%) year on year to ¥608,950 million.

Number of Subscribers

Net subscriber additions (new subscribers minus cancellations) for fiscal 2013 at SoftBank Mobile totaled 3,445,000. This was primarily the result of solid sales of smartphones, especially iPhone, as well as communication modules and other items, mainly due to conducting various sales promotions. As a result, the cumulative number of subscribers at SoftBank Mobile at the end of fiscal 2013 stood at 35,925,000.

Net Subscriber Additions



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

ARPU

ARPU at SoftBank Mobile for fiscal 2013, decreased by ¥100 year on year to ¥4,450. Out of this, data ARPU rose ¥150 year on year to ¥2,930. The decline in ARPU mainly reflects an increase in low-ARPU handsets and a decline in the voice calls using voice devices. Meanwhile, the continuous growth in the number of high-data ARPU smartphone subscribers contributed to the increase in data ARPU.

Number of Units Sold

The number of units sold at SoftBank Mobile for fiscal 2013 increased by 1,062,000 year on year to 14,175,000. The increase was primarily due to various sales promotions and the resulting continuous steady sales of smartphones, especially iPhone. In addition, further competition to win customers under MNP and a resulting increase in the number of customers who switched from other operators contributed to the growth.

Churn Rate and Upgrade Rate

The churn rate at SoftBank Mobile for fiscal 2013 was 1.27%, up 0.18 of a percentage point year on year. This was mainly due to an increase in cancellations for non-voice devices reaching the end of their two year subscriptions. In addition, further competition to win customers under MNP and a resulting increase in the number of customers who switched to other operators led to the higher churn rate.

The upgrade rate was 1.36%, down 0.17 of a percentage point year on year.

Sprint Segment*1

Overall Results

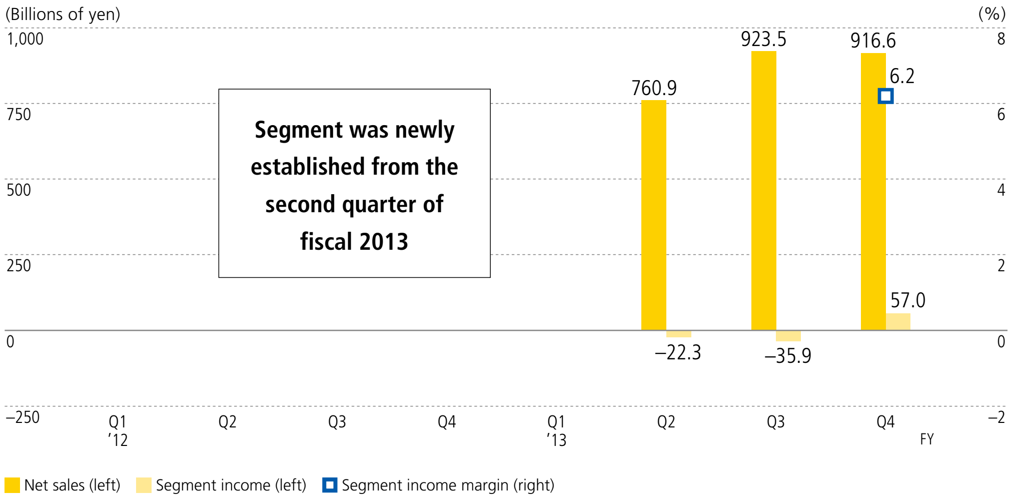
The segment's net sales totaled ¥2,601,031 million. This mainly includes Sprint platform service revenue and product sales. Nextel platform service revenue is not recorded in the fiscal year as a result of its shutdown on June 30, 2013.

The segment's operating expenses totaled ¥2,602,247 million. Operating expenses included ¥129,863 million of amortization of customer relationships (amortized based on the sum-of-the-digits method) recorded at Sprint's consolidation.

As a result, segment loss was ¥1,216 million. Segment income for the fourth quarter (the three-month period ended March 31, 2014) was ¥56,962 million.

*1 In the Sprint segment, the earnings reflect results of operations of Sprint since July 11, 2013.

Sprint



Overview of Business Operations

Subscribers at Sprint*2 for the period from July 1, 2013 to March 31, 2014 decreased by 303,000, and the cumulative number of subscribers as of March 31, 2014 stood at 54,887,000. Of these, on the Sprint platform there was a net increase of 204,000, bringing its cumulative number of subscribers*3 to 53,551,000 as of March 31, 2014.

Sprint platform ARPU for the fourth quarter was $63.52 for postpaid and $26.45 for prepaid, and its churn rate was 2.11% for postpaid and 4.33% for prepaid.

*2 Excludes 1,602,000 subscribers acquired in conjunction with Sprint's acquisition of Clearwire on July 9, 2013.
*3 Excludes 29,000 subscribers relating to a Clearwire MVNO arrangement.

Fixed-line Telecommunications Segment

Overall Results

The segment's net sales increased by ¥17,062 million (3.2%) year on year to ¥548,090 million. The full-year net sales of the fixed-line telecommunications business of eAccess, which was consolidated from January 2013, contributed to this increase. On the other hand, revenues from the broadband business at SoftBank BB decreased due to a decline in its number of ADSL service subscribers.

Segment income decreased by ¥5,620 million (4.9%) year on year to ¥108,612 million. This was mainly due to the decrease in net sales in the broadband business at SoftBank BB.

Internet Segment

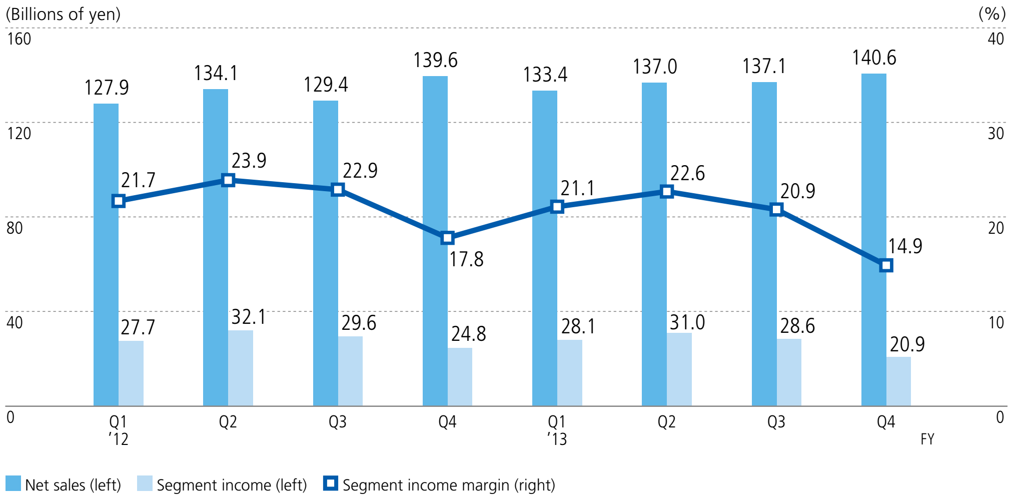
Overall Results

The segment's net sales increased by ¥43,260 million (12.1%) year on year to ¥399,869 million. The increase was the result of growth in revenue at Yahoo Japan, mainly from display advertising, in which images, Flash® content or video displayed in a defined area such as the top page of *Yahoo! JAPAN*, and sponsored search advertising especially through smartphones. This was despite the fact that Yahoo Japan eliminated store tenant and other fees from October 2013 as part of a new strategy in its e-commerce business.

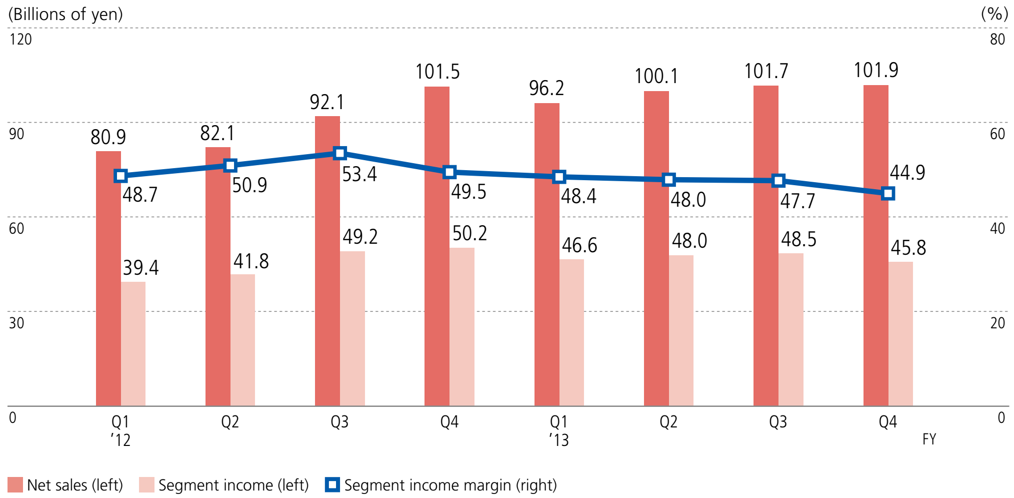
Operating expenses increased by ¥35,031 million (19.9%) year on year to ¥210,920 million. This was mainly due to an increase in sales promotion expenses at Yahoo Japan for vigorous promotion activities conducted in relation to the e-commerce business, as well as increases in personnel expenses and outsourcing fees.

As a result, segment income increased by ¥8,229 million (4.6%) year on year to ¥188,949 million.

Fixed-line Telecommunications



Internet



Analysis of Financial Position

Assets, Liabilities and Equity

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Change	Change %
Total assets	7,218,172	**16,684,997**	9,466,825	131.2%
Total liabilities	5,287,732	**13,826,327**	8,538,595	161.5%
Total equity	1,930,440	**2,858,670**	928,230	48.1%

Current Assets

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	As of March 31, 2014 D = A + B + C	Change E = B + C
Cash and cash equivalents	1,439,057	447,873	76,560	**1,963,490**	524,433
Trade and other receivables	936,307	322,957	410,281	**1,669,545**	733,238
Other financial assets	229,239	111,764	(176,276)	**164,727**	(64,512)
Inventories	54,268	105,318	92,091	**251,677**	197,409
Other current assets	127,148	42,655	123,418	**293,221**	166,073
Total current assets	2,786,019	1,030,567	526,074	**4,342,660**	1,556,641

Current assets at the end of fiscal 2013 totaled ¥4,342,660 million, for a ¥1,556,641 million (55.9%) increase year on year.

Primary components of the change:

i. Cash and cash equivalents

Cash and cash equivalents totaled ¥1,963,490 million, for a ¥524,433 million increase year on year. The Company recognized ¥447,873 million for the consolidation of Sprint on the acquisition date.

ii. Trade and other receivables

Trade and other receivables totaled ¥1,669,545 million, an increase of ¥733,238 million year on year. This increase was primarily due to recording ¥322,957 million and ¥190,802 million for the consolidation of Sprint and Brightstar Corp. on their acquisition dates, respectively.

iii. Other financial assets

Other financial assets totaled ¥164,727 million, a decrease of ¥64,512 million year on year. Items such as derivative financial assets, fixed-term deposits, and marketable securities are included in other financial assets.

- The Company recognized ¥111,764 million for the consolidation of Sprint on the acquisition date.
- The Company had concluded a foreign currency forward contract for $17.0 billion in relation to funding for the acquisition of Sprint and recorded the fair value of this contract of ¥189,357 million in derivative financial assets at the end of fiscal 2012. However, this derivative financial asset was derecognized and no value was ascribed to it due to the settlement of the foreign exchange transaction upon the completion of the acquisition of Sprint. Please refer to Notes to Consolidated Financial Statements page 208 "37. Other non-operating income and loss" for details.

Non-current Assets

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	As of March 31, 2014 D = A + B + C	Change E = B + C
Property, plant and equipment	1,830,615	1,291,364	464,348	**3,586,327**	1,755,712
Goodwill	924,972	275,201	332,132	**1,532,305**	607,333
Intangible assets	528,683	5,301,283	347,735	**6,177,701**	5,649,018
FCC Licenses	–	3,612,994	96,532	**3,709,526**	3,709,526
Customer relationships	83,876	700,192	(106,574)	**677,494**	593,618
Trademarks	3,968	652,859	18,623	**675,450**	671,482
Software	411,285	138,330	97,771	**647,386**	236,101
Game title	–	–	166,522	**166,522**	166,522
Others	29,554	196,908	74,861	**301,323**	271,769
Investments accounted for using the equity method	208,664	–	95,654	**304,318**	95,654
Other financial assets	634,647	23,938	(256,892)	**401,693**	(232,954)
Deferred tax assets	175,390	–	(2,658)	**172,732**	(2,658)
Other non-current assets	129,182	12,394	25,685	**167,261**	38,079
Total non-current assets	4,432,153	6,904,180	1,006,004	**12,342,337**	7,910,184

Non-current assets at the end of fiscal 2013 totaled ¥12,342,337 million, for a ¥7,910,184 million (178.5%) increase year on year.

Primary components of the change:

i. Property, plant and equipment

Property, plant and equipment totaled ¥3,586,327 million, for a ¥1,755,712 million increase year on year. This was mainly due to ¥1,291,364 million recognized for the consolidation of Sprint on the acquisition date. In addition, property, plant and equipment increased by ¥464,348 million, mainly due to capital expenditure in the Mobile Communications and Sprint segments.

ii. Goodwill

Goodwill totaled ¥1,532,305 million, for a ¥607,333 million increase year on year.

- The Company recorded ¥275,201 million in goodwill for the consolidation of Sprint on the acquisition date. In relation to the acquisition of Sprint, the Company entered into a foreign currency forward contract, out of which $17.0 billion was accounted for under hedge accounting. The fair value on the acquisition date of ¥311,659 million of this hedging instrument was deducted from the amount of goodwill initially recognized from the acquisition of Sprint. Please refer to Notes to Consolidated Financial Statements page 136 "5. Business combinations (3) Sprint f. Fair values of assets and liabilities, non-controlling interests, and goodwill on the acquisition date (Note 6) Basis adjustment" for details.
- The Company recorded goodwill of ¥146,032 million in relation to GungHo; ¥19,143 million in relation to WILLCOM; ¥98,803 million in relation to Supercell; and ¥59,857 million in relation to Brightstar Corp. in conjunction with their consolidation on their acquisition dates.

iii. Intangible assets

Intangible assets totaled ¥6,177,701 million, for a ¥5,649,018 million increase year on year.

- FCC Licenses totaled ¥3,709,526 million (not recorded in fiscal 2012). This was mainly because the Company recognized ¥3,612,994 million for the consolidation of Sprint on the acquisition date, and because the yen had weakened against the U.S. dollar as of March 31, 2014 compared to the time of acquisition of Sprint. From an accounting perspective FCC Licenses are non-amortized assets.
- Customer relationships totaled ¥677,494 million, for a ¥593,618 million increase year on year. This was mainly due to recognizing Sprint's customer relationships of ¥700,192 million for the consolidation of Sprint on the acquisition date. Customer relationships, mainly in relation to Sprint, eAccess, and WILLCOM, were amortized by a total of ¥155,017 million in fiscal 2013.
- Trademarks totaled ¥675,450 million, for an increase of ¥671,482 million year on year. This was due to recognizing ¥652,859 million for trademarks held by Sprint for the consolidation on the acquisition date.

- Software totaled ¥647,386 million, for a ¥236,101 million increase year on year. This was due to ¥138,330 million recognized for the consolidation of Sprint on the acquisition date and an increase of ¥97,771 million mainly in relation to capital expenditures in the Mobile Communications and Sprint segments.
- Game title totaled ¥166,522 million (not recorded in fiscal 2012). This was mainly due to recognizing ¥77,796 million for the consolidation of GungHo in April 2013 and ¥119,099 million for the consolidation of Supercell on October 31, 2013, and amortizing them by a total of ¥35,880 million in fiscal 2013. ↗

iv. Other financial assets

Other financial assets totaled ¥401,693 million, for a ¥232,954 million decrease year on year. At the end of fiscal 2012, the corporate bonds with stock acquisition rights issued by Sprint and shares of WILLCOM were recorded as investment securities. However, the ending amount of both investment securities became zero as a result of their consolidation in the second quarter.

Current Liabilities

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	As of March 31, 2014 D = A + B + C	Change E = B + C
Interest-bearing debt	1,534,128	86,961	(473,190)	**1,147,899**	(386,229)
Short-term borrowings	458,313	–	(187,784)	**270,529**	(187,784)
Current portion of long-term borrowings	631,232	13,380	(251,046)	**393,566**	(237,666)
Current portion of corporate bonds	204,837	63,317	(128,854)	**139,300**	(65,537)
Current portion of lease obligations	192,658	10,264	61,373	**264,295**	71,637
Others	47,088	–	33,121	**80,209**	33,121
Trade and other payables	972,669	632,348	100,939	**1,705,956**	733,287
Other financial liabilities	4,833	–	1,014	**5,847**	1,014
Income taxes payables	182,050	4,553	59,410	**246,013**	63,963
Provisions	1,602	106,630	(15,117)	**93,115**	91,513
Other current liabilities	142,634	282,501	109,813	**534,948**	392,314
Total current liabilities	2,837,916	1,112,993	(217,131)	**3,733,778**	895,862

Current liabilities at the end of fiscal 2013 totaled ¥3,733,778 million, for a ¥895,862 million (31.6%) increase year on year. ↗

Primary components of the change:

i. Interest-bearing debt

Interest-bearing debt totaled ¥1,147,899 million, for a ¥386,229 million decrease year on year. This was mainly due to decreases of ¥237,666 million in the current portion of long-term borrowings and ¥187,784 million in short-term borrowings. These decreases were due to the Company repaying part of existing borrowings in September 2013 in accordance with the refinancing of the Sprint acquisition bridge loan and other existing borrowings and debts.

ii. Trade and other payables

Trade and other payables totaled ¥1,705,956 million for a ¥733,287 million increase year on year. This was mainly due to ¥632,348 million recognized for the consolidation of Sprint on the acquisition date as well as the consolidation of Brightstar Corp.

iii. Other current liabilities

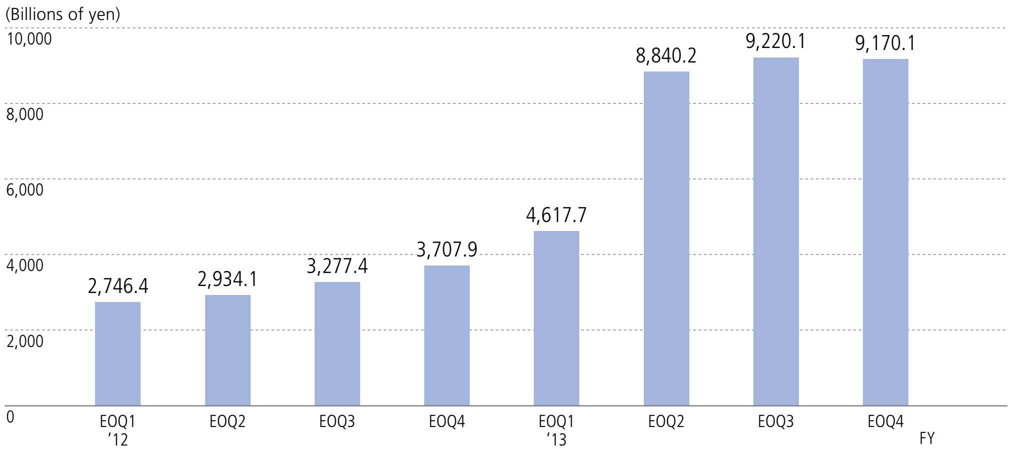
Other current liabilities totaled ¥534,948 million for a ¥392,314 million increase year on year. This was mainly due to ¥282,501 million recognized for the consolidation of Sprint on the acquisition date.

Non-current Liabilities

(Millions of yen)

Item	As of March 31, 2013 A	Opening balance of Sprint on acquisition date (July 10, 2013) B	Other changes C	As of March 31, 2014 D = A + B + C	Change E = B + C
Interest-bearing debt	2,173,725	2,668,163	3,180,266	**8,022,154**	5,848,429
Long-term borrowings	510,856	34,854	1,698,145	**2,243,855**	1,732,999
Corporate bonds	791,919	2,590,208	1,360,946	**4,743,073**	3,951,154
Lease obligations	564,077	43,101	123,737	**730,915**	166,838
Others	306,873	–	(2,562)	**304,311**	(2,562)
Other financial liabilities	38,654	5,662	(3,165)	**41,151**	2,497
Defined benefit liabilities	14,506	65,763	(3,228)	**77,041**	62,535
Provisions	21,765	143,739	(28,584)	**136,920**	115,155
Deferred tax liabilities	120,979	1,409,387	2,655	**1,533,021**	1,412,042
Other non-current liabilities	80,187	184,106	17,969	**282,262**	202,075
Total non-current liabilities	2,449,816	4,476,820	3,165,913	**10,092,549**	7,642,733

Interest-bearing Debt



Non-current liabilities at the end of fiscal 2013 totaled ¥10,092,549 million, for a ¥7,642,733 million (312.0%) increase year on year.

Primary components of the change:

i. Interest-bearing debt

Interest-bearing debt totaled ¥8,022,154 million, for an increase of ¥5,848,429 million year on year.

- Corporate bonds totaled ¥4,743,073 million, for a ¥3,951,154 million increase year on year. This increase mainly reflects ¥2,590,208 million recognized for the consolidation of Sprint on the acquisition date, totaling $9.0 billion (¥890,850 million) of straight corporate bonds issued by Sprint, and ¥450,000 million of unsecured straight corporate bonds and ¥324,382 million of foreign currency denominated straight corporate bonds issued by SoftBank Corp. Meanwhile, Clearwire redeemed $3,263 million (¥328,507 million) of its bonds before maturity.
- Long-term borrowings totaled ¥2,243,855 million, for an increase of ¥1,732,999 million year on year. This was mainly due to the Company borrowing ¥1.98 trillion in September 2013 to refinance its bridge loan for the acquisition of Sprint and other existing borrowings and debts, while concurrently repaying part of existing borrowings.

For details about changes in interest-bearing debt, please refer to Notes to Consolidated Financial Statements page 165 "19. Interest-bearing debt."

ii. Deferred tax liabilities

Deferred tax liabilities totaled ¥1,533,021 million, for an increase of ¥1,412,042 million year on year.

This was mainly due to recognition of a temporary difference relating to FCC Licenses, customer relationships, and trademarks in conjunction with the consolidation of Sprint.

In Detail (2) Status of Consolidated Interest-bearing Debt (As of March 31, 2014)

(Millions of yen)

	Consolidated			SoftBank Corp. and Subsidiaries (Excluding Sprint)			Sprint		
	Total balance at March 31, 2014	Current liabilities	Non-current liabilities	Total balance at March 31, 2014	Current liabilities	Non-current liabilities	Total balance at March 31, 2014	Current liabilities	Non-current liabilities
Bonds	4,882,373	139,300	4,743,073	1,653,748	74,867	1,578,881	3,228,625	64,433	3,164,192
Borrowings	2,907,950	664,095	2,243,855	2,828,859	637,168	2,191,691	79,091	26,927	52,164
Commercial paper	32,000	32,000	–	32,000	32,000	–	–	–	–
Lease obligations	995,210	264,295	730,915	943,768	253,679	690,089	51,442	10,616	40,826
Installment payables	153,364	48,209	105,155	153,364	48,209	105,155	–	–	–
Preferred securities	199,156	–	199,156	199,156	–	199,156	–	–	–
Total interest-bearing debt	9,170,053	1,147,899	8,022,154	5,810,895	1,045,923	4,764,972	3,359,158	101,976	3,257,182

(Note) For details on interest-bearing debt, refer to Notes to Consolidated Financial Statements page 165 "19. Interest-bearing debt," and for details on lease obligations refer to Notes to Consolidated Financial Statements page 154 "14. Leases."

Equity

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Change
Equity attributable to owners of the parent	1,612,756	**1,955,374**	342,618
Non-controlling interests	317,684	**903,296**	585,612
Total equity	1,930,440	**2,858,670**	928,230

Equity at the end of fiscal 2013 totaled ¥2,858,670 million, for a ¥928,230 million (48.1%) increase year on year. Of this amount, equity attributable to owners of the parent and non-controlling interests increased by ¥342,618 million (21.2%) and ¥585,612 million (184.3%), respectively. The ratio of equity attributable to owners of the parent to total assets decreased by 10.6 percentage points from the end of fiscal 2012 to 11.7%. The lower ratio of equity attributable to owners of the parent to total assets primarily reflected an increase in the amount of assets and liabilities mainly in conjunction with the consolidation of Sprint, while equity attributable to owners of the parent increased.

Equity Attributable to Owners of the Parent

(Millions of yen)

Item	As of March 31, 2013	As of March 31, 2014	Change
Common stock	238,772	**238,772**	–
Capital surplus	436,704	**405,111**	(31,593)
Retained earnings	712,088	**1,193,366**	481,278
Treasury stock	(22,834)	**(51,492)**	(28,658)
Accumulated other comprehensive income	248,026	**169,617**	(78,409)
Available-for-sale financial assets	50,700	**14,122**	(36,578)
Cash flow hedges	114,158	**(19,942)**	(134,100)
Exchange differences on translating foreign operations	83,168	**175,437**	92,269
Total equity attributable to owners of the parent	1,612,756	**1,955,374**	342,618

Equity attributable to owners of the parent at the end of fiscal 2013 totaled ¥1,955,374 million, for a ¥342,618 million (21.2%) increase year on year.

Primary components of the change:

i. Retained earnings totaled ¥1,193,366 million, for a ¥481,278 million increase year on year. This mainly reflected the recording of net income attributable to owners of the parent of ¥527,035 million, despite a decrease totaling ¥47,669 million due to the payment of the year-end dividend for fiscal 2012 and the interim dividend for fiscal 2013.

ii. Accumulated other comprehensive income totaled ¥169,617 million, for a ¥78,409 million decrease year on year.

- Available-for-sale financial assets were ¥14,122 million, for a ¥36,578 million decrease year on year. At the end of fiscal 2012, the Company measured the fair value of its shares of WILLCOM, which were classified as available-for-sale financial assets, and recognized the difference between the fair value and the acquisition cost as accumulated other comprehensive income, net of tax. In conjunction with the consolidation of WILLCOM in the second quarter, the entire amount of the accumulated other comprehensive income recognized relating to these shares was derecognized and recognized as gain from remeasurement relating to business combination in the consolidated statements of income.
- Cash flow hedges were negative ¥19,942 million, for a ¥134,100 million decrease year on year. An amount of $17.0 billion was previously accounted for under hedge accounting out of a foreign currency forward contract concluded in relation to the acquisition of Sprint. Then, accumulated other comprehensive income from this $17.0 billion foreign currency forward contract was derecognized in the second quarter and deducted from goodwill initially recognized from the consolidation of Sprint. Please refer to Notes to Consolidated Financial Statements page 136 "5. Business combinations (3) Sprint f. Fair values of assets and liabilities, non-controlling interests, and goodwill on the acquisition date (Note 6) Basis adjustment" for details.
- Exchange differences on translating foreign operations were ¥175,437 million, for a ¥92,269 million increase year on year. This was mainly because the yen had weakened against the U.S. dollar at the end of fiscal 2013 compared to the time of acquisition of Sprint.

Non-controlling Interests

Non-controlling interests totaled ¥903,296 million, for a ¥585,612 million (184.3%) increase year on year, mainly in conjunction with consolidating Sprint, GungHo, and Supercell.

Analysis of Cash Flows

Cash Flows for Fiscal 2013

(Millions of yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014	Change
Cash flows from operating activities . . .	813,025	**860,245**	47,220
Cash flows from investing activities . . .	(874,144)	**(2,718,188)**	(1,844,044)
Cash flows from financing activities . . .	471,477	**2,359,375**	1,887,898
(Reference)			
Cash flows from operating activities – capital expenditure*	223,704	**(511,155)**	(734,859)

* Outlays for purchase of property, plant and equipment and intangible assets.

Cash and cash equivalents at the end of fiscal 2013 totaled ¥1,963,490 million, for a ¥524,433 million increase year on year.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥860,245 million (compared with ¥813,025 million provided in fiscal 2012). Out of this, Sprint's net cash provided by operating activities (for the period from July 11, 2013 to March 31, 2014) totaled ¥24,999 million.

Primary components of cash flows:

i. Net income totaled ¥586,149 million.

ii. The main items added to net income were ¥899,904 million in depreciation and amortization, ¥346,218 million in income taxes, and ¥271,478 million in finance cost.

iii. The main items deducted from net income were gain from remeasurement relating to business combination of ¥253,886 million, equity in income of associates of ¥74,402 million, and other non-operating income of ¥44,081 million. Equity in income of associates mainly reflected the recording of equity in income of associates of ¥66,780 million related to Alibaba Group Holding Limited. Please refer to Notes to Consolidated Financial Statements page 133 "5. Business combinations (2) GungHo Online Entertainment, Inc. b. Consideration transferred and its components" and page 136 "(4) WILLCOM, Inc. b. Consideration transferred and its components" for details on gain from remeasurement relating to business combination, and page 208 "37. Other non-operating income and loss" for details on other non-operating income and loss.

iv. Interest paid was ¥306,697 million. The year-on-year increase of ¥234,401 million compared with fiscal 2012 was mainly due to the impact of adding the interest expense of Sprint, as well as an increase in interest expenses for bonds and borrowings at SoftBank Corp.

v. Income taxes paid was ¥315,377 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥2,718,188 million (compared with ¥874,144 million used in fiscal 2012).

Primary components of cash flows:

i. Decrease from acquisition of control over subsidiaries of ¥1,663,539 million was recorded, mainly due to the consolidation of Sprint, GungHo, Supercell, and Brightstar Corp.

ii. Outlays for purchase of property, plant and equipment and intangible assets amounted to ¥1,371,400 million. Out of this, Sprint's outlays for purchase of property, plant and equipment and intangible assets (for the period from July 11, 2013 to March 31, 2014) amounted to ¥563,849 million.

iii. Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries of ¥310,104 million were recorded, due to the settlement of the foreign currency forward contract of $18.5 billion concluded in relation to the acquisition of Sprint.

In Detail (3) Total Invested Amount for Acquisition of Sprint

The invested amount for the Sprint acquisition and the timing of payments was as follows:

		Invested amount		Timing of payment
		U.S. dollars	Millions of yen	
1. Purchase of convertible bonds[*1]	(A)	$3.1 billion	249,333	Oct. 2012
2. Cash investment	(B)	$18.5 billion	1,875,149	July 2013
3. Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries[*2]	(C)	–	310,104	–
4. Additional purchases of shares[*3]	(D)	$500 million	49,535	Aug.–Sept. 2013
5. Total	**(E = A + B – C + D)**	**$22.1 billion**	**1,863,913**	–
6. Cash and cash equivalents held by Sprint at the time of acquisition of control	(F)	$4.4 billion	447,873	–
7. Outlay for the acquisition of Sprint[*4]	(G = B – F)	$14.1 billion	1,427,276	–

*1 Converted to Sprint shares on July 10, 2013.
*2 Proceeds from the settlement of the foreign currency forward contract of $18.5 billion concluded in relation to acquisition of Sprint.
*3 From August 1 to September 16, 2013 the Company acquired approximately 2% of additional shares of Sprint after its consolidation on July 10, 2013. Since this was executed after acquiring control of Sprint the relevant invested amount is recorded under cash flows from financing activities.
*4 Of the amount recorded for decrease from acquisition of control over subsidiaries for fiscal 2013, outlays for the acquisition of Sprint amounted to ¥1,427,276 million. This is calculated by subtracting cash and cash equivalents held by Sprint at the time of acquisition of control (F) from the $18.5 billion in cash investment (B).

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥2,359,375 million (compared with ¥471,477 million provided in fiscal 2012).

Primary components of cash flows

Items Increasing Cash Flows:

Proceeds from long-term interest-bearing debt amounted to ¥4,698,294 million. The primary components were as follows:

- Proceeds from long-term borrowings of ¥2,587,755 million, mainly from borrowings of ¥1.98 trillion executed by the Company in September 2013 in conjunction with the refinancing of the Sprint acquisition bridge loan and other existing borrowings and debts.
- Proceeds from issuance of corporate bonds of ¥1,665,232 million. This mainly consisted of a total of $9.0 billion (¥890,850 million) of straight corporate bonds issued by Sprint, and ¥450,000 million of unsecured straight corporate bonds and ¥324,382 million of foreign currency denominated straight corporate bonds issued by SoftBank Corp.
- Proceeds from sale and leaseback of equipment newly acquired of ¥445,307 million.

Items Decreasing Cash Flows:

i. Repayment of long-term interest-bearing debt was ¥1,971,594 million. The primary components were as follows:
- Repayment of long-term borrowings of ¥1,133,313 million. This was mainly due to the Company repaying part of existing borrowings in September 2013, in accordance with the refinancing of the Sprint acquisition bridge loan and other existing borrowings and debts.
- Redemption of corporate bonds of ¥533,538 million, mainly from Clearwire's early redemption of $3,263 million (¥328,507 million) of its corporate bonds and SoftBank Corp.'s redemption of its unsecured straight bonds totaling ¥205,000 million.

ii. Decrease in short-term interest-bearing debt, net resulted in an outlay of ¥201,794 million.

iii. Payment from purchase of subsidiaries' equity from non-controlling interests was ¥83,232 million. This mainly included the Company's additional purchase of approximately 2% of Sprint shares from August 1 to September 16, 2013, after its consolidation on July 10, 2013, which resulted in an outlay of ¥49,535 million, as well as an outlay of ¥30,000 million for Yahoo Japan's repurchase of its own shares.

Forecasts for Fiscal 2014

The Company projects net sales of ¥8 trillion, EBITDA of ¥2 trillion, and operating income of ¥1 trillion under IFRSs in fiscal 2014 (the fiscal year ending March 31, 2015). The Company has upwardly revised its previous net sales forecast, announced in the Consolidated Financial Report for the second quarter of fiscal 2013, by an additional ¥1 trillion, mainly related to the acquisition and consolidation of Brightstar Corp. in January 2014.

The operating income of fiscal 2013 of ¥1,085.4 billion includes gain from remeasurement relating to business combination of ¥253.9 billion. The forecasted operating income of fiscal 2014 of ¥1 trillion does not include any temporary gains.

Fundamental Policy for Distribution of Profit, and Dividend for Fiscal 2013

SoftBank Corp.'s basic policy is to maintain a sound financial status while both developing its business aggressively to ensure sustained growth and returning profits to shareholders. Returns to shareholders include cash dividends, paid twice per year in principle as an interim dividend and a year-end dividend.

The year-end dividend for fiscal 2013 was set at ¥20.00 per share. Together with the interim dividend of ¥20.00 per share paid in December 2013, this brings the annual dividend for fiscal 2013 to ¥40.00 per share, the same as fiscal 2012.

Risk Factors

Operating in a wide range of markets in Japan and overseas, the Group faces a variety of risks in its operations. The major risks envisaged by the Group as of June 20, 2014 that could significantly affect investors' investment decisions are outlined below. If any of these risks were to emerge, the securities issued by SoftBank Corp., such as shares and corporate bonds, could fall in value or otherwise be impacted. Moreover, these risks do not include all of the risks that the Group could face in the course of carrying out its future business operations. Forward-looking statements were determined as of June 20, 2014, 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, mainly in Japan and the U.S. Therefore, deterioration of the business climate in each country and changes in the economic structure attendant on demographic changes, such as the aging and decline of the population in Japan, could impact the Group's results of operations.

(2) Foreign exchange rate fluctuations

The Group consolidated Sprint from July 10, 2013. In the preparation of SoftBank Corp.'s consolidated financial statements, the local-currency based earnings and expenses of Sprint, and other overseas Group companies are converted into Japanese yen at the average exchange rate for each quarter, and their assets and liabilities are converted at the exchange rate on the last day of the quarter. Consequently, fluctuations in the foreign exchange rate could impact the Group's results of operations and financial position.

The Group invests in overseas companies. If the Group sells its foreign currency-denominated assets when the yen has changed significantly in value from the time of investment, it may incur foreign exchange losses, which could impact the Group's results of operations.

(3) 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 results of operations.

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 results of operations.

(4) 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 impact the Group's results of operations.

(5) Management team

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

(6) 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 impact the Group's results of operations and financial position.

(7) Spectrum

The Group uses spectrum bands to provide its mobile communications services. As traffic on the mobile communications network continues to increase due to the spread of smartphones, the Group will need to secure additional spectrum as well as to enhance effective use of the spectrum by introducing LTE in order to promote business development. If the Group is unable to secure the required spectrum 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 results of operations. Moreover, with the introduction of the auction system in Japan, and the high bidding prices at auctions in the U.S., securing new spectrum bands may entail considerable expense, which could impact the Group's results of operations and financial position.

Moreover, the spectrum bands used by the Group for providing mobile communications services could receive interference from other radio waves, which could impede reception at mobile phone base stations or mobile devices. 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 results of operations.

(8) Online games provided by the Group

In the Group's online game-related business, the majority of sales are dependent on certain game titles. If the Group is unable to maintain the interest of its existing customers in these titles, or if a competitor launches a title that is more appealing than these titles, or if some other event occurs that reduces the competitiveness of these titles, it may become difficult to acquire and retain customers. This could impact the Group's business development and results of operations.

(9) 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 results of operations could therefore be impacted if for some reason it became difficult to continue to use those facilities, or if utilization or connection rates for those facilities were to be increased (including but not limited to special access charges in the U.S.; please refer to (20) Regulations in the U.S. for further details).

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, or cause a decline in sales of telecommunications equipment. This could impact the Group's results of operations.

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 networks of dealers responsible for the sale of the Group's services and products. Damage to the credibility or image of these dealers 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 results of operations. Furthermore, if these dealers 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 results of operations.

d. Use of the *Yahoo!* brand

In Japan, 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.

e. Use of other companies' content distribution services

The Group makes use of content distribution services operated by other companies (including but not limited to Apple Inc.'s *App Store* and Google Inc.'s *Google Play*) to provide content such as online games to its customers, and to charge them. If the companies operating these services were to increase their commission rates, or modify sales prices because of foreign exchange rate fluctuations or other phenomena, there could be an impact on the Group's business development and results of operations.

(10) Information leaks, etc.

In its business operations, the Group handles customer information (including personal information) and other confidential information. This information could be leaked, lost, or involved in a similar incident, either intentionally or accidentally by a person related to the Group or a subcontractor, or through a malicious attack by a third party. Such an occurrence could damage the Group's competitiveness, and incur significant costs to the Group for payment of damages and modification of security systems, 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 results of operations.

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

In its provision of various services, including telecommunications services, there is a possibility that a major problem could occur if the Group became unable to continuously provide the services, or suffered a decline in the quality of the 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 results of operations.

(12) Inappropriate use of services

If the Group's mobile communications 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.

(13) Natural disasters, accidents and other unpredictable events

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, hurricanes, flooding, tsunamis, tornadoes, heavy rainfall or snowfall, 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. Moreover, significant costs may be incurred by the Group for recovery of the telecommunications networks, information systems, and others. This could impact the Group's results of operations.

In Japan, 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.

(14) Concerns about health risks associated with mobile devices

There have been claims made that the radio waves emitted from mobile devices have adverse health effects, such as increasing the risk of cancer. Such concerns over adverse effects on health associated with use of mobile devices could make it difficult for the Group to acquire and retain customers, which could impact the Group's results of operations.

The International Commission on Non-Ionizing Radiation Protection (ICNIRP) has prescribed guidelines relating to the amplitudes of the electromagnetic waves emitted from mobile devices and base stations. The World Health Organization (WHO) has issued an opinion that there is no convincing evidence that electromagnetic waves have adverse effects on health when their amplitude is within the reference values in the ICNIRP's guidelines, and recommends that all countries adopt them. The Group complies with a policy for protection from electromagnetic waves based on the ICNIRP guidelines in Japan, and complies with the requirements of the Federal Communications Commission (FCC) in the U.S. However, the WHO and other organizations continue to conduct research and investigations, the results of which may lead to regulations being revised in the future, or new regulations being introduced.

(15) M&A and related activities

The Group conducts 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 acquisitions of interests in operating companies or holding companies (including companies that effectively control other companies through various contracts) and funds (in (15) new Group companies). Recent examples include the Company's acquisitions of Sprint, Supercell, and Brightstar Corp. If a new Group company is included in the Group's scope of consolidation in conjunction with these M&A activities, this could impact the Group's results of operations and financial position, for example by having a negative impact. In addition, if a new Group company is unable to conduct business as anticipated at the time when the Group has conducted the M&A and so forth, the Group's results of operations and business development could be impacted, for example, through write-downs on goodwill, property, plant and equipment, and intangible assets booked in conjunction with the M&A and so forth. Furthermore, 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 such M&As and so forth. This could impact the Group's results of operations. In addition, a new Group company may be facing internal control problems or may be conducting unlawful activities. If such issues cannot be corrected at an early stage after the M&A and so forth, the Group's credibility and corporate image may be impaired, and there could be an impact on the Group's results of operations and financial position.

The Group occasionally provides financial assistance to new Group companies through loans, guarantees, and other means, when it deems such assistance to be necessary. However, if the new Group company is unable to conduct business in line with the Group's expectations, this could impact the Group's results of operations and financial position. Moreover, if Sprint is unable to conduct business as anticipated at the time of the acquisition, or is unable to create sufficient synergies with other Group companies, or requires more funds than anticipated to develop its business, the Company may provide Sprint with financial assistance such as loans.

Moreover, if the Group is unable to secure sufficient human resources and other management resources for the start-up of new businesses and other projects, or to allocate sufficient management resources to its new Group companies and existing businesses, it could impact the Group's results of operations and business development.

(16) 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 results of operations. In addition, various covenants are attached to the Group's borrowings from financial institutions, corporate bonds, and other transactions. If these covenants are breached, the Group could be requested by financial institutions or other lenders to repay its borrowings early. As a result, the Group's financial position could be impacted. Furthermore, depending on financial market conditions, the Group may be unable to procure funds or structure leases as planned. This could impact the Group's business development, results of operations, and financial position.

Moreover, the Group plans to allocate cash flow from its business in Japan as a source of cash to repay funds procured for the acquisition of Sprint. If the Group is unable to generate cash flow from its business in Japan as anticipated, it may sell some of its assets or take other measures to secure resources for repaying the acquisition funds. This could impact the Group's results of operations and development.

(17) Country risk

The Group conducts business overseas in the U.S., China, Latin American countries, 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 have other effects with a consequent impact on the Group's results of operations 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 prevent the Group from carrying out its strategy as anticipated. Please refer to (20) Regulations in the U.S. and (21) Measures to protect U.S. national security for further information about regulations particular to the U.S.

Moreover, a change in the political and social conditions in such countries and regions, or in various other environmental aspects could prevent the Group from carrying out its business activities as anticipated.

(18) Laws and regulations

The Group is subject to various laws and regulations pertaining to general corporate business activities in countries around the world (including but not limited to various laws and regulations related to the environment, fair competition, consumer protection, anti-bribery, labor affairs, intellectual property, taxation, foreign exchange, and import and export activities), as well as laws and regulations governing specific business operations in the telecommunications business, such as the Telecommunications Business Act and Radio Act in Japan, and similar corresponding laws in the U.S. If the Group (including officers and employees) conducts activities in breach of those laws and regulations, the Group may be subject to sanctions by government agencies, such as the payment of fines, or may face cancellation of business agreements by business partners, regardless of whether the violation was deliberate or not. As a result, the Group's credibility and corporate image may be impaired, or its business development may be hindered. In addition, the Group may incur a financial burden. These outcomes could impact the Group's results of operations. Furthermore, revisions to such laws and regulations, or the enforcement of new laws and regulations, or new interpretations and applications of laws and regulations (including amendments thereof) could prevent the Group from developing businesses as anticipated.

(19) Regulations in Japan

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 impact the Group's business development and results of operations:

a. Regulations regarding the status of business management and operations of the NIPPON TELEGRAPH AND TELEPHONE (NTT) Group;
b. The Category I Designated Telecommunications Facilities System of NIPPON TELEGRAPH AND TELEPHONE EAST (NTT East) and NIPPON TELEGRAPH AND TELEPHONE (NTT West) (rules on open access to optic-fiber facilities, rules related to access to next-generation networks (NGN), and access charge calculation formulas);
c. The scope of universal service and the universal service fund system;
d. The Category II Designated Telecommunications Facilities System (dominant carrier rules and regulations for mobile network operators, and access charge calculation formulas);
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, rules on promoting new entry by Mobile Virtual Network Operators (MVNOs), and rules for coping with the sharp increase in network traffic);
h. Radio utilization fee structure;
i. Frequency band allocation system, including introduction of an auction system;
j. Entry of new operators into newly allocated frequency bands;
k. Regulations concerning personal information and customer information;
l. Regulations and rules for the protection of consumers;
m. Regulations concerning the method of sale and 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 devices; and
q. Regulations for prevention and reporting of large-scale communications failures.

* SIM Lock: a control that restricts the use of a mobile device 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.

(20) Regulations in the U.S.

The FCC and federal, state, local and other governmental agencies have jurisdiction over Sprint and could adopt regulations or take other actions that would adversely affect its business prospects or results of operations. The revision and establishment of mainly the following government policies for the telecommunications sector, along with the revision and development of accompanying regulations, could impact Sprint's business development and results of operations, and by extension, those of the Group.

a. Licensing for mobile communications services

The licensing, construction, operation, sale and interconnection arrangements of mobile communications systems are regulated by the FCC and governmental agencies such as state and local regulatory agencies. In particular, the FCC imposes significant regulation on frequency bands with respect to how the frequency band is used by licensees, and how the services may be offered.

The Group's U.S. carriers have been granted mobile communications licenses for 10 year terms with an expectation of renewal by the FCC, and if these licenses were revoked, or not renewed, it could impact the Group's results of operations and financial position.

Moreover, if network performance is degraded because of complying with the regulations of a governmental agency such as the FCC, this could make it difficult to acquire and retain customers, which could impact the Group's results of operations. Moreover, if additional costs or fees were incurred because of complying with the regulations of a governmental agency such as the FCC, it could impact the Group's results of operations.

b. System for calculating intercarrier compensation

Special access charges are compensation paid between carriers and other companies for the use of high-speed, large capacity connection services (special access services) provided to corporations, including carriers. Depending on their outcome, the FCC's proceedings regarding regulation of special access charges could affect the special access charges paid by the Group, thereby impacting the Group's results of operations.

Moreover, depending on their outcome, the FCC's proceedings on the regulatory classification of VoIP services and possible further appeals of the FCC's 2011 order reforming universal service for high cost areas and intercarrier compensation, could affect the intercarrier compensation and the level of Universal Service Fund (USF) contributions paid by the Group, which could impact the Group's results of operations.

c. Terms and conditions of service

Various states are considering regulations over terms and conditions of service separate from federal law. If imposed, these regulations could make it more difficult to implement the Group's current strategies, and could increase its costs more than anticipated, which could impact the Group's results of operations.

d. Lifeline Assistance Program

The Lifeline Assistance Program refers to a program where carriers in the U.S. receive a subsidy from a government fund to provide discounted services to low-income subscribers. A subsidiary of Sprint is offering services under the program. The authorities recently modified the program to impose stricter controls, and further changes are under discussion. The changes to this program could make it more difficult for the Group to acquire and retain customers, which could impact the Group's results of operations.

(21) Measures to protect U.S. national security

SoftBank Corp. and Starburst II, Inc. (the current Sprint Corporation) and Sprint Nextel Corporation (the current Sprint Communications, Inc.; in (21) Both Sprints) have entered into a National Security Agreement with the United States Department of Defense, the United States Department of Homeland Security, and the United States Department of Justice. Under the National Security Agreement, SoftBank Corp. and Both Sprints have agreed to implement certain measures to protect U.S. national security. Implementing these measures could increase costs, and limit control over certain U.S. facilities, contracts, personnel, vendor selection, and operations. This could impact the Group's results of operations.

(22) Intellectual property

If the Group were to unintentionally infringe on intellectual property rights held by a third party, it may be prevented from using the intellectual property or subjected to claims for compensatory damages or commercially unreasonable license fees from the third party. Such actions could impact the Group's results of operations.

On the other hand, if intellectual property held by the Group, such as the SoftBank brand or the Sprint 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.

(23) 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, shareholders of investees, 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 impact the Group's results of operations.

(24) 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 impact the Group's results of operations.

Significant Contracts

(1) Agreement on acquisition of majority interest in Sprint

a. Overview of consolidation

On October 15, 2012, the Company (SoftBank Corp. and its subsidiaries) and Sprint entered into a series of definitive agreements under which the Company was to invest in Sprint (the Transaction). On June 11, 2013, the parties amended certain material terms of the agreement.

On July 10, 2013, SoftBank Corp. capitalized Starburst II, Inc. (which was renamed as Sprint Corporation after the Transaction was executed) with an additional approximately $18.5 billion through its subsidiary, Starburst I, Inc. At the same time, Starburst II, Inc.'s subsidiary Starburst III, Inc. was merged with Sprint Nextel Corporation, which became the surviving entity. Sprint Nextel Corporation was then renamed as Sprint Communications, Inc. As a result, the total investment of the Company amounted to approximately $21.6 billion (approximately ¥1.8 trillion), including $3.1 billion in the form of a corporate bond with stock acquisition rights of Sprint Nextel Corporation (the Bond) invested by Starburst II, Inc. on October 22, 2012. Of the invested amounts, approximately $16.6 billion was distributed to existing individual Sprint shareholders and $5.0 billion is being used to strengthen Sprint.

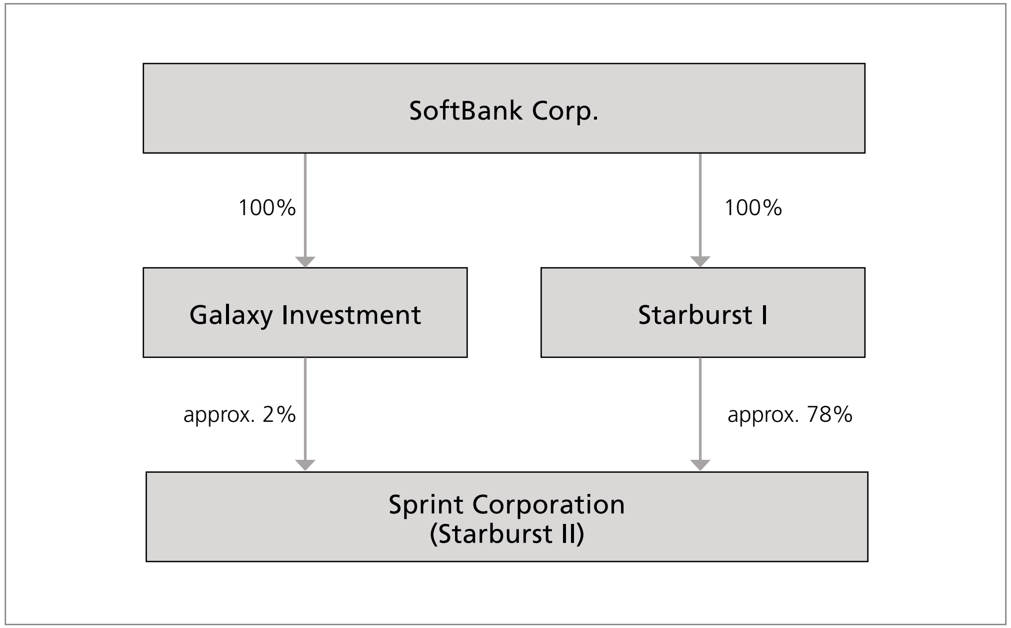
Through the Transaction, approximately 72% of Sprint Nextel Corporation shares were acquired for $7.65 per share in cash, and the remaining shares were converted on a one-to-one basis into shares of Sprint, which succeeded Sprint Nextel Corporation and became listed on the New York Stock Exchange. The Bond, held by Starburst II, Inc., was converted into shares of Sprint.

As a result of the Transaction, SoftBank Corp., through its subsidiary Starburst I, Inc., owns approximately 78% of the shares (as used herein, on a fully diluted basis, not giving effect to out-of-the-money options) of Sprint, which is a wholly owning parent company of Sprint Communications, Inc., and Sprint became a subsidiary of SoftBank Corp.

Prior to the Transaction, Clearwire Corporation (Clearwire), a company providing high-speed wireless communication services in the U.S., became a wholly-owned subsidiary of Sprint on July 9, 2013.

From August 1, 2013 to September 16, 2013, SoftBank Corp. purchased an additional 2% of the shares of Sprint (purchase price approximately $500 million) through Galaxy Investment Holdings, Inc., a wholly-owned subsidiary in the U.S. As a result, the Company's ownership of the outstanding common shares of Sprint became approximately 80% as of September 30, 2013.

Structure after completion of the Transaction



b. Purpose of consolidation

(a) Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan.(Note)

(b) Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance competitiveness of Sprint in the U.S.

(c) Provides Sprint $5.0 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

(Note) Based on Telecommunications Carriers Association (TCA) data and disclosed material by relevant companies as of June 30, 2013.

c. Summary of Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse, Chief Executive Officer and Director
Business description	Holding company Provision of telecommunications services through its operating subsidiaries
Paid-in capital	$39,416 thousand (as of March 31, 2014)
Note	The chairman of the board and the vice chairman of the board were assumed by Masayoshi Son, the chairman and CEO of SoftBank Corp. and Ronald Fisher, director of SoftBank Corp., respectively. Adm. Mike Mullen, former chairman of the Joint Chiefs of Staff, has been appointed as the director in charge of security.

(2) Refinancing the Sprint Acquisition Funds

SoftBank Corp. entered into a loan agreement (the Permanent loan) on September 13, 2013 to refinance the bridge loan for the Transaction and existing borrowings, etc. The summary of the Permanent loan is as follows.

Borrower	SoftBank Corp.
Lenders	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Deutsche Bank AG Crédit Agricole CIB and others in total 19 institutions
Maximum total amount of borrowing and maturity	Maximum total amount of borrowing: ¥1.98 trillion (Breakdown) Facility A: ¥1.1 trillion (Maturity: Sept. 13, 2018) Facility B: ¥880 billion (Maturity: Sept. 14, 2020)
Loan drawdown amount and date	1. ¥1.85 trillion on September 27, 2013 2. ¥130 billion on September 30, 2013
Primary use of loan proceeds	• Repayment of bridge loan for the consolidation of Sprint • Repayment of some existing borrowings at SoftBank Corp. • Repayment of some existing debts at eAccess
Collateral	Not applicable
Guarantors	SoftBank Mobile and SoftBank Telecom
Financial covenants	There are financial covenants on the Permanent loan. Please refer to Notes to Consolidated Financial Statements page 167 "19. Interest-bearing debt (2) Financial covenants" for details.

(3) Conclusion of a National Security Agreement

With respect to the Transaction, SoftBank Corp., Starburst II, Inc. (currently Sprint Corporation), and Sprint Nextel Corporation (currently Sprint Communications, Inc.) (Both Sprints) have entered into a National Security Agreement with the United States Department of Defense, the United States Department of Homeland Security, and the United States Department of Justice (the USG parties). The National Security Agreement came into effect from May 28, 2013. Among other things, the National Security Agreement provides that: i) once Sprint obtains operational control of Clearwire (the Sprint Clearwire acquisition), USG Parties will have a right to require Both Sprints to remove and decommission certain equipment deployed in the Clearwire network, ii) following the Sprint Clearwire acquisition, the USG Parties will have the right to review and approve certain network equipment vendors and managed services providers of Both Sprints, as well as of Clearwire, and iii) the involvement of SoftBank Corp. in operation of the network of Both Sprints shall be prescribed in the National Security Agreement, and shall be subject to specified restrictions and limitations to satisfy the USG parties.

R&D Activities

R&D expenditures during fiscal 2013 totaled ¥3,507 million.

The major portion of R&D activities took place in the Mobile Communications and Sprint segments.

Consolidated Financial Statements

a. Consolidated Statement of Financial Position

ASSETS	Notes	As of April 1, 2012 (Millions of yen)	As of March 31, 2013 (Millions of yen)	As of March 31, 2014 (Millions of yen)	As of March 31, 2014 (Thousands of U.S. dollars)
Current assets					
Cash and cash equivalents	7	¥1,021,113	¥1,439,057	¥ 1,963,490	$ 19,077,827
Trade and other receivables	8, 25	786,902	936,307	1,669,545	16,221,774
Other financial assets	9, 25	10,399	229,239	164,727	1,600,534
Inventories	10	55,683	54,268	251,677	2,445,365
Other current assets	11	85,014	127,148	293,221	2,849,020
Total current assets		1,959,111	2,786,019	4,342,660	42,194,520
Non-current assets					
Property, plant and equipment	12	1,377,185	1,830,615	3,586,327	34,845,773
Goodwill	13	777,911	924,972	1,532,305	14,888,311
Intangible assets	13	340,323	528,683	6,177,701	60,024,300
Investments accounted for using the equity method	16	208,526	208,664	304,318	2,956,840
Other financial assets	9, 25	318,599	634,647	401,693	3,902,963
Deferred tax assets	18	183,409	175,390	172,732	1,678,313
Other non-current assets	11	85,490	129,182	167,261	1,625,158
Total non-current assets		3,291,443	4,432,153	12,342,337	119,921,658
Total assets		¥5,250,554	¥7,218,172	¥16,684,997	$162,116,178

LIABILITIES AND EQUITY	Notes	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014 (Millions of yen)	As of March 31, 2014 (Thousands of U.S. dollars)
Current liabilities					
Interest-bearing debt	19, 25	¥ 926,671	¥1,534,128	**¥ 1,147,899**	**$ 11,153,313**
Trade and other payables	20, 25	975,832	972,669	**1,705,956**	**16,575,554**
Other financial liabilities	21, 25	1,206	4,833	**5,847**	**56,811**
Income taxes payables		123,213	182,050	**246,013**	**2,390,332**
Provisions	23	1,456	1,602	**93,115**	**904,732**
Other current liabilities	22	94,155	142,634	**534,948**	**5,197,707**
Total current liabilities		2,122,533	2,837,916	**3,733,778**	**36,278,449**
Non-current liabilities					
Interest-bearing debt	19, 25	1,763,273	2,173,725	**8,022,154**	**77,945,531**
Other financial liabilities	21, 25	37,170	38,654	**41,151**	**399,835**
Defined benefit liabilities	24	14,953	14,506	**77,041**	**748,552**
Provisions	23	20,643	21,765	**136,920**	**1,330,354**
Deferred tax liabilities	18	45,351	120,979	**1,533,021**	**14,895,268**
Other non-current liabilities	22	79,585	80,187	**282,262**	**2,742,538**
Total non-current liabilities		1,960,975	2,449,816	**10,092,549**	**98,062,078**
Total liabilities		4,083,508	5,287,732	**13,826,327**	**134,340,527**
Equity					
Equity attributable to owners of the parent					
Common stock	30	213,798	238,772	**238,772**	**2,319,977**
Capital surplus	30	250,767	436,704	**405,111**	**3,936,174**
Retained earnings	30	405,584	712,088	**1,193,366**	**11,595,084**
Treasury stock	30	(22,947)	(22,834)	**(51,492)**	**(500,312)**
Accumulated other comprehensive income	30	45,433	248,026	**169,617**	**1,648,047**
Total equity attributable to owners of the parent		892,635	1,612,756	**1,955,374**	**18,998,970**
Non-controlling interests		274,411	317,684	**903,296**	**8,776,681**
Total equity		1,167,046	1,930,440	**2,858,670**	**27,775,651**
Total liabilities and equity		¥5,250,554	¥7,218,172	**¥16,684,997**	**$162,116,178**

b. Consolidated Statements of Income and Other Comprehensive Income

Consolidated Statement of Income

	Notes	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014 (Millions of yen)	Fiscal year ended March 31, 2014 (Thousands of U.S. dollars)
Net sales	33	¥ 3,202,536	¥ 6,666,651	$ 64,775,078
Cost of sales	34	(1,610,842)	(3,953,170)	(38,410,125)
Gross profit		1,591,694	2,713,481	26,364,953
Selling, general and administrative expenses	34	(794,073)	(1,826,575)	(17,747,522)
Gain from remeasurement relating to business combination	5	1,778	253,886	2,466,829
Other operating loss	35	–	(55,430)	(538,574)
Operating income		799,399	1,085,362	10,545,686
Finance cost	36	(65,297)	(271,478)	(2,637,757)
Equity in income (loss) of associates	16	(3,663)	74,402	722,911
Other non-operating income (loss)	37	(14,935)	44,081	428,303
Income before income tax		715,504	932,367	9,059,143
Income taxes	18	(277,667)	(346,218)	(3,363,953)
Net income		¥ 437,837	¥ 586,149	$ 5,695,190
Net income attributable to				
Owners of the parent		¥ 372,481	¥ 527,035	$ 5,120,822
Non-controlling interests		65,356	59,114	574,368
		¥ 437,837	¥ 586,149	$ 5,695,190

	Notes	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014 (Yen)	Fiscal year ended March 31, 2014 (U.S. dollars)
Earnings per share attributable to owners of the parent				
Basic	39	¥332.51	¥442.64	$4.30
Diluted	39	328.08	440.37	4.28

Consolidated Statement of Comprehensive Income

	Notes	Fiscal year ended March 31, 2013 (Millions of yen)	Fiscal year ended March 31, 2014 (Millions of yen)	Fiscal year ended March 31, 2014 (Thousands of U.S. dollars)
Net income		¥437,837	¥ 586,149	$ 5,695,190
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	24, 38	68	3,214	31,228
Total items that will not be reclassified to profit or loss		68	3,214	31,228
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	25, 38	4,489	(38,767)	(376,670)
Cash flow hedges	25, 38	115,136	(134,002)	(1,302,002)
Exchange differences on translating foreign operations	29, 38	65,856	90,388	878,236
Share of other comprehensive income of associates	16, 38	18,801	18,588	180,606
Total items that may be reclassified subsequently to profit or loss		204,282	(63,793)	(619,830)
Total other comprehensive income (loss), net of tax		204,350	(60,579)	(588,602)
Total comprehensive income		¥642,187	¥ 525,570	$ 5,106,588
Total comprehensive income attributable to				
Owners of the parent		¥575,142	¥ 451,167	$ 4,383,667
Non-controlling interests		67,045	74,403	722,921
		¥642,187	¥ 525,570	$ 5,106,588

Income taxes related to the components of other comprehensive income are described in "Note 38. Other comprehensive income (loss)."

c. Consolidated Statement of Changes in Equity

(Millions of yen)

		Equity attributable to owners of the parent							
For the fiscal year ended March 31, 2013	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2012		¥213,798	¥250,767	¥405,584	¥(22,947)	¥ 45,433	¥ 892,635	¥274,411	¥1,167,046
Comprehensive income									
Net income		–	–	372,481	–	–	372,481	65,356	437,837
Other comprehensive income		–	–	–	–	202,661	202,661	1,689	204,350
Total comprehensive income		–	–	372,481	–	202,661	575,142	67,045	642,187
Transactions with owners and other transactions									
Cash dividends	31	–	–	(66,045)	–	–	(66,045)	(12,840)	(78,885)
Transfer of accumulated other comprehensive income to retained earnings		–	–	68	–	(68)	–	–	–
Issuance of new shares		24,974	257,432	–	–	–	282,406	–	282,406
Purchase and disposal of treasury stock		–	13	–	113	–	126	–	126
Changes from business combination		–	–	–	–	–	–	2,667	2,667
Changes in interests in subsidiaries		–	(6,821)	–	–	–	(6,821)	(14,217)	(21,038)
Changes in associates' interests in their subsidiaries	30	–	(51,223)	–	–	–	(51,223)	–	(51,223)
Decrease by exercise of stock acquisition right		–	(13,539)	–	–	–	(13,539)	–	(13,539)
Share-based payment transactions		–	75	–	–	–	75	–	75
Other		–	–	–	–	–	–	618	618
Total transactions with owners and other transactions		24,974	185,937	(65,977)	113	(68)	144,979	(23,772)	121,207
As of March 31, 2013		¥238,772	¥436,704	¥712,088	¥(22,834)	¥248,026	¥1,612,756	¥317,684	¥1,930,440

(Millions of yen)

		Equity attributable to owners of the parent							
For the fiscal year ended March 31, 2014	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2013		¥238,772	¥436,704	¥ 712,088	¥(22,834)	¥248,026	¥1,612,756	¥317,684	¥1,930,440
Comprehensive income									
Net income		–	–	527,035	–	–	527,035	59,114	586,149
Other comprehensive income (loss)		–	–	–	–	(75,868)	(75,868)	15,289	(60,579)
Total comprehensive income (loss)		–	–	527,035	–	(75,868)	451,167	74,403	525,570
Transactions with owners and other transactions									
Cash dividends	31	–	–	(47,669)	–	–	(47,669)	(15,365)	(63,034)
Transfer of accumulated other comprehensive income to retained earnings		–	–	2,541	–	(2,541)	–	–	–
Purchase and disposal of treasury stock		–	(13)	(629)	(28,658)	–	(29,300)	–	(29,300)
Changes from business combination	5	–	–	–	–	–	–	573,447	573,447
Acquisition of options to convert to subsidiaries' common stocks	30	–	(10,323)	–	–	–	(10,323)	–	(10,323)
Changes in interests in subsidiaries		–	(21,553)	–	–	–	(21,553)	(57,250)	(78,803)
Share-based payment transactions		–	296	–	–	–	296	11,219	11,515
Other		–	–	–	–	–	–	(842)	(842)
Total transactions with owners and other transactions		–	(31,593)	(45,757)	(28,658)	(2,541)	(108,549)	511,209	402,660
As of March 31, 2014		¥238,772	¥405,111	¥1,193,366	¥(51,492)	¥169,617	¥1,955,374	¥903,296	¥2,858,670

(Thousands of U.S. dollars)

For the fiscal year ended March 31, 2014	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent							
As of April 1, 2013		$2,319,977	$4,243,140	$ 6,918,851	$(221,863)	$2,409,891	$15,669,996	$3,086,708	$18,756,704
Comprehensive income									
Net income		–	–	5,120,822	–	–	5,120,822	574,368	5,695,190
Other comprehensive income (loss)		–	–	–	–	(737,155)	(737,155)	148,553	(588,602)
Total comprehensive income (loss)		–	–	5,120,822	–	(737,155)	4,383,667	722,921	5,106,588
Transactions with owners and other transactions									
Cash dividends	31	–	–	(463,166)	–	–	(463,166)	(149,291)	(612,457)
Transfer of accumulated other comprehensive income to retained earnings		–	–	24,689	–	(24,689)	–	–	–
Purchase and disposal of treasury stock		–	(126)	(6,112)	(278,449)	–	(284,687)	–	(284,687)
Changes from business combination	5	–	–	–	–	–	–	5,571,774	5,571,774
Acquisition of options to convert to subsidiaries' common stocks	30	–	(100,301)	–	–	–	(100,301)	–	(100,301)
Changes in interests in subsidiaries		–	(209,415)	–	–	–	(209,415)	(556,257)	(765,672)
Share-based payment transactions		–	2,876	–	–	–	2,876	109,007	111,883
Other		–	–	–	–	–	–	(8,181)	(8,181)
Total transactions with owners and other transactions		–	(306,966)	(444,589)	(278,449)	(24,689)	(1,054,693)	4,967,052	3,912,359
As of March 31, 2014		$2,319,977	$3,936,174	$11,595,084	$(500,312)	$1,648,047	$18,998,970	$8,776,681	$27,775,651

d. Consolidated Statement of Cash Flows

	Notes	(Millions of yen) Fiscal year ended March 31, 2013	(Millions of yen) Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Cash flows from operating activities				
Net income		¥ 437,837	¥ 586,149	$ 5,695,190
Depreciation and amortization		355,120	899,904	8,743,723
Gain from remeasurement relating to business combination		(1,778)	(253,886)	(2,466,829)
Finance cost		65,297	271,478	2,637,757
Equity in loss (income) of associates		3,663	(74,402)	(722,911)
Other non-operating loss (income)		14,935	(44,081)	(428,303)
Income taxes		277,667	346,218	3,363,953
Increase in trade and other receivables		(58,444)	(106,055)	(1,030,461)
Increase in trade and other payables		39,365	21,375	207,685
Other		(35,007)	(171,927)	(1,670,490)
Subtotal		1,098,655	1,474,773	14,329,314
Interest and dividends received		2,886	7,546	73,319
Interest paid		(72,296)	(306,697)	(2,979,955)
Income taxes paid		(216,220)	(315,377)	(3,064,293)
Net cash provided by operating activities		813,025	860,245	8,358,385
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets	40	(589,321)	(1,371,400)	(13,324,913)
Payments for acquisition of investments		(318,306)	(208,322)	(2,024,116)
Proceeds from sales/redemption of investments		20,676	260,789	2,533,900
Increase (decrease) from acquisition of control over subsidiaries	5	12,227	(1,663,539)	(16,163,418)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiary	40	–	310,104	3,013,059
Other		580	(45,820)	(445,200)
Net cash used in investing activities		(874,144)	(2,718,188)	(26,410,688)

	Notes	(Millions of yen) Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Cash flows from financing activities				
Increase (decrease) in short-term interest-bearing debt, net	19	¥ 345,572	**¥ (201,794)**	**$ (1,960,688)**
Proceeds from long-term interest-bearing debt	19, 40	1,324,585	**4,698,294**	**45,649,961**
Repayment of long-term interest-bearing debt	19	(898,867)	**(1,971,594)**	**(19,156,568)**
Payment from purchase of subsidiaries' equity from non-controlling interests		(20,549)	**(83,232)**	**(808,706)**
Cash dividends paid		(66,527)	**(47,600)**	**(462,495)**
Cash dividends paid to non-controlling interests		(12,798)	**(14,747)**	**(143,286)**
Payments for preferred stocks, stock acquisition rights and long-term debt of subsidiary	40	(200,444)	**–**	**–**
Other		505	**(19,952)**	**(193,859)**
Net cash provided by financing activities		471,477	**2,359,375**	**22,924,359**
Effect of exchange rate changes on cash and cash equivalents		7,586	**23,001**	**223,484**
Increase in cash and cash equivalents		417,944	**524,433**	**5,095,540**
Cash and cash equivalents at the beginning of the year	7	1,021,113	**1,439,057**	**13,982,287**
Cash and cash equivalents at the end of the year	7	¥1,439,057	**¥ 1,963,490**	**$ 19,077,827**

Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. is a corporation domiciled in Japan. The registered address of SoftBank Corp.'s head office is disclosed on our website (http://www.softbank.jp/). These consolidated financial statements are composed of SoftBank Corp. and its subsidiaries ("the Company"). The Company engages in various businesses in the information industry, with its base in the Mobile Communications segment, the Sprint segment, the Fixed-Line Telecommunications segment and the Internet segment. The Sprint segment was added to our business as a result of the following acquisition during the three-month period ended September 30, 2013.

On July 10, 2013, the Company acquired approximately 78% of the shares of Sprint Corporation (previously Sprint Nextel Corporation) (hereinafter ("Sprint")), and Sprint became a subsidiary of the Company. In addition, the Company additionally acquired approximately 2% of Sprint shares from August 1 to September 16, 2013. As a result, the Company's ownership in the outstanding Sprint common stock is approximately 80% as of March 31, 2014. The details are described in "(3) Sprint" in "Note 5. Business combinations" and in "(1) Description of reportable segment" in "Note 6. Segment information."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs and first-time adoption

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The Company prepared consolidated financial statements in accordance with IFRSs from the three-month period ended June 30, 2013, the first quarter of the fiscal year ended March 31, 2014. The date of transition to IFRSs is April 1, 2012. The Company applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") for transition to IFRSs. The effect of the transition to IFRSs on the Company's financial position, result of operations, and cash flows is provided in "Note 45. First-time adoption of IFRSs."

The Company's accounting policies comply with IFRSs effective at March 31, 2014, excluding the standards which have not been early adopted and exemptions permitted by IFRS 1.

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value as described in "Note 3. Significant accounting policies."

(3) Presentation currency and unit of currency

These consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Corp. ("functional currency"), and are rounded to the nearest million yen.

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 ¥102.92 to $1, the approximate rate of exchange at March 31, 2014. 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.

(4) New standards, interpretations, and revisions early adopted by the Company

The Company has early adopted IAS 36 "Impairment of Assets" (amended in May, 2013), which revises the disclosure of the recoverable amount of non-financial assets regarding impairment.

(5) New standards and interpretations not yet adopted by the Company

New standards and interpretations which are newly established or amended before the approval date of the consolidated financial statements, not yet adopted by the Company and will have potential impacts are as follows. The Company is currently evaluating potential impacts.

Standard/interpretation		Mandatory adoption (From the year beginning)	To be adopted by the Group	Outline of the new/revised standards
IAS 32 (Amendments)	Financial Instruments: Presentation	January 1, 2014	Fiscal year ending March 31, 2015	To clarify the requirements of net presentation of financial assets and liabilities
IFRIC 21	Levies	January 1, 2014	Fiscal year ending March 31, 2015	To clarify the timing of recognition of liabilities related to the payment of levies
IFRS 9	Financial Instruments	Not determined	Not determined	IFRS 9 replaces a part of previous IAS 39. Main revisions are: to revise classification into measurement categories of financial instruments (amortized costs and fair values) and measurement; to revise the treatment of changes in fair values of financial liabilities measured at fair values; and, to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge.
IFRS 15	Revenue from contracts with customers	January 1, 2017	Not determined	IFRS15 replaces a part of previous IAS 11 and IAS 18. Main revisions are: to require revenue recognition by the following five steps: a. identify the contracts with the customer b. identify the performance obligations in the contract c. determine the transaction price d. allocate the transaction price to each performance obligation in the contract e. recognise revenue when (or as) a performance obligation is satisfied to revise the treatment for contract costs, license and guarantee of products, to increase the disclosure related to revenue recognition

(6) Abbreviation of the notes

Abbreviations used in the notes are as follows:

Abbreviation	Company name/Group name
"the Company"	SoftBank Corp. and its subsidiaries
"Sprint"	Sprint Corporation (previously Sprint Nextel Corporation)
"Alibaba"	Alibaba Group Holding Limited
"GungHo"	GungHo Online Entertainment, Inc.
"Clearwire"	Clearwire Corporation
"Supercell"	Supercell Oy
"Kahon 3"	Kahon 3 Oy
"SoftBank C&S"	SoftBank Commerce & Service Corp.
"WCP"	Wireless City Planning Inc.

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements (including the consolidated statement of financial position at the date of transition to IFRSs).

(1) Basis of consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Corp.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries' financial statements are consolidated from the date when control is acquired ("acquisition date") until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest, and:
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when a control is lost.

Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates

An associate is an entity over which SoftBank Corp. has significant influence in the financial and operating policy decisions but does not have control or joint control.

Investments in associates are accounted for using the equity method and initially recognized at cost. The investment is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

When the loss of an associate exceeds the Company's interest in that associate, long-term interests that, in substance, form a part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate.

Unrealized gains or losses on intercompany transactions with associates are added to or deducted from the carrying amount of the investments only to the extent of the Company's interests in the associates.

Any excess in the cost of acquisition of an associate over the Company's share of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(2) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

The Company has used the exemption in IFRS 1 and elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred before April 1, 2012 (the date of transition to IFRSs). Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles "JGAAP") as of the date of transition to IFRSs, and recorded by that amount after impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each company are prepared in the functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary available-for-sale financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

The exchange rates used in the translation are described in "Note 29. Foreign exchange rate."

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

With the adoption of the exemption in IFRS 1, the Company transferred all of the accumulated exchange differences to retained earnings at the date of transition to IFRSs.

(4) Financial instruments

a. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract provision of the instrument.

Financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL") are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified into "financial assets at FVTPL," "held-to-maturity investments," "loans and receivables," and "available-for-sale financial assets." The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

All purchase and sales of financial assets in a regular way are recognized and derecognized on a trade date basis. The purchase and sales in a regular way refer to acquiring or disposing financial assets under a contract that requires the delivery of assets within a time frame established by regulation or convention in the marketplace.

(a) Financial assets at FVTPL

The Company designates a financial asset as a financial asset at FVTPL upon initial recognition, if:

- the financial assets are managed in accordance with the Company's documented risk management policy or investment strategy, and:
- its performance is reviewed on the fair value basis by the Company's management to make decisions about the investment plan.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with any gains or loss arising from changes in fair value, dividend income and interest income recognized in profit or loss. Fair value of financial assets at FVTPL is measured in the manner described in "(1) Categorization within the level of the fair value hierarchy" in "Note 26. Fair value of financial instruments."

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity investments."

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables."

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(d) Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets," if:

- they are designated as "available-for-sale financial assets"; or
- they are classified neither as "financial assets at FVTPL," "held-to-maturity investments," nor as "loans and receivables."

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Fair value of available-for-sale financial assets is measured in the manner described in "(1) Categorization within the level of the fair value hierarchy" in "Note 26. Fair value of financial instruments." Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year. Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value below the cost is considered to be objective evidence of impairment. In addition, objective evidence of impairment of all financial assets could include:

- significant financial difficulty of the issuer or borrower;
- breach of contract, such as a default or delinquency in interest or principal payments;
- high possibilities of borrowers' bankruptcy or entering financial reorganization; or
- disappearance of an active market for the financial assets.

The Company assesses the existence of objective evidence of impairment individually for separately significant assets or collectively for assets with no individual significance.

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible.

The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized.

When there is objective evidence that an available-for-sale financial asset is impaired, previously recognized accumulated other comprehensive income is transferred to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

(f) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

The Company's non-derivative financial liabilities include interest-bearing debt and trade and other payables. These financial liabilities are measured at amortized cost using the effective interest method, subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or expired.

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contract and interest rate swaps in order to manage its exposure to foreign exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivative are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified into "financial assets at FVTPL" and derivative financial liabilities not designated as hedging instruments are classified into "financial liabilities at FVTPL."

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income, in the periods when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains or losses previously recognized in accumulated other comprehensive income and includes them in the initial amount of the cost of the non-financial asset or non-financial liability (basis adjustment).

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when hedge no longer meets the criteria for hedge accounting.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts ("embedded derivatives") are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL.

e. Compound instruments

Compound instruments issued by the Company (corporate bonds with stock acquisition rights) are classified as liability and equity components in accordance with their contractual arrangements. Upon initial recognition of compound instruments, the liability component is measured based on the fair value of similar liabilities with no equity conversion option, and the equity component is measured as the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

Transaction costs are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs related to the equity component are deducted from equity.

Subsequent to initial recognition, the liability component is measured on an amortized cost basis using the effective interest method. The equity component is not remeasured after initial recognition.

f. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three-month or less that are readily convertible to cash and subject to insignificant risk of change in value.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated on the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	30 – 50 years
Other	5 – 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	3 – 15 years
Towers	15 – 42 years
Other	5 – 40 years
Other	2 – 10 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

(8) Goodwill

Please refer to "(2) Business combinations" in "Note 3. Significant accounting policies" for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units to which goodwill has been allocated, and annually regardless of any indication of impairment. Impairment is described in "(11) Impairment of property, plant and equipment, intangible assets and goodwill" in "Note 3. Significant accounting policies."

The Company's policy for goodwill arising on the acquisition of an associate is described in "(1) Basis of consolidation" in "Note 3. Significant accounting policies."

(9) Intangible assets

Intangible assets are measured on a historical cost basis at cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally generated intangible assets). The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives.

The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	
Software related to wireless equipment	5 – 10 years
Other	3 – 5 years
Customer relationships	4 – 16 years
Favorable lease contracts	3 – 23 years
Game titles	3 – 5 years
Trademarks (with finite useful lives)	34 years
Other	3 – 20 years

Amortization methods, useful lives and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms.

Intangible assets with indefinite useful lives are as follows:

- Licenses using specific frequency spectrum granted by Federal Communications Commission ("FCC Licenses")
- Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC Licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC Licenses have indefinite useful lives.

The Company determined that "Sprint," "Boost Mobile" and other trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in "(11) Impairment of tangible assets, intangible assets and goodwill" in "Note 3. Significant accounting policies."

(10) Leases

The assessment of whether an arrangement is a lease or contains a lease is made on a basis of all the facts and circumstances at the inception of the arrangement.

Leases are classified as finance leases whenever all the risks and rewards of ownership of assets are substantially transferred to the lessee. All other leases are classified as operating leases. It is determined that all the risks and rewards of ownership of assets are transferred to the lessee when the lease terms account for most of the economic useful lives of the assets, or the present values of the total minimum lease payments are almost equal to the fair values of the assets. The lease terms are the total of the non-cancelable period and the period which is deemed to be reasonably certain that the renewal option will be exercised at the inception of the leases.

a. Finance leases

(The Company as lessee)

At inception, the Company initially recognizes finance leases as assets and the lease obligation at the amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Subsequent to initial recognition, the accounting policy for assets held under finance leases is consistent with that of assets that are owned. Lease payments are apportioned between finance cost and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

b. Operating leases

(The Company as lessee)

Gross operating lease payments are recognized as expenses on a straight-line basis over the relevant lease terms.

(11) Impairment of property, plant and equipment, intangible assets and goodwill

a. Impairment of property, plant and equipment and intangible assets

At the end of the fiscal year, the Company determines whether there is any indication that property, plant and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased or extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized, to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized, had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(12) Retirement benefits

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Company primarily adopts defined contribution pension plans.

SoftBank Mobile Corp. and SoftBank Telecom Corp. have frozen their defined benefit lump-sum plans since March 2006 and 2007, respectively. Liabilities for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until they are paid in the form of a lump sum at the time of future retirement of employees.

Sprint has frozen its defined benefit pension plans since December 2005. Liabilities for the defined benefit pension plans are recognized as defined benefit liabilities until they are paid as pension after the time of retirement of employees.

a. Defined contribution plans

Contributions paid for defined contribution plans are recognized as expenses in the period in which the employees render the related service. Contributions payable are recognized as liabilities.

b. Defined benefit plans

The liability recognized in respect of the defined benefit plans (the defined benefit liability) is the present value of the defined benefit obligation less the fair value of plan assets at the end of the fiscal year.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined applying a discount rate based on the yield curve of high-quality corporate bonds over the approximate period of the benefit payments.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and re-measurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above.

The liabilities for defined benefit plans frozen due to the transition to defined contribution plans are calculated on the basis of retirement benefits vested at the time of the transition of the plans. Therefore, service cost is not incurred for those defined benefit plans.

The Company's remeasurements, which comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest), are recognized in other comprehensive income and transferred to retained earnings immediately from accumulated other comprehensive income.

(13) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pretax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations and restructuring provision as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting to implement the plan or announcing the main features of the plan.

Restructuring provisions are mainly related to network shutdown and backhaul access contracts. The details of the restructuring provision are described in "Note 23. Provisions."

(14) Treasury stock

When the Company acquires its own equity share capital ("treasury stock"), the consideration paid, including any directly attributable increments costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(15) Share-based payments

The Company grants stock options and restricted stock unit awards as equity-settled share-based compensation.

Stock options are measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model and the Monte Carlo simulation, and the fair value of restricted stock units is calculated using the share price at the date of grant.

The fair value determined at the grant date is expensed over the vesting period, based on the estimate of stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

The Company has used the exemption in IFRS 1 and elected not to apply IFRS 2 "Share-based Payment" for a part of share-based payments vested prior to April 1, 2012 (the date of transition to IFRSs).

(16) Revenue

The Company's accounting policy for revenue recognition by major categories is as follows:

a. Mobile Communications service and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications and data transmission, and also sells mobile handsets and accessories to customers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service ("revenues from the mobile telecommunications service") and other fees. Also, revenues from the sale of mobile handsets ("revenues from the sale of mobile handsets") are generated from the sale of mobile handsets and accessories to customers or dealers.

The business flow of the above transactions consists of "Indirect sales" where the Company sells mobile handsets to dealers and enters into telecommunications services contract with customers through dealers, and "Direct sales" where the Company sells mobile handsets to customers and enters into telecommunications services contract directly with customers. The revenues are recognized respectively as follows.

(a) Indirect sales

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when risk and economic value are deemed to be transferred. Commission fees paid to dealers related to the sales of mobile handsets are deducted from revenues.

The mobile telecommunications services are recognized as revenue when services are provided to customers. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges.

Activation fees are deferred upon entering into the contract and recognized as revenues over the estimated average contract period. Upgrade fees are recognized as revenues over the estimated average usage period of handsets with the customers. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees and are amortized over the respective same period.

(b) Direct sales

In direct transaction, as the revenue from the sales of mobile handsets and the mobile telecommunications services, including the fees, are considered to be one transaction, the total amount of revenues are allocated to mobile handsets and telecommunications service on the basis of fair value ratio.

When handsets are sold in installments, revenue from the sales of mobile handsets is recognized based on the fair value ratio when handsets are delivered to the customers. When handsets are sold in lump-sum payment, the maximum amount of revenues to be recognized by the sale of mobile handsets are set by the amounts to be received from customers at the sales of mobile handsets. The amount of revenue allocated to the mobile telecommunication services is recognized, when the service is provided to the customers.

Points granted to customers through the customer loyalty program are deferred at their fair values of benefits to be exchanged based on the estimated point utilization rate and recognized as revenues upon customers' utilizing those points, in both direct and indirect sales.

b. Sales of game items

In games that the Company provides for mobile devices, the Company sells items that are usable in games. The revenue from the sales of those items are deferred at the time of sales, and recognized as revenue when they are actually used by the customers or over the estimated usage period, based on the characteristics of the items.

c. Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services, internet provider charges, ADSL service fees, IP telephony service fees, and the usage of the network ("revenues from fixed-line telecommunications service").

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to customers, based upon fixed monthly charges plus the usage of the network.

d. Internet service

In Internet service, revenues are generated mainly from premium advertising, promotion advertising, information listing service, commission from e-commerce transactions, and revenues from membership.

Revenues from premium advertising are recognized over the period in which advertisements are shown on a website. Revenue from promotion advertising is recognized when a user clicks on a promotion advertisement. Revenues from information listing service are recognized over the period in which these services are shown on a website. Revenues from commissions of e-commerce transactions are recognized when the transactions occur. Membership revenues are recognized over the period in which the memberships are valid.

(17) Sales commission fees

The Company pays sales commission fees when dealers sell the Company's mobile handsets to customers or acquire and retain engagement of telecommunications service between the Company and customers. Commission fees related to the sales of mobile handsets are deducted from the revenues from the sales of mobile handsets. Commission fees related to the acquisition and retention of engagement of telecommunications service are recognized as selling, general and administrative expenses.

(18) Income tax

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and taxes related to items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, related transactions other than business combination, that affects neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

(19) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted-average number of common stocks (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assume full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of common stocks (after adjusting for treasury stocks) outstanding for the period.

4. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on the management's best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of its estimates or assumptions, however, actual results in the future may differ from those estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- judgments if an entity is controlled by the Company in the decision making on the scope of consolidation ((1) in "Note 3. Significant accounting policies" and "Note 15. Major subsidiaries");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 5. Business combinations");
- fair value measurement of available-for-sale financial assets ((4) in "Note 3. Significant accounting policies" and (1) (2) in "Note 26. Fair value of financial instruments");
- estimates of forecasted transactions related to hedge accounting ((4) in "Note 3. Significant accounting policies");
- estimates for amortization period and impairment of financial assets measured at amortized cost ((4) in "Note 3. Significant accounting policies" and "Note 37. Other non-operating income and loss");
- fair value measurement of derivatives (including embedded derivatives) ((4) in "Note 3. Significant accounting policies," (1) (2) in "Note 26. Fair value of financial instruments," and "Note 37. Other non-operating income and loss");
- estimates of useful life of property, plant and equipment and intangible assets ((7) (9) in "Note 3. Significant accounting policies");
- estimates for impairment of property, plant and equipment, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 13. Goodwill and intangible assets" and "Note 35. Other operating income and loss");
- judgments and estimates for recognition and measurement on provisions ((13) in "Note 3. Significant accounting policies" and "Note 23. Provisions"); and
- assessment of recoverability of deferred tax assets ((18) in "Note 3. Significant accounting policies" and (4) in "Note 18. Income taxes").

During the three-month period ended June 30, 2013, in conjunction with the measurement of the carrying amount of the bonds with stock acquisition rights issued by Sprint Nextel Corporation and held by a subsidiary, Starburst II, Inc., the Company changed the underlying assumptions and related estimates for the acquisition of Sprint. These bonds with stock acquisition rights were converted into the shares of Sprint in July 2013.

The details are described in "Note 37. Other non-operating income and loss."

5. Business combinations

The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥102.92 to $1, the approximate rate of exchange at March 31, 2014. The details are described in "(3) Presentation currency and unit of currency" in "Note 2. Basis of preparation of consolidated financial statements."

For the fiscal year ended March 31, 2013

(1) eAccess Ltd.

a. Overview of consolidation

The Company and eAccess Ltd. executed a stock exchange transaction in which the Company became the parent and eAccess Ltd. became its wholly owned subsidiary as of January 1, 2013 (effective date of stock exchange), pursuant to the stock exchange agreement between two companies entered into on October 1, 2012, and to the amended stock exchange agreement entered into on November 2, 2012. Further, on January 17, 2013, eAccess Ltd. acquired and then canceled all its common stocks owned by the Company, and newly issued Class A shares (without voting rights) and Class B shares (with voting rights) to the Company. On the same day, a part of eAccess Ltd.'s Class B shares owned by the Company were transferred to 11 third-party companies.

As a result, the Company's voting rights in eAccess Ltd. decreased to 33.3%, less than the majority. However, the Company's economic ownership ratio is 99.5%, which is significantly higher than the percentage of voting rights (33.3%). Also, considering the fact that the proportion of voting rights is relatively large compared to voting rights of other holders due to the dispersion of voting rights, and considering the fact that the Company can practically appoint and dismiss directors of eAccess Ltd. pursuant to the stock transfer agreement executed between the Company and the third-party companies, the Company determined that it has substantial control over eAccess Ltd. and included it into the scope of consolidation as a subsidiary.

eAccess Ltd. conducted an absorption type merger with WILLCOM, Inc., eAccess Ltd. being the surviving company and WILLCOM, Inc. being the dissolving company, effective on June 1, 2014.

Note:
Other than voting rights, the holders of Class A shares and the holders of Class B shares are granted the same rights.

(Business description of eAccess Ltd.)
(a) Providing mobile broadband communication services
(b) Providing ADSL communication services mainly through wholesale channels

(Acquisition date)
January 1, 2013

b. Consideration transferred and its components

(Millions of yen)

		Acquisition date (January 1, 2013)
Fair value of SoftBank Corp.'s common stocks delivered at the time of acquisition of control		¥219,396
Fair value of Class B shares of eAccess Ltd. transferred at the time of acquisition of control		(1,100)
Total consideration transferred	A	¥218,296

¥1,028 million of acquisition-related costs arising from the business combinations are recognized in "Selling, general and administrative expenses."

c. Exchange ratio for each class of shares, calculation method for exchange ratio, and the number and estimated value of shares delivered

(a) Exchange ratio for each class of shares
20.09 shares of SoftBank Corp.'s common stocks for one common stock of eAccess Ltd.

(b) Calculation method for exchange ratio
Stock prices (closing price) of common stock of eAccess Ltd. were ¥15,070 on September 28, 2012 and ¥45,500 on November 2, 2012, respectively. The Company and eAccess Ltd. determined the estimated value of common stocks of eAccess Ltd. through mutual consultation, taking in consideration above stock prices, as well as (1) the mobile communication services network of eAccess Ltd., (2) its customer base, and (3) synergies to be created between eAccess Ltd. and SoftBank Mobile Corp.

To ensure that exchange ratio is determined in a fair and reasonable manner, the Company and eAccess Ltd. respectively used independent financial advisors to conduct financial analyses of the exchange ratio, when entering into the amended stock exchange agreement. The Company used Mizuho Securities Co., Ltd and Plutus Consulting Co., Ltd., whereas eAccess Ltd. used Goldman Sachs Japan Co., Ltd.

(c) The number and value of shares delivered

The number of shares	69,871,312
The value of shares (million yen)	¥219,396

d. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (January 1, 2013)
Current assets		¥ 84,069
Property, plant and equipment		147,886
Intangible assets		113,107
Other non-current assets		38,311
Total assets		383,373
Current liabilities		108,073
Non-current liabilities		191,926
Total liabilities		299,999
Net assets	B	83,374
Non-controlling interests[1]	C	417
Goodwill[2]	A – (B – C)	¥135,399

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.
2. Goodwill
Goodwill reflects excess earning power expected from the future business development and assembled workforce, and the synergy with existing businesses.

e. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected
As for the fair value of ¥30,882 million of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥33,754 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥2,872 million.

f. Increase in cash from acquisition of control over subsidiary

	(Millions of yen) Acquisition date (January 1, 2013)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	¥29,796
Proceeds from transfer of Class B shares of eAccess Ltd.	1,100
Increase in cash from the acquisition of control over the subsidiary	¥30,896

g. Sales and net income of the acquiree
The amount of the acquiree's sales and net income before elimination of inter-company transactions and after the acquisition date are ¥53,013 million and ¥5,382 million respectively, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2013.

For the fiscal year ended March 31, 2014

(2) GungHo Online Entertainment, Inc.

a. Overview of consolidation
Masayoshi Son, chairman and CEO of the SoftBank Corp., has entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the "MOU") with respect to the shares of GungHo on April 1, 2013, with Heartis G.K. (the "Heartis"; percentage of voting interest: 18.5%), which is the second largest shareholder of GungHo and Taizo Son's asset management company and of which Taizo Son, chairman of GungHo, is the representative director. Under the MOU, in order to have Son Holdings Inc., of which Masayoshi Son is a director and which is a Masayoshi Son's asset management company, defer the execution of pledges over the shares of GungHo held by Heartis, Heartis has agreed, effective as of April 1, 2013, to the effect that at the shareholders meeting of GungHo, Heartis will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions. Also, a subsidiary of the Company, SoftBank Mobile Corp., undertook the Tender Offer from April 1, 2013 to April 26, 2013 and acquired 6.37% of GungHo shares (purchase price: ¥24,976 million). The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares (percentage of voting interest: 58.50%) and GungHo Online Entertainment changed from an equity method associate to a subsidiary of the Company.

With this transaction, the Company expects that it will be able to enhance mobile contents, and to improve the efficiency in operation of the mobile communications business and profitability competitiveness by combining smartphone-focused development capability and infrastructure held by the Company, and planning and creating capabilities in the smartphone game industry held by GungHo.

(Business description of GungHo)
(a) Planning, development, operation and distribution of online games
(b) Planning, development and sales of mobile content
(c) Planning, development and sales of character goods
(d) Planning, development and distribution of other entertainment content

(Acquisition date)
April 1, 2013

b. Consideration transferred and its components

		(Millions of yen) Acquisition date (April 1, 2013)	(Thousands of U.S. dollars) Acquisition date (April 1, 2013)
Payment by cash		¥ 24,976	$ 242,674
Fair value of equity interest in GungHo already held at the time of the acquisition		153,620	1,492,616
Total consideration transferred	A	¥178,596	$1,735,290

Acquisition-related costs of ¥109 million ($1,059 thousand) arising from the business combinations are recognized in "Selling, general and administrative expenses."

As a result of the reevaluation of 33.63% in equity interest already held at the time of the acquisition of control by the Company in GungHo at fair value on the acquisition date, the Company recognized a gain on the step acquisition of ¥150,120 million ($1,458,609 thousand). This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

c. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (April 1, 2013)	(Thousands of U.S. dollars) Acquisition date (April 1, 2013)
Current assets		¥ 36,903	$ 358,560
Intangible assets		80,814	785,212
Other non-current assets		4,511	43,830
Total assets		122,228	1,187,602
Current liabilities		10,897	105,878
Non-current liabilities		29,949	290,993
Total liabilities		40,846	396,871
Net assets	B	81,382	790,731
Non-controlling interests[1]	C	48,818	474,330
Goodwill[2]	A – (B – C)	¥146,032	$1,418,889

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.

2. Goodwill
Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and other, and the synergy with existing businesses.

d. Decrease in cash from acquisition of control over subsidiary

	(Millions of yen) Acquisition date (April 1, 2013)	(Thousands of U.S. dollars) Acquisition date (April 1, 2013)
Payment for the acquisition by cash	¥(24,976)	$(242,674)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	11,025	107,122
Decrease in cash from the acquisition of control over the subsidiary	¥(13,951)	$(135,552)

e. Sales and net income of the acquiree

The amount of the acquiree's sales and net income before elimination of inter-company transactions and after the acquisition date are ¥181,056 million ($1,759,192 thousand) and ¥42,857 million ($416,411 thousand) respectively, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2014.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

(3) Sprint

a. Overview of consolidation

On October 15, 2012, the Company and Sprint entered into a series of definitive agreements under which the Company will invest in Sprint. After the completion of negotiations, the Company and Sprint agreed to amend a portion of the transaction on June 11, 2013.

On July 10, 2013, SoftBank Corp. capitalized Sprint, through a wholly owned subsidiary, Starburst I, Inc. in the U.S., with an additional $18.5 billion and the total investment of SoftBank Corp. amounted to $21.6 billion, including $3.1 billion of corporate bonds with stock acquisition rights issued by Sprint Nextel Corporation (the "Bond") invested by Starburst II, Inc. on October 22, 2012. Of the invested amounts of $21.6 billion, $16.6 billion was distributed to existing individual Sprint's shareholders and $5 billion is used to strengthen Sprint. The Bond held by Starburst II, Inc. was converted into shares.

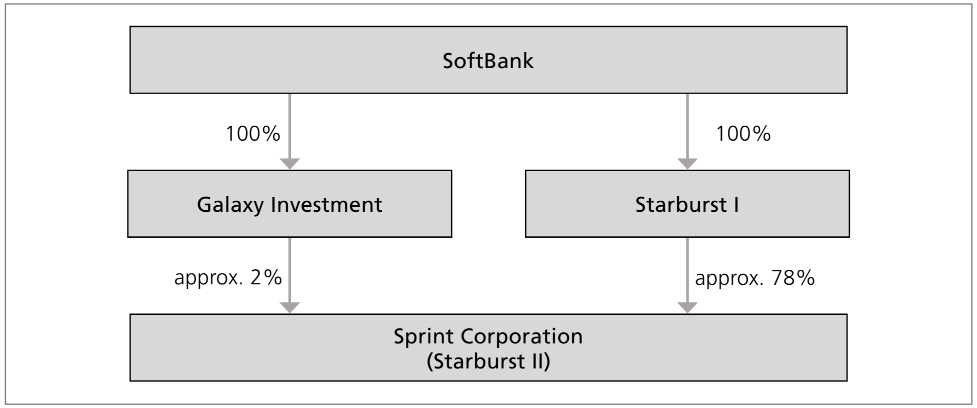
Through the transaction, approximately 72% of Sprint Nextel Corporation shares were acquired for $7.65 per share in cash, and the remaining shares were converted into Sprint shares on a one-to-one basis, which succeeded Sprint Nextel Corporation and became listed on the New York Stock Exchange.

As a result of the transaction, Starburst I, Inc., owns approximately 78% of the shares of Sprint and Sprint became a subsidiary of SoftBank Corp.

Prior to the transaction, Clearwire, a company providing high-speed wireless communication services in the U.S., became a wholly owned subsidiary of Sprint on July 9, 2013.

From August 1, 2013 to September 16, 2013, SoftBank Corp., through Galaxy Investment Holdings, Inc., a wholly-owned subsidiary in the U.S., additionally purchased approximately 2% of the shares of Sprint (purchase price: $500 million). As a result, the Company's ownership in the outstanding Sprint common stock became approximately 80% as of March 31, 2014.

(Structure after completion of the transaction)



b. Purposes of consolidation

(a) Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan*.

(b) Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance competitiveness of Sprint in the U.S.

(c) Provides Sprint $5.0 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

Note:
Based on Telecommunications Carriers Association ("TCA") data and disclosed material by relevant companies as of the end of June 2013.

c. Summary of Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse, Chief Executive Officer and Director
Business description	Holding company Provision of telecommunications services through its operating subsidiaries
Note	The Chairman of the Board and the Vice Chairman of the Board were assumed by Masayoshi Son, the Chairman & CEO of SoftBank Corp. and Ronald Fisher, Director of SoftBank Corp., respectively. Adm. Mike Mullen, former Chairman of the Joint Chiefs of Staff, has been appointed as the Director in charge of security.
Consolidated sales	$35,493 million (Fiscal year ended December 2013, US GAAP)

d. Acquisition date

July 10, 2013

e. Consideration transferred and its components

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (July 10, 2013)	Acquisition date (July 10, 2013)
Payment by cash		¥1,875,149	$18,219,481
Conversion of corporate bonds with stock acquisition rights held at the time of acquisition		313,534	3,046,386
Total consideration transferred	A	¥2,188,683	$21,265,867

Acquisition-related costs of ¥12,106 million ($117,626 thousand) arising from the business combination are recognized in "Selling, general and administrative expenses," with ¥3,751 million ($36,446 thousand) for the fiscal year ended March 31, 2013, and ¥8,355 million ($81,180 thousand) for the fiscal year ended March 31, 2014.

f. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (July 10, 2013)	Acquisition date (July 10, 2013)
Current assets		
Cash and cash equivalents	¥ 447,873	$ 4,351,661
Trade and other receivables[1]	322,957	3,137,942
Other financial assets	111,764	1,085,931
Inventories	105,318	1,023,300
Other current assets	42,655	414,448
Total current assets	1,030,567	10,013,282
Non-current assets		
Property, plant and equipment[2]	1,291,364	12,547,260
Intangible assets[2]	5,301,283	51,508,774
Other financial assets	23,938	232,588
Other non-current assets	12,394	120,424
Total non-current assets	6,628,979	64,409,046
Total assets	7,659,546	74,422,328
Current liabilities		
Interest-bearing debt[2]	86,961	844,938
Trade and other payables	632,348	6,144,073
Income taxes payables	4,553	44,238
Provisions[3]	106,630	1,036,047
Other current liabilities	282,501	2,744,860
Total current liabilities	¥1,112,993	$10,814,156

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (July 10, 2013)	Acquisition date (July 10, 2013)
Non-current liabilities			
Interest-bearing debt[2]		¥2,668,163	$25,924,631
Other financial liabilities		5,662	55,014
Defined benefit liabilities		65,763	638,972
Provisions[3]		143,739	1,396,609
Deferred tax liabilities[4]		1,409,387	13,694,005
Other non-current liabilities		184,106	1,788,826
Total non-current liabilities		4,476,820	43,498,057
Total liabilities		5,589,813	54,312,213
Net assets	B	2,069,733	20,110,115
Non-controlling interests[5]	C	467,910	4,546,347
Basis adjustment[6]	D	311,659	3,028,168
Goodwill[7]	A– (B – C) – D	¥ 275,201	$ 2,673,931

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date, may be obtained.

From the acquisition date, provisional amounts of assets, liabilities and non-controlling interests on the acquisition date have been adjusted. Major adjustments are as follows: Intangible assets increased by ¥25,660 million ($249,320 thousand) due to additional analysis performed by Sprint management related to the value assigned to certain FCC Licenses[8]. Deferred tax liabilities decreased by ¥13,699 million ($133,103 thousand) primarily due to adjustments related to FCC Licenses. Non-controlling interest increased by ¥30,204 million ($293,471 thousand). Accordingly, goodwill decreased by ¥19,217 million ($186,718 thousand).

The above JPY amount is translated at the exchange rate (USD = JPY101.14) as of the acquisition date.

Notes:
1. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected
As for the fair value of ¥322,957 million ($3,137,942 thousand) of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥343,792 million ($3,340,381 thousand) and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥20,835 million ($202,439 thousand).

2. Property, plant and equipment, Intangible assets and Interest-bearing debt
   The components are described in "Note 12. Property, plant and equipment," "Note 13. Goodwill and intangible assets" and "(1) Components of interest-bearing debt" in "Note 19. Interest-bearing debt."
3. Provisions
   Provisions recognized by the business combination are mainly asset retirement obligations, lease exit costs related to the shutdown of the Nextel Platform, and exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. Backhaul is an intermediary network which connects the cell towers to the local switching center.
4. Deferred tax liabilities
   Deferred tax liabilities recognized by this business combination are mainly temporary differences related to FCC Licenses, and trademarks with indefinite useful lives.
5. Non-controlling interests
   Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests in the identifiable net assets of the acquiree at the acquisition date.
6. Basis adjustment
   The Company entered into a foreign currency forward contract to hedge exchange risks resulting from the investment in Sprint. This scheduled transaction was designated as a cash flow hedge. ¥311,659 million ($3,028,168 thousand), the fair value of the hedging instruments at the acquisition date was deducted from the initial amount of goodwill which was recognized from the acquisition.
7. Goodwill
   Goodwill reflects excess earning power expected from the future business development and the synergy with existing businesses.
8. FCC Licenses
   Licenses issued by the U.S. Federal Communications Commission for use of specified frequently bands.

g. Decrease in cash from acquisition of control over subsidiary

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (July 10, 2013)	Acquisition date (July 10, 2013)
Payment for the acquisition by cash	¥(1,875,149)	$(18,219,481)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	447,873	4,351,661
Decrease in cash from the acquisition of control over the subsidiary	(1,427,276)	(13,867,820)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiary	310,104	3,013,059
Decrease in cash from the acquisition of control over the subsidiary, net	¥(1,117,172)	$(10,854,761)

h. Purchase commitments

Purchase commitments increased through the business combination were ¥2,555,706 million ($24,831,967 thousand) at the acquisition date. These mainly arose from outstanding contracts relating to purchase of telecommunications equipment, purchase of mobile handsets, and connection with the other telecommunications carriers.

i. Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2014, are ¥2,601,031 million ($25,272,357 thousand) and ¥188,396 million ($1,830,509 thousand), respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

(4) WILLCOM, Inc.

a. Overview of consolidation

The Company owns 100% of shares issued by WILLCOM, Inc. However, WILLCOM, Inc. was in the process of rehabilitation under the Corporate Reorganization Act and the Company did not have effective control over WILLCOM, Inc. Therefore, WILLCOM, Inc. was not treated as a subsidiary.

WILLCOM, Inc. made prepayments of rehabilitation claims and rehabilitation security interests in June 2013, and filed a petition with the Tokyo District Court for the termination of its rehabilitation proceedings. WILLCOM, Inc. received an order of termination of rehabilitation proceedings from the Tokyo District Court on July 1, 2013. Consequently, WILLCOM, Inc. became a subsidiary of the Company.

WILLCOM, Inc. conducted an absorption type merger with eAccess Ltd., eAccess Ltd. being the surviving company and WILLCOM, Inc. being the dissolving company, effective on June 1, 2014.

(Business description of WILLCOM, Inc.)
Telecommunication business

(Acquisition date)
July 1, 2013

b. Consideration transferred and its components

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (July 1, 2013)	Acquisition date (July 1, 2013)
Fair value of equity interest in WILLCOM, Inc. already held at the time of the acquisition		¥104,070	$1,011,174
Total consideration transferred	A	¥104,070	$1,011,174

As a result of the reevaluation of 100% equity interest already held by the Company at the time of the acquisition of control in WILLCOM, Inc. at fair value, the Company recognized a gain of ¥103,766 million ($1,008,220 thousand). This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

c. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (July 1, 2013)	(Thousands of U.S. dollars) Acquisition date (July 1, 2013)
Current assets		¥ 80,843	$ 785,494
Property, plant and equipment		46,026	447,202
Intangible assets		43,639	424,009
Other non-current assets		14,883	144,607
Total assets		185,391	1,801,312
Current liabilities		83,958	815,760
Non-current liabilities		16,284	158,220
Total liabilities		100,242	973,980
Net assets	B	85,149	827,332
Non-controlling interests[1]	C	222	2,157
Goodwill[2]	A – (B – C)	¥ 19,143	$ 185,999

Notes:
1. Non-controlling interests
Non-controlling interests is from WILLCOM OKINAWA, Inc. (proportionate interest held by the Company is 80%), a subsidiary of WILLCOM, Inc., and it is measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at the acquisition date.
2. Goodwill
Goodwill reflects excess earning power expected from the future business development, assembled workforce and the synergy with existing business.

d. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected
The main components of acquired trade and other receivables are installment receivables and the fair value is ¥31,039 million ($301,584 thousand). The total amount of contractual receivables is ¥31,328 million ($304,392 thousand) and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥289 million ($2,808 thousand).

e. Increase in cash from acquisition of control over subsidiary

	(Millions of yen) Acquisition date (July 1, 2013)	(Thousands of U.S. dollars) Acquisition date (July 1, 2013)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	¥14,043	$136,446
Increase in cash from the acquisition of control over the subsidiary	¥14,043	$136,446

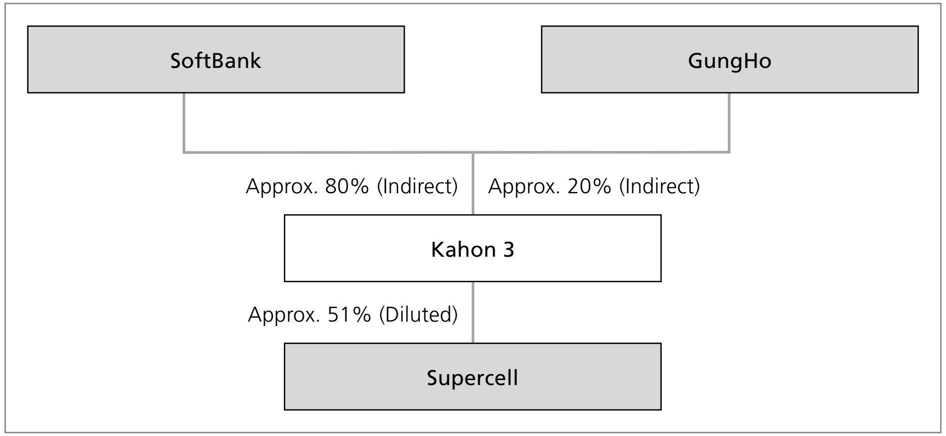
f. Sales and net loss of the acquiree
The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2014, are ¥124,068 million ($1,205,480 thousand) and ¥4,823 million ($46,862 thousand), respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

(5) Supercell Oy

a. Overview of consolidation

SoftBank Corp. and GungHo, a subsidiary of SoftBank Corp., communally established Kahon 3, a special purpose company in Finland, SoftBank Corp. indirectly investing $1,224 million (investing ratio of approximately 80%) and GungHo indirectly investing approximately $306 million (investing ratio of approximately 20%). Through Kahon 3, the special purpose company, SoftBank Corp. and GungHo acquired approximately 51% (diluted) of voting stock of Supercell, with a total of $1.53 billion (¥150,720 million) on October 31, 2013. Accordingly, Supercell, a mobile game company headquartered in Finland, became a subsidiary of SoftBank Corp.



b. Purpose of consolidation

Supercell is a mobile game company headquartered in Finland. This new strategic partnership with SoftBank Corp. and GungHo will help accelerate Supercell's goal of becoming "the first truly global games company."

GungHo started its online game business in 2002, and it has since accumulated significant expertise and produced notable results in the development and operation of online games. Through the transaction, GungHo will leverage Supercell's position among the apps in the Games category of the App Store and marketing power abroad to enhance its global expansion.

c. Summary of Supercell

Name	Supercell Oy
Address	Itämerenkatu 11-13 00180 Helsinki Finland
Name and title of representative	Ilkka Paananen, CEO
Business description	Mobile/Social interactive entertainment
Common stock	€2,500
Date of foundation	May 14, 2010
Consolidated sales	€519,093 thousands (the year ended December 2013, Finnish GAAP)

d. Acquisition date

October 31, 2013

e. Consideration transferred and its components

		(Millions of yen) Acquisition date (October 31, 2013)	(Thousands of U.S. dollars) Acquisition date (October 31, 2013)
Payment by cash		¥140,397	$1,364,137
Total consideration transferred	A	¥140,397	$1,364,137

Acquisition-related costs of ¥3,114 million ($30,257 thousand) arising from the business combination are recognized in "Selling, general and administrative expenses."

Kahon 3 acquired common and preferred stocks of Supercell and options, which can convert the preferred stocks to common stocks ("conversion options"), for a total of ¥150,720 million ($1,464,438 thousand). The consideration transferred for the business combination is ¥140,397 million ($1,364,137 thousand), deducting the fair value of ¥10,323 million ($100,301 thousand) for the preferred stocks and the conversion options from the total amount of ¥150,720 million ($1,464,438 thousand) to acquire Supercell.

The fair value of ¥10,323 million ($100,301 thousand) for the preferred stocks and the conversion option is deducted from capital surplus as "Acquisition of options to convert to subsidiaries' common stocks" in the consolidated statement of changes in equity.

f. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (October 31, 2013)	Acquisition date (October 31, 2013)
Current assets		¥ 22,123	$ 214,953
Intangible assets		119,204	1,158,220
Other non-current assets		73	710
Total assets		141,400	1,373,883
Current liabilities		22,518	218,791
Non-current liabilities		23,993	233,123
Total liabilities		46,511	451,914
Net assets	B	94,889	921,969
Non-controlling interests[1]	C	53,295	517,829
Goodwill[2]	A – (B – C)	¥ 98,803	$ 959,997

Consideration transferred is allocated to acquired assets and assumed liabilities based on a fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.
2. Goodwill
Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and other, and the synergy with existing businesses.

g. Decrease from acquisition of control over subsidiaries

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (October 31, 2013)	Acquisition date (October 31, 2013)
Payment for the acquisition by cash	¥(140,397)	$(1,364,137)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	2,495	24,242
Decrease in cash from the acquisition of control over the subsidiary	¥(137,902)	$(1,339,895)

h. Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2014, are ¥54,841 million ($532,851 thousand) and ¥3,799 million ($36,912 thousand), respectively.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

(6) Brightstar Corp.

a. Overview of consolidation

The Company completed the acquisition of all common and preferred stocks of Brightstar Corp., a mobile device distributor in the United States, and the establishment of the organizational structure related to the transaction on January 30, 2014. Accordingly, Brightstar Corp. became a subsidiary of the Company. At the completion of the transaction, the Company owns approximately 57% of the voting rights of Brightstar Global Group Inc. that owns 100% of Brightstar Corp.

In the transaction, SoftBank Corp. invested a total of $1.26 billion (¥128.4 billion) into Brightstar Global Group Inc., of which SoftBank Corp. owns all the interests. SoftBank Corp. received newly-issued common stocks of Brightstar Global Group Inc., newly-issued non-voting preferred stocks of Brightstar Global Group Inc. that have an aggregate liquidation preference of $860 million, and warrant (the "Warrant") that provides SoftBank Corp. with the rights to acquire a number of common stocks of Brightstar Global Group Inc. for de minimis value. The Warrant entitles SoftBank Corp. to raise its ownership of the common stocks of Brightstar Global Group Inc. to approximately 70% over five years. Brightstar Global Group Inc. acquired all common and preferred stocks (including payment of accrued dividends) of Brightstar Corp. from existing shareholders for consideration of $1.11 billion and newly issued common stocks Brightstar Global Group Inc. representing approximate 43% of the common shares issued.

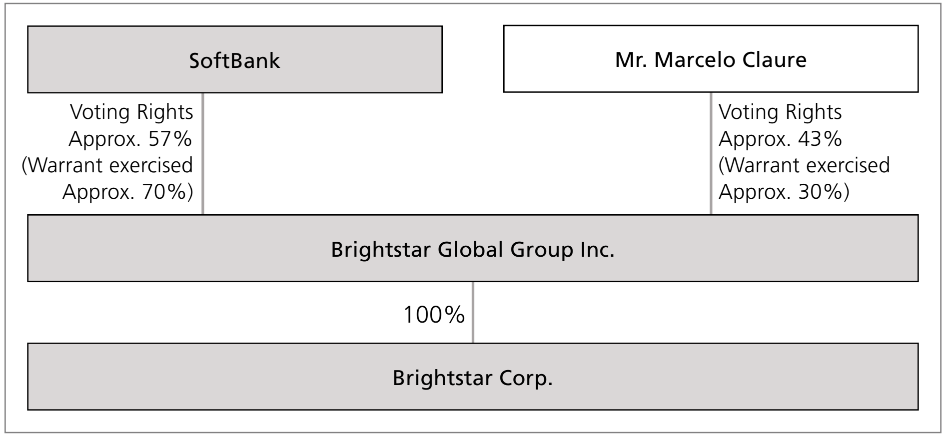
As a result of the transaction, SoftBank Corp. owns approximately 57% of the voting rights and common shares of the Brightstar Global Group Inc. that owns 100% of Brightstar Corp., and Marcelo Claure, Chairman and CEO of Brightstar Corp., owns approximately 43%. Accordingly, Brightstar Corp. became a subsidiary of SoftBank Corp. The Company accounts for Brightstar Global Group Inc. as a acquiree.

The Company used $1.11 billion out of the total investment of $1.26 billion to complete the Brightstar Corp. share purchases, and the remaining $0.15 billion of SoftBank Corp.'s investment will be contributed to Brightstar Corp. in order to fund, among other, ongoing corporate activities.

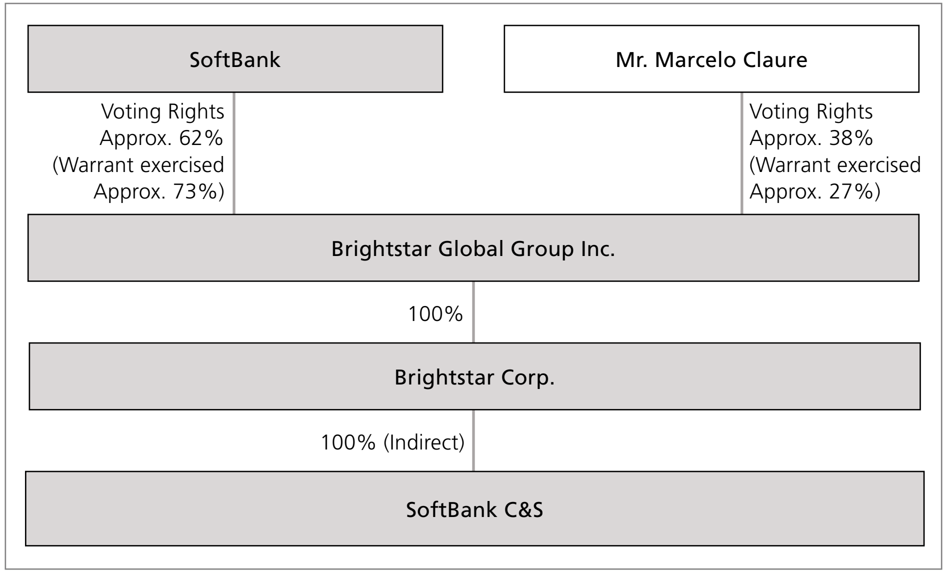
The Company plans to ratably exercise the Warrant to increase its ownership in Brightstar Global Group Inc. to obtain approximately 70% of the voting power, and common stock, over the five year vest period.

SoftBank BB Corp., a subsidiary of SoftBank Corp., divided its commerce and service business and newly established SoftBank C&S on April 1, 2014. All shares of SoftBank C&S held by SoftBank Corp. were transferred to SB C&S Holdings G.K., a wholly-owned subsidiary of Brightstar Corp., and SoftBank Corp. acquired additional common stocks of Brightstar Global Group Inc. As a result, the Company's ownership share of the voting rights and common stocks of Brightstar Global Group Inc. became approximately 62% (approximately 73% after the exercise of the Warrant) on April 1, 2014.

(a) Structure as of March 31, 2014



(b) Structure as of April 1, 2014



b. Purpose of consolidation

Brightstar Corp. is one of the world's largest specialized wireless distributors and a leading provider of diversified services focused on enhancing the performance and results of the key participants in the wireless device value chain: manufacturers, operators and retailers. Its services include Supply Chain Solutions, Handset Protection & Insurance, Buyback and Trade-in Solutions, Multi-Channel Retail Solutions, and Financial Services. Today, Brightstar Corp. provides services in over 125 countries and has a local presence in over 50 countries.

The Company acquired Sprint in July 2013, expanding its business operations from Japan to the U.S. With Brightstar Corp. becoming a subsidiary, the Company aims to strengthen its purchasing scale for mobile devices and further increase competitiveness both in Japan and the U.S.

c. Summary of Brightstar Corp.

Name	Brightstar Corp.
Address	9725 NW 117th Ave, #300 Miami, Florida, U.S.A.
Name and title of representative	Marcelo Claure, Chairman and Chief Executive Officer
Business description	Mobile device distribution
Common stock	$2,000
Date of foundation	September 23, 1997
Consolidated sales	$7,227,879 thousands (the year ended December 2013, US GAAP)

d. Acquisition date
January 30, 2014

e. Consideration transferred and its components

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (January 30, 2014)	Acquisition date (January 30, 2014)
Payment by cash		¥128,378	$1,247,357
Total consideration transferred	A	¥128,378	$1,247,357

Acquisition-related costs of ¥1,190 million ($11,562 thousand) arising from the business combination are recognized in "Selling, general and administrative expenses."

f. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (January 30, 2014)	Acquisition date (January 30, 2014)
Current assets		¥340,644	$3,309,794
Intangible assets		74,991	728,634
Total assets		415,635	4,038,428
Current liabilities		260,518	2,531,267
Non-current liabilities		82,835	804,848
Total liabilities		343,353	3,336,115
Net assets	B	72,282	702,313
Non-controlling interests[1]	C	3,761	36,543
Goodwill[2]	A – (B – C)	¥ 59,857	$ 581,587

Consideration transferred is allocated to acquired assets and assumed liabilities based on fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.
2. Goodwill
Goodwill reflects excess earning power expected from the future business development and the synergy with existing businesses.

g. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected
As for fair value of ¥190,802 million ($1,853,887 thousand) of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥192,194 million ($1,868,412 thousand) and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥1,392 million ($13,525 thousand).

h. Decrease in cash from acquisition of control over subsidiary

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (January 30, 2014)	Acquisition date (January 30, 2014)
Payment for the acquisition by cash	¥(128,378)	$(1,247,357)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	41,428	402,526
Decrease in cash from the acquisition of control over the subsidiary	¥ (86,950)	$ (844,831)

i. Sales and net loss of the acquiree
The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2014, are ¥137,534 million ($1,336,319 thousand) and ¥1,704 million ($16,557 thousand), respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other.

(7) Consolidated net sales and consolidated net income and loss assuming that the business combination was completed at the beginning of the fiscal year

For the fiscal year ended March 31, 2013

Following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2013, assuming that the business combination of eAccess Ltd. was completed and control was acquired as of April 1, 2012.

	(Millions of yen) Fiscal year ended March 31, 2013
Sales (pro forma)	¥3,338,731
Net income (pro forma)	428,553

For the fiscal year ended March 31, 2014

Following is pro forma information (unaudited) of consolidated performance of the Company for the fiscal year ended March 31, 2014, assuming that the business combinations of WILLCOM, Inc., Supercell and Brightstar Corp. were completed and controls were acquired as of April 1, 2013.

	(Millions of yen) Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Sales (pro forma)	¥8,291,358	$80,561,193
Net income (pro forma)	465,234	4,520,346

6. Segment information

(1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's board of directors in order to make decisions about the allocation of the resources and assess its performance.

The Company has four reportable segments, the Mobile Communications segment, the Sprint segment, the Fixed-line Telecommunications segment, and the Internet segment.

The Mobile Communications segment provides, mainly through SoftBank Mobile Corp., mobile communication services, and sale of mobile handsets and accessories, in addition, produces and distributes online games for smartphones and other devices through GungHo and Supercell.

The Sprint segment provides, through Sprint, mobile communication services, sale of mobile handsets and accessories accompanying the mobile communication services, and the fixed-line telecommunication services in the U.S.

The Fixed-line Telecommunications segment provides, mainly through SoftBank Telecom Corp., telecommunication services such as data communication and fixed-line telephone service for corporate customers. It also provides, mainly through SoftBank BB Corp., broadband service for individual customers.

The Internet segment provides, mainly through Yahoo Japan Corporation, Internet-based advertising operations.

The Sprint segment is newly established for the fiscal year ended March 31, 2014 by the consolidation of Sprint in July 2013.

The Company previously had four segments, the Mobile Communications segments, the Broadband Infrastructure segments, the Fixed-line Telecommunications segments, and the Internet Culture segments until the year ended March 31, 2013. However, with the consolidation of eAccess Ltd. in January 2013, GungHo in April 2013, and Sprint in July 2013, the Company changed its reportable segments for the fiscal year ended March 31, 2014 as the business size and operating regions of the Company changed significantly.

For the fiscal year ended March 31, 2014, the previous Fixed-line Telecommunications segment and the Broadband Infrastructure segment were integrated and included in the Fixed-line Telecommunications segment. Also the previous Internet Culture segment was presented as the Internet segment. Commerce & Service segment of SoftBank BB Corp. was previously included in "Other." However it was included in the Mobile Communications segment, considering the stronger connection with mobile communications.

Segment information for the fiscal year ended March 31, 2013 is presented in accordance with the reportable segment after the change.

(2) Net sales and income of reportable segments

Accounting policies for reportable segments are the same as the policies described in "Note 3. Significant accounting policies."

Income of reportable segments is based on income excluding "Gain from remeasurement relating to business combination" and "Other operating income (loss)" from operating income as follows:

Segment income = (net sales – cost of sales – selling, general and administrative expenses) in each segment

Intersegment transactions are conducted under the same general business conditions as applied for external customers.

The following is the information about the Company's net sales and income by reportable segments. The Company also discloses "EBITDA (segment income before depreciation and amortization)" by reportable segments.

For the fiscal year ended March 31, 2013

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint	Fixed-line Telecommunications	Internet	Total	Other[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	¥2,330,871	¥–	¥437,873	¥353,481	¥3,122,225	¥ 80,311	¥ –	¥3,202,536
Intersegment	14,759	–	93,155	3,128	111,042	36,754	(147,796)	–
Total	2,345,630	–	531,028	356,609	3,233,267	117,065	(147,796)	3,202,536
EBITDA	797,343	–	168,061	193,290	1,158,694	13,158	(19,111)	1,152,741
Depreciation and amortization	(280,223)	–	(53,829)	(12,570)	(346,622)	(6,758)	(1,740)	(355,120)
Segment income	¥ 517,120	¥–	¥114,232	¥180,720	¥ 812,072	¥ 6,400	¥ (20,851)	797,621
Gain from remeasurement relating to business combination								1,778
Other operating income (loss)								–
Operating income								799,399
Finance cost								(65,297)
Equity in loss of associates								(3,663)
Other non-operating loss								(14,935)
Income before income tax								¥ 715,504

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reportable segments							
	Mobile Communications	Sprint[3]	Fixed-line Telecommunications	Internet	Total	Other[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	¥3,142,663	¥2,600,743	¥442,152	¥396,554	¥6,582,112	¥ 84,539	¥ –	¥6,666,651
Intersegment	22,855	288	105,938	3,315	132,396	39,914	(172,310)	–
Total	3,165,518	2,601,031	548,090	399,869	6,714,508	124,453	(172,310)	6,666,651
EBITDA	1,003,934	417,245	170,689	204,318	1,796,186	13,592	(22,968)	1,786,810
Depreciation and amortization	(394,984)	(418,461)	(62,077)	(15,369)	(890,891)	(7,551)	(1,462)	(899,904)
Segment income (loss)	¥ 608,950	¥ (1,216)	¥108,612	¥188,949	¥ 905,295	¥ 6,041	¥ (24,430)	886,906
Gain from remeasurement relating to business combination								253,886
Other operating loss								(55,430)
Operating income								1,085,362
Finance cost								(271,478)
Equity in income of associates								74,402
Other non-operating income								44,081
Income before income tax								¥ 932,367

(Thousands of U.S. dollars)

	Reportable segments							
	Mobile Communications	Sprint[3]	Fixed-line Telecommunications	Internet	Total	Other[1]	Reconciliations[2]	Consolidated
Net sales								
Customers	$30,535,008	$25,269,559	$4,296,075	$3,853,031	$63,953,673	$ 821,405	$ –	$64,775,078
Intersegment	222,065	2,798	1,029,323	32,210	1,286,396	387,816	(1,674,212)	–
Total	30,757,073	25,272,357	5,325,398	3,885,241	65,240,069	1,209,221	(1,674,212)	64,775,078
EBITDA	9,754,508	4,054,071	1,658,463	1,985,212	17,452,254	132,064	(223,164)	17,361,154
Depreciation and amortization	(3,837,777)	(4,065,886)	(603,158)	(149,330)	(8,656,151)	(73,368)	(14,204)	(8,743,723)
Segment income (loss)	$ 5,916,731	$ (11,815)	$1,055,305	$1,835,882	$ 8,796,103	$ 58,696	$ (237,368)	8,617,431
Gain from remeasurement relating to business combination								2,466,829
Other operating loss								(538,574)
Operating income								10,545,686
Finance cost								(2,637,757)
Equity in income of associates								722,911
Other non-operating income								428,303
Income before income tax								$ 9,059,143

Notes:
1. "Other" includes Fukuoka SoftBank HAWKS-related business.
2. "Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment.
3. The Sprint segment includes the results of Sprint after the acquisition date.

(3) Geographical information

a. Net sales to customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Japan	¥3,176,897	¥3,828,104	$37,194,948
U.S.	5,377	2,680,486	26,044,365
Other	20,262	158,061	1,535,765
Total	¥3,202,536	¥6,666,651	$64,775,078

Sales are categorized based on the location of customers.

The increase in the U.S. for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

b. Non-current assets (excluding financial asset and deferred tax asset)

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Japan	¥2,574,581	¥3,405,286	¥ 4,041,462	$ 39,267,995
U.S.	210	228	7,153,279	69,503,294
Other	6,118	7,938	268,853	2,612,253
Total	¥2,580,909	¥3,413,452	¥11,463,594	$111,383,542

The increase in the U.S. as of March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

7. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Cash and demand deposits	¥ 568,783	¥ 792,701	**¥1,203,146**	**$11,690,109**
Time deposits (maturities of three-months or less)	451,250	645,694	**509,115**	**4,946,706**
MMF	–	–	**193,104**	**1,876,253**
Other	1,080	662	**58,125**	**564,759**
Total	¥1,021,113	¥1,439,057	**¥1,963,490**	**$19,077,827**

The increase of cash and cash equivalents as of March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

As of March 31, 2013, it is contractually required to have ¥25,000 million or more of cash and deposits as redemption fund (April 1, 2012: none, March 31, 2014: none).

Argentina began experiencing foreign exchange restrictions both for purchases in the country and for transfers of foreign currency abroad. The Argentine government has requested that the Central Bank approve foreign exchange transactions before they are executed. Our Argentine subsidiaries had cash and cash equivalents of ¥8,874 million ($86,222 thousand) as of March 31, 2014 (April 1, 2012: none, March 31, 2013: none).

The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

8. Trade and other receivables

The components of trade and other receivables are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Trade receivables	¥457,725	¥506,400	**¥1,176,453**	**$11,430,752**
Installment receivables	345,083	368,418	**438,521**	**4,260,795**
Other	5,772	82,313	**94,533**	**918,509**
Allowance for doubtful accounts	(21,678)	(20,824)	**(39,962)**	**(388,282)**
Total	¥786,902	¥936,307	**¥1,669,545**	**$16,221,774**

The increase in trade and other receivables for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint and Brightstar Corp. The details of the business combinations are described in "(3) Sprint" and "(6) Brightstar Corp." in "Note 5. Business combinations."

Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile handsets by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.

The period of installment payments for the receivables above is within 24 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."

9. Other financial assets

The components of other financial assets are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current				
Marketable securities	¥ 3,794	¥ 4,373	¥109,935	$1,068,160
Time deposits (maturities of three-months over) and other	2,474	6,617	37,342	362,825
Derivative financial assets	1,896	203,829	13,975	135,785
Other	2,235	14,420	3,475	33,764
Total	10,399	229,239	164,727	1,600,534
Non-current				
Installment receivables	110,987	114,498	147,355	1,431,743
Investment securities	158,983	437,881	108,171	1,051,020
Other	59,100	93,968	156,691	1,522,454
Allowance for doubtful accounts	(10,471)	(11,700)	(10,524)	(102,254)
Total	¥318,599	¥634,647	¥401,693	$3,902,963

Installment receivables are described in "Note 8. Trade and other receivables."

10. Inventories

The components of inventories are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Merchandise and finished products	¥42,618	¥46,137	¥243,864	$2,369,452
Other	13,065	8,131	7,813	75,913
Total	¥55,683	¥54,268	¥251,677	$2,445,365

The increase in inventories for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint and Brightstar Corp. The details of the business combinations are described in "(3) Sprint" and "(6) Brightstar Corp." in "Note 5. Business combinations."

The amount of inventories pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Write-downs of inventories	¥5,425	¥11,144	$108,278

11. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current				
Prepaid expense	¥45,369	¥ 61,483	¥145,130	$1,410,124
Consumption tax receivable and other	13,982	39,582	98,374	955,830
Other	25,663	26,083	49,717	483,066
Total	85,014	127,148	293,221	2,849,020
Non-current				
Long-term prepaid expense	84,903	127,244	152,080	1,477,654
Other	587	1,938	15,181	147,504
Total	¥85,490	¥129,182	¥167,261	$1,625,158

12. Property, plant and equipment

Changes in property, plant and equipment at historical cost, are as follows:

(Millions of yen)

Historical cost	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of April 1, 2012	¥192,391	¥2,160,227	¥72,542	¥ 92,525	¥168,961	¥2,686,646
Purchase	6,103	48,767	1,308	571,343	4,655	632,176
Business combinations	1,430	133,126	308	12,512	1,140	148,516
Disposals	(3,522)	(180,170)	(311)	(1,604)	(29,032)	(214,639)
Transfer of accounts	9,655	465,649	89	(519,695)	42,057	(2,245)
Exchange differences	5	–	–	–	92	97
Other	1,327	(945)	–	(1,543)	1,178	17
As of March 31, 2013	207,389	2,626,654	73,936	153,538	189,051	3,250,568
Purchase	6,237	31,786	–	918,906	12,326	969,255
Business combinations	141,548	833,751	18,369	305,734	45,211	1,344,613
Disposals	(4,890)	(179,404)	(111)	(12,825)	(37,795)	(235,025)
Transfer of accounts	16,507	1,009,932	34	(1,100,586)	73,600	(513)
Exchange differences	2,499	26,200	323	2,363	1,214	32,599
Other	1,806	(1,653)	–	(607)	(3,958)	(4,412)
As of March 31, 2014	¥371,096	¥4,347,266	¥92,551	¥ 266,523	¥279,649	¥5,357,085

(Thousands of U.S. dollars)

Historical cost	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of March 31, 2013	$2,015,051	$25,521,318	$718,383	$ 1,491,819	$1,836,872	$31,583,443
Purchase	60,600	308,842	–	8,928,352	119,763	9,417,557
Business combinations	1,375,321	8,100,961	178,478	2,970,599	439,283	13,064,642
Disposals	(47,513)	(1,743,140)	(1,079)	(124,611)	(367,227)	(2,283,570)
Transfer of accounts	160,387	9,812,787	331	(10,693,607)	715,118	(4,984)
Exchange differences	24,280	254,567	3,139	22,959	11,796	316,741
Other	17,548	(16,062)	–	(5,898)	(38,456)	(42,868)
As of March 31, 2014	$3,605,674	$42,239,273	$899,252	$ 2,589,613	$2,717,149	$52,050,961

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of April 1, 2012	¥ (81,580)	¥(1,120,528)	¥(6)	¥ (580)	¥(106,767)	¥(1,309,461)
Depreciation	(10,175)	(209,365)	–	–	(34,134)	(253,674)
Disposals	3,384	116,542	–	259	25,898	146,083
Transfer of accounts	(1)	65	–	66	24	154
Exchange differences	(2)	–	–	–	(51)	(53)
Other	(731)	(788)	–	(17)	(1,466)	(3,002)
As of March 31, 2013	(89,105)	(1,214,074)	(6)	(272)	(116,496)	(1,419,953)
Depreciation	(27,896)	(444,070)	–	–	(58,896)	(530,862)
Impairment loss	–	(3,961)	–	(5,594)	–	(9,555)
Disposals	4,532	148,963	–	5,611	32,680	191,786
Transfer of accounts	(30)	(2,357)	–	24	(248)	(2,611)
Exchange differences	(312)	(4,321)	–	–	(394)	(5,027)
Other	352	(382)	–	(156)	5,650	5,464
As of March 31, 2014	¥(112,459)	¥(1,520,202)	¥(6)	¥ (387)	¥(137,704)	¥(1,770,758)

(Thousands of U.S. dollars)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of March 31, 2013	$ (865,770)	$(11,796,288)	$(58)	$ (2,643)	$(1,131,908)	$(13,796,667)
Depreciation	(271,045)	(4,314,711)	–	–	(572,250)	(5,158,006)
Impairment loss	–	(38,486)	–	(54,353)	–	(92,839)
Disposals	44,034	1,447,367	–	54,518	317,528	1,863,447
Transfer of accounts	(291)	(22,901)	–	233	(2,410)	(25,369)
Exchange differences	(3,032)	(41,984)	–	–	(3,828)	(48,844)
Other	3,420	(3,712)	–	(1,515)	54,897	53,090
As of March 31, 2014	$(1,092,684)	$(14,770,715)	$(58)	$ (3,760)	$(1,337,971)	$(17,205,188)

The components of the carrying amounts of property, plant and equipment are as follows:

(Millions of yen)

Carrying amounts	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of April 1, 2012	¥110,811	¥1,039,699	¥72,536	¥ 91,945	¥ 62,194	¥1,377,185
As of March 31, 2013	¥118,284	¥1,412,580	¥73,930	¥153,266	¥ 72,555	¥1,830,615
As of March 31, 2014	¥258,637	¥2,827,064	¥92,545	¥266,136	¥141,945	¥3,586,327

(Thousands of U.S. dollars)

Carrying amounts	Buildings and structures	Telecommunications equipment	Land	Construction in progress	Other	Total
As of March 31, 2014	$2,512,990	$27,468,558	$899,194	$2,585,853	$1,379,178	$34,845,773

The increase resulting from "Business combinations" for the fiscal year ended March 31, 2013 is mainly due to the consolidation of eAccess Ltd. The details of the business combination are described in "(1) eAccess Ltd." in "Note 5. Business combinations."

The increase resulting from "Business combinations" for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The components of the carrying amounts of property, plant and equipment recognized as a result of the consolidation of Sprint in July 2013 are as follows. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."

	(Millions of yen) Acquisition date (July 10, 2013)	(Thousands of U.S. dollars) Acquisition date (July 10, 2013)
Buildings and structures	¥ 140,270	$ 1,362,903
Telecommunications equipment	794,524	7,719,821
Land	18,362	178,410
Construction in progress	298,928	2,904,469
Other	39,280	381,657
Total	¥1,291,364	$12,547,260

Impairment loss is included in "Other operating income" in the consolidated statement of income. The detail of the impairment loss is described in "Note 35. Other operating income and loss."

The carrying amounts of finance lease assets included in property, plant and equipment are as follows:

	(Millions of yen) As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	(Thousands of U.S. dollars) As of March 31, 2014
Buildings and structures	¥ 40,136	¥ 38,962	¥ 41,367	$ 401,934
Telecommunications equipment	476,531	540,372	731,858	7,110,941
Land	49,360	49,360	49,360	479,596
Construction in progress	36	–	1,569	15,245
Other	23,873	30,906	44,252	429,964
Total	¥589,936	¥659,600	¥868,406	$8,437,680

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

Assets with limited property rights due to the installment purchase are described in "(5) Assets with limited property rights" in "Note 19. Interest-bearing debt."

13. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Historical cost	Goodwill	FCC Licenses	Trademarks	Software	Customer relation-ships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of April 1, 2012	¥ 781,454	¥ –	¥ –	¥ 604,221	¥ –	¥ –	¥ –	¥ 461	¥ 40,567	¥ 645,249
Purchase	–	–	–	48,383	–	–	–	13	102,090	150,486
Internal development	–	–	–	4,469	–	–	–	–	334	4,803
Business combinations	147,061	–	3,790	23,250	89,394	–	–	66	2,233	118,733
Disposals	–	–	–	(25,921)	–	–	–	(5)	(1,155)	(27,081)
Transfer of accounts	–	–	–	105,138	–	–	–	1	(103,777)	1,362
Exchange differences	–	–	–	17	–	–	–	–	183	200
Other	–	–	–	1,089	–	–	–	–	1,928	3,017
As of March 31, 2013	928,515	–	3,790	760,646	89,394	–	–	536	42,403	896,769
Purchase	–	30,146	–	46,081	–	–	–	41	227,591	303,859
Internal development	–	–	–	3,838	–	–	–	–	15,537	19,375
Business combinations	602,499	3,612,994	616,000	154,536	747,689	148,979	196,895	52,605	53,829	5,583,527
Disposals	–	(47)	–	(40,415)	–	–	–	(6)	(1,699)	(42,167)
Transfer of accounts	–	2,430	–	182,529	–	(64)	–	2	(162,274)	22,623
Exchange differences	11,208	64,003	10,589	4,163	12,370	2,620	5,617	926	1,650	101,938
Other	(129)	–	–	(281)	–	–	–	(3)	(184)	(468)
As of March 31, 2014	¥1,542,093	¥3,709,526	¥630,379	¥1,111,097	¥849,453	¥151,535	¥202,512	¥54,101	¥ 176,853	¥6,885,456

(Thousands of U.S. dollars)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Historical cost	Goodwill	FCC Licenses	Trademarks	Software	Customer relation-ships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of March 31, 2013	$ 9,021,716	$ –	$ 36,825	$ 7,390,653	$ 868,578	$ –	$ –	$ 5,208	$ 412,000	$ 8,713,264
Purchase	–	292,907	–	447,736	–	–	–	398	2,211,339	2,952,380
Internal development	–	–	–	37,291	–	–	–	–	150,962	188,253
Business combinations	5,854,052	35,104,878	5,985,231	1,501,516	7,264,758	1,447,522	1,913,088	511,125	523,018	54,251,136
Disposals	–	(457)	–	(392,684)	–	–	–	(58)	(16,508)	(409,707)
Transfer of accounts	–	23,611	–	1,773,504	–	(622)	–	19	(1,576,700)	219,812
Exchange differences	108,899	621,871	102,885	40,449	120,191	25,457	54,576	8,998	16,032	990,459
Other	(1,253)	–	–	(2,730)	–	–	–	(29)	(1,789)	(4,548)
As of March 31, 2014	$14,983,414	$36,042,810	$6,124,941	$10,795,735	$8,253,527	$1,472,357	$1,967,664	$525,661	$ 1,718,354	$66,901,049

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Accumulated amortization and impairment losses	Goodwill	FCC Licenses	Trademarks	Software	Customer relationships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of April 1, 2012	¥(3,543)	¥–	¥ –	¥(293,466)	¥ –	¥ –	¥ –	¥ (260)	¥(11,200)	¥(304,926)
Amortization	–	–	–	(81,046)	(5,518)	–	–	(101)	(1,412)	(88,077)
Disposals	–	–	–	25,180	–	–	–	5	187	25,372
Transfer of accounts	–	–	–	(183)	–	–	–	–	71	(112)
Exchange differences	–	–	–	(6)	–	–	–	–	(79)	(85)
Other	–	–	–	160	–	–	–	(2)	(416)	(258)
As of March 31, 2013	(3,543)	–	–	(349,361)	(5,518)	–	–	(358)	(12,849)	(368,086)
Amortization	–	–	–	(152,269)	(155,017)	–	(35,880)	(1,219)	(2,295)	(346,680)
Impairment loss	(5,822)	–	(7,404)	(654)	(8,655)	–	–	–	–	(16,713)
Disposals	–	–	–	39,165	–	–	–	6	248	39,419
Transfer of accounts	–	–	–	(345)	–	–	–	–	(37)	(382)
Exchange differences	(552)	–	–	(869)	(2,769)	(227)	(110)	(24)	(280)	(4,279)
Other	129	–	–	622	–	(11,091)	–	(31)	(534)	(11,034)
As of March 31, 2014	¥(9,788)	¥–	¥(7,404)	¥(463,711)	¥(171,959)	¥(11,318)	¥(35,990)	¥(1,626)	¥(15,747)	¥(707,755)

(Thousands of U.S. dollars)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Accumulated amortization and impairment losses	Goodwill	FCC Licenses	Trademarks	Software	Customer relationships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of March 31, 2013	$(34,425)	$–	$ –	$(3,394,491)	$ (53,614)	$ –	$ –	$ (3,478)	$(124,844)	$(3,576,427)
Amortization	–	–	–	(1,479,489)	(1,506,190)	–	(348,620)	(11,844)	(22,299)	(3,368,442)
Impairment loss	(56,568)	–	(71,939)	(6,354)	(84,095)	–	–	–	–	(162,388)
Disposals	–	–	–	380,538	–	–	–	58	2,410	383,006
Transfer of accounts	–	–	–	(3,352)	–	–	–	–	(360)	(3,712)
Exchange differences	(5,363)	–	–	(8,443)	(26,904)	(2,206)	(1,069)	(233)	(2,721)	(41,576)
Other	1,253	–	–	6,043	–	(107,763)	–	(302)	(5,188)	(107,210)
As of March 31, 2014	$(95,103)	$–	$(71,939)	$(4,505,548)	$(1,670,803)	$(109,969)	$(349,689)	$(15,799)	$(153,002)	$(6,876,749)

The carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Carrying amounts	Goodwill	FCC Licenses	Trademarks	Software	Customer relationships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of April 1, 2012	¥ 777,911	¥ –	¥ –	¥310,755	¥ –	¥ –	¥ –	¥ 201	¥ 29,367	¥ 340,323
As of March 31, 2013	¥ 924,972	¥ –	¥ 3,790	¥411,285	¥ 83,876	¥ –	¥ –	¥ 178	¥ 29,554	¥ 528,683
As of March 31, 2014	¥1,532,305	¥3,709,526	¥622,975	¥647,386	¥677,494	¥140,217	¥166,522	¥52,475	¥161,106	¥6,177,701

(Thousands of U.S. dollars)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						
Carrying amounts	Goodwill	FCC Licenses	Trademarks	Software	Customer relationships	Favorable lease contracts	Game title	Trademarks	Other	Total
As of March 31, 2014	$14,888,311	$36,042,810	$6,053,002	$6,290,187	$6,582,724	$1,362,388	$1,617,975	$509,862	$1,565,352	$60,024,300

Increase due to "Business combination" for the fiscal year ended March 31, 2013 is as follows:

- As a result of consolidating eAccess Ltd. as a subsidiary in January 2013, the Company recognized customer relationships of ¥84,684 million. The details of the acquisition are described in "(1) eAccess Ltd." in "Note 5. Business combinations."

Increase due to "Business combinations" for the fiscal year ended March 31, 2014 is as follows:

- As a result of consolidating GungHo as a subsidiary in April 2013, the Company recognized game title of ¥77,796 million ($755,888 thousand). The details of the acquisition are described in "(2) GungHo Online Entertainment, Inc." in "Note 5. Business combinations."
- The components of the carrying amounts of intangible assets recognized as a result of consolidating Sprint as a subsidiary in July 2013 are as follows. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."

	(Millions of yen) Acquisition date (July 10, 2013)	(Thousands of U.S. dollars) Acquisition date (July 10, 2013)
Intangible assets with indefinite useful lives		
FCC Licenses	¥3,612,994	$35,104,878
Trademarks	600,266	5,832,355
Intangible assets with finite useful lives		
Software	138,330	1,344,054
Customer relationships	700,192	6,803,265
Favorable lease contracts	148,979	1,447,522
Trademarks	52,593	511,009
Other	47,929	465,691
Total	¥5,301,283	$51,508,774

- As a result of consolidating WILLCOM, Inc. as a subsidiary, in July 2013, the Company recognized customer relationships of ¥25,004 million ($242,946 thousand). The details of the acquisition are described in "(4) WILLCOM, Inc." in "Note 5. Business Combination."
- As a result of consolidating Supercell Oy as a subsidiary in October 2013, the Company recognized game title of ¥119,099 million ($1,157,200 thousand). The details of the acquisition are described in "(5) Supercell Oy" in "Note 5. Business Combination."
- As a result of consolidating Brightstar Corp. as a subsidiary in January 2014, the Company recognized customer relationships of ¥22,493 million ($218,548 thousand) and trademarks (intangible assets with indefinite useful lives) of ¥12,120 million ($117,761 thousand). The details of the acquisition are described in "(6) Brightstar Corp." in "Note 5. Business Combination."

"FCC Licenses" are licenses to use specific frequency spectrum granted by Federal Communications Commission. As long as the Company acts within the requirements of regulatory authorities, the renewal and extension of FCC Licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

The Company determined that "Sprint" and "Boost Mobile" trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues.

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of business combinations.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms at acquisition date. Reversal of favorable lease contracts is recognized as operating lease payments.

Game title reflects excessive earning capacity in the future expected from the existing game title of the acquiree at the time of the business combinations.

Amortization is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of income.

Impairment losses are included in "Other operating income and loss" in the consolidated statement of income. The details of the impairment losses are described in "Note 35. Other operating income and loss."

The carrying amount of internally generated intangible assets related to software is ¥47,604 million ($462,534 thousand) (April 1, 2012: ¥12,282 million, March 31, 2013: ¥12,862 million).

The carrying amounts of finance lease assets included in the intangible assets are as follows:

	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014 (Millions of yen)	As of March 31, 2014 (Thousands of U.S. dollars)
Software	¥127,832	¥167,337	¥207,713	$2,018,199

The Company's finance lease obligations are secured by the lessor retaining the property rights of the leased assets.

The amount of intangible assets pledged as collateral for interest-bearing debt are described in "(4) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

The intangible assets with limited property rights due to installment purchase are described in "(5) Assets with limited property rights" in "Note 19. Interest-bearing debt."

Goodwill acquired as a part of business combinations is allocated to cash generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash generating unit groups are as follows:

		(Millions of yen)			(Thousands of U.S. dollars) Goodwill
Reportable segments	Cash generating unit group	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Mobile Communications	SoftBank Mobile and other[1]	¥727,914	¥863,253	¥ 882,397	$ 8,573,621
	GungHo[2]	–	–	146,032	1,418,888
	Supercell[3]	–	–	103,463	1,005,276
	Brightstar Corp. and other[4]	–	–	59,979	582,773
	Total	727,914	863,253	1,191,871	11,580,558
Sprint	Sprint[5]	–	–	280,045	2,720,997
Fixed-line Telecommunications	SoftBank Telecom[6]	27,920	27,920	27,920	271,279
Internet	Yahoo[7]	18,574	30,296	31,050	301,691
–	Other	3,503	3,503	1,419	13,786
Total		¥777,911	¥924,972	¥1,532,305	$14,888,311

		(Millions of yen)			(Thousands of U.S. dollars)
		Intangible assets with indefinite useful lives			
Reportable segments	Cash generating unit group	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Mobile Communications	SoftBank Mobile and other[1]	¥–	¥3,790	¥ –	$ –
	Brightstar Corp. and other[4]	–	–	12,145	118,004
	Total	–	3,790	12,145	118,004
Sprint	Sprint[5]	–	–	4,320,356	41,977,808
Total		¥–	¥3,790	¥4,332,501	$42,095,812

Notes:
1. The cash generating unit group is comprised of SoftBank Mobile Corp., eAccess Ltd., WILLCOM, Inc., and WCP.
2. This cash generating unit group is comprised of GunHo Online Entertainment, Inc. and its group companies.
3. This cash generating unit group is comprised of Supercell Oy and its group companies.
4. This cash generating unit group is comprised of Brightstar Global Group Inc. and its group companies and commerce & service business of SoftBank BB Corp.
5. This cash generating unit group is comprised of Sprint Corporation and its group companies.
6. This cash generating unit group is comprised of SoftBank Telecom Corp. and SoftBank Telecom Partners Corp.
7. This cash generating unit group is comprised of Yahoo Japan Corporation and its group companies.

How the recoverable amount of cash generating unit group is estimated as follows.

Value in use: SoftBank Mobile and other, Supercell, Brightstar Corp. and other, SoftBank Telecom, Yahoo Japan Corporation and other.

Fair value less disposal cost: GungHo and Sprint

Value in use is mainly assessed by discounting to the present value the estimated the cash flows in the next five years based on the financial budget approved by the management, which reflects past experience and external information, using pretax weighted average cost of capital 6.77–23.56% of the cash generating unit (fiscal year ended March 31, 2013: 6.85–10.07%). Cash flows from after five years are assumed to be at the same level as the fifth year with a zero growth rate, considering its uncertainty.

The fair value less disposal cost is based on active market price (share price).

As a result of impairment test of goodwill and intangible assets with indefinite useful lives, ¥5,822 million ($56,568 thousand) of impairment loss on goodwill allocated to other cash generating unit group is recognized for the fiscal year ended March 31, 2014. (no significant impairment loss is recognized for the fiscal years ended March 31, 2013)

As for goodwill allocated to Brightstar Corp., the value in use of the cash generating unit group to which the goodwill is allocated is higher than the carrying amount. However there is a possibility that the impairment loss will be recognized if pretax weighted average cost of capital used in the calculation for the value in use increases by approximately 1.5%.

The Company determined that for the significant cash generating unit group other than above, the recoverable amount is unlikely to decrease below the carrying value, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

14. Leases

(1) Finance leases

(As lessee)

The Company has leased assets, including the FUKUOKA YAFUOKU! DOME, wireless equipment, switching equipment, power supply systems and transmission facilities.

The components of finance lease obligations are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
The total minimum lease payments				
Within 1 year	¥166,645	¥203,794	¥ 281,641	$ 2,736,504
1 to 5 years	444,296	556,930	742,615	7,215,459
Over 5 years	4	23,392	15,715	152,691
Total	610,945	784,116	1,039,971	10,104,654
Deduction – future financial expense	(21,921)	(27,381)	(44,761)	(434,911)
Present value of finance lease obligations	¥589,024	¥756,735	¥ 995,210	$ 9,669,743

The increase of present value of finance lease obligations for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations." The present value of finance lease obligations recognized upon the consolidation of Sprint in July 2013 is described in "(1) Components of interest-bearing debt" in "Note 19. Interest-bearing debt."

The components of the present value of finance lease obligations are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Within 1 year	¥157,302	¥192,658	¥264,295	$2,567,965
1 to 5 years	431,718	541,897	716,679	6,963,457
Over 5 years	4	22,180	14,236	138,321
Total	¥589,024	¥756,735	¥995,210	$9,669,743

The outstanding balance by maturity year of financial lease obligations is described in "(2) Financial risk management (c) Liquidity risk" in "Note 25. Financial instrument."

Certain lease contracts have financial covenants. Major contents are described in "(2) Financial covenants" in "Note 19. Interest-bearing debt."

(2) Operating leases

(As lessee)

The Company utilizes towers, land and buildings for the placement of telecommunications equipment, frequency spectrum, and telecommunication lines through operating leases transaction. Certain operating lease contracts have automatic renewal option and escalation clauses.

In addition to non-cancelable period, automatic renewal option is included in the lease term to the extent, it is at the inception of the lease, reasonably certain that the option will be exercised. For operating lease with escalation clauses or a portion of which is free of charge, the total operating lease payment amount is amortized over the lease term by straight line method.

Cell sites leases

Cell site leases in the U.S. are generally provided by the cell phone tower operators who provide tower and ground space to place Sprint-owned antennae, radio, and related equipment. The contract terms generally provide for an initial non-cancelable term of 5 to 12 years with up to five renewal options for five years each. At the establishment of the cell sites leases, it is assumed that at least one renewal option is exercised for contracts less than 10 years.

Cell sites leases in Japan contains only land or buildings for the placement of cell sites. Most of the contract terms are 10 years or 20 years. At the establishment of the cell sites leases, it is reasonably certain that they will be used until the contract term.

Spectrum leases (U.S.)

U.S. leased spectrum agreements have renewal options. For those contracts, it is reasonably certain that, at the inception of the transaction, all the renewal options will be used and terms including renewal terms are up to 30 years.

The components of the future minimum lease payments related to non-cancelable operating leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Within 1 year	¥ 82,061	¥ 339,417	$ 3,297,872
1 to 5 years	217,266	1,098,640	10,674,699
Over 5 years	115,872	1,413,650	13,735,426
Total	¥415,199	¥2,851,707	$27,707,997

Total future minimum lease payments in the future related to non-cancelable operating leases as of March 31, 2014 includes ¥2,408,314 million ($23,399,864 thousand) of minimum lease payments of Sprint, consolidated as a subsidiary in July 2013. This is mainly related to the cell site leases and spectrum leases.

Operating lease payments recognized as expenses for the fiscal year ended March 31, 2014 is ¥339,961 million ($3,303,158 thousand) (fiscal year ended March 31, 2013: ¥129,523 million).

15. Major subsidiaries

(1) Organizational structure

The Company's major subsidiaries are as follows:

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%) As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
SoftBank Mobile Corp.	Mobile Communications	Tokyo	100	100	100
BB Mobile Corp.	Mobile Communications	Tokyo	100	100	100
WILLCOM, Inc.	Mobile Communications	Tokyo	100	100	100
GungHo Online Entertainment, Inc.[1]	Mobile Communications	Tokyo	33.7	33.6	40.2
Wireless City Planning Inc.[2]	Mobile Communications	Tokyo	33.3	33.3	33.3
eAccess Ltd.[3]	Mobile Communications	Tokyo	–	33.3	33.3
Brightstar Global Group Inc.	Mobile Communications	U.S.A	–	–	57.2
Brightstar Corp.	Mobile Communications	U.S.A	–	–	100
GRAVITY Co., Ltd.	Mobile Communications	South Korea	–	–	59.3
Supercell Oy	Mobile Communications	Finland	–	–	54.9
Sprint Corporation[4] (formerly Starburst II, Inc.)	Sprint	U.S.A	–	100	79.9
Sprint Communications, Inc.	Sprint	U.S.A	–	–	100
SoftBank BB Corp.	Fixed-line Telecommunications	Tokyo	100	100	100
SoftBank Telecom Corp.	Fixed-line Telecommunications	Tokyo	100	100	100
Yahoo Japan Corporation[5]	Internet	Tokyo	42.2	42.5	42.9
IDC Frontier Inc.	Internet	Tokyo	100	100	100
Carview Corporation	Internet	Tokyo	52.2	52.2	53.8
ValueCommerce Co., Ltd.	Internet	Tokyo	43.5	50.7	50.6
Mobiletech Corporation	Other	Tokyo	100	100	100
SB Energy Corp.	Other	Tokyo	100	100	100
SoftBank Payment Service Corp.	Other	Tokyo	100	100	100
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	100	100
SBBM Corporation	Other	Tokyo	100	100	100
ITmedia Inc.	Other	Tokyo	59.8	59.7	59.1
SoftBank Technology Corp.	Other	Tokyo	55.5	55.5	55.5
Vector Inc.	Other	Tokyo	52.4	52.4	52.4
SFJ Capital Limited	Other	Cayman	100	100	100
SB CHINA HOLDINGS PTE LTD	Other	Singapore	100	100	100
SoftBank Ventures Korea Inc.	Other	South Korea	100	100	100
SoftBank Korea Corp.	Other	South Korea	100	100	100
Starburst I, Inc.	Other	U.S.A	–	100	100
SoftBank Holdings Inc.	Other	U.S.A	100	100	100
SoftBank America Inc.	Other	U.S.A	100	100	100
SoftBank Ranger Venture Investment Partnership	Other	South Korea	100	100	100
SoftBank Capital Fund '10 L.P.	Other	U.S.A	98.0	98.0	98.0

Notes:
1. The Company does not own the majority of voting rights in GungHo. However, Heartis, which owns 18.50% of the voting rights in GungHo, has agreed, effective as of April 1, 2013, to the effect that it will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions at the shareholders meeting of GungHo. The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares. As a result, the Company determined that it has control over GungHo and included it into the scope of consolidation.
2. The Company does not own the majority of WCP's voting rights. However, the Company determined that it has control over WCP and included it into the scope of consolidation, considering the fact that SoftBank Corp.'s directors constitute the majority of members of WCP's board of directors and that WCP's business activities significantly depend on the Company.
3. The Company does not own the majority of voting rights in eAccess Ltd. However, the Company's economic ownership ratio is 99.5%, which is significantly higher than the percentage of voting rights (33.3%). Also, considering the fact that the proportion of voting rights is relatively large compared to voting rights of other holders due to the dispersion of voting rights, and considering the fact that the Company can practically appoint and dismiss directors of eAccess Ltd. pursuant to the stock transfer agreement executed between the Company and 11 third-party companies, the Company determined that it has control over eAccess Ltd. and included it into the scope of consolidation as a subsidiary.
4. The Company established wholly-owned subsidiary Starburst II, Inc. in October, 2012. On July 10, 2013, the Company completed its investment in Sprint Nextel Corporation, which became a subsidiary of the Company. Through this investment, Starburst II, Inc. changed its name to Sprint Corporation, and the Company acquired approximately 78% of the shares of Sprint Corporation. Subsequently, the Company acquired approximately an additional 2% shares. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."
5. The Company does not own a majority of voting rights in Yahoo Japan Corporation. However, the Company determined that it has control over Yahoo Japan Corporation and included it into the scope of consolidation, considering the fact that the Company holds 42.9% voting rights of Yahoo Japan Corporation and SoftBank Corp.'s directors constitute the majority of members of Yahoo Japan Corporation's board of directors.

(2) Condensed consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. Sprint (Sprint Corporation and its group companies)

(a) General information

	As of March 31, 2014
Ownership ratio of the non-controlling interests (%)	20.1

	(Millions of yen)	(Thousands of U.S. dollars)
Accumulated amount attributable to the non-controlling interests of the subsidiary group	¥405,630	$3,941,216

	(Millions of yen) Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Net loss allocated to the non-controlling interests of subsidiary group	¥(38,636)	$(375,398)

(b) Condensed consolidated financial information

	(Millions of yen) As of March 31, 2014	(Thousands of U.S. dollars) As of March 31, 2014
Current assets	¥1,178,581	$11,451,428
Non-current assets	7,133,494	69,311,057
Current liabilities	1,019,329	9,904,091
Non-current liabilities	5,084,260	49,400,117
Net assets	¥2,208,486	$21,458,277

	(Millions of yen) Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Net sales	¥2,601,031	$25,272,357
Net loss	(188,396)	(1,830,509)
Total comprehensive loss	(183,263)	(1,780,635)

Above are the net sales, net income and total comprehensive income of Sprint after the acquisition date.

No dividends were paid to the non-controlling interests by Sprint after the acquisition date.

	(Millions of yen) Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Net cash provided by operating activities	¥ 24,999	$ 242,897
Net cash used in investing activities	(564,880)	(5,488,535)
Net cash provided by financing activities	586,912	5,702,604
Effect of exchange rate changes on cash and cash equivalents	16,658	161,854
Increase in cash and cash equivalents	¥ 63,689	$ 618,820

Above are the cash flows of Sprint after the acquisition date.

b. Yahoo (Yahoo Japan Corporation and its group companies)

(a) General information

	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Ownership ratio of the non-controlling interests (%)	57.8	57.5	57.1

			(Millions of yen)	(Thousands of U.S. dollars)
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥264,030	¥312,448	¥356,740	$3,466,187

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net income allocated to the non-controlling interests of subsidiary group	¥67,600	¥73,318	$712,379

(b) Condensed consolidated financial information

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current assets	¥452,365	¥569,918	¥658,706	$6,400,175
Non-current assets	124,847	193,060	210,890	2,049,067
Current liabilities	94,076	193,943	218,335	2,121,405
Non-current liabilities	2,740	3,707	3,934	38,224
Net assets	¥480,396	¥565,328	¥647,327	$6,289,613

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net sales	¥363,955	¥408,515	$3,969,248
Net income	118,175	129,566	1,258,900
Total comprehensive income	121,410	135,030	1,311,990

Dividends paid to the non-controlling interests by Yahoo Japan Corporation for the fiscal year ended March 31, 2014 is ¥13,229 million ($128,537 thousand) (fiscal year ended March 31, 2013: ¥11,616 million).

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net cash provided by operating activities	¥139,398	¥134,572	$1,307,540
Net cash provided by (used in) investing activities	55,094	(53,129)	(516,216)
Net cash used in financing activities	(40,186)	(9,053)	(87,962)
Effect of exchange rate changes on cash and cash equivalents	312	359	3,488
Increase in cash and cash equivalents	¥154,618	¥ 72,749	$ 706,850

16. Investments accounted for using the equity method

(1) Condensed consolidated financial information and other of the significant associates

Alibaba Group Holding Limited

a. General information

Alibaba (registered in Cayman) operates online marketplace "Taobao Marketplace," "Tmall," "Alibaba.com" and other through its group company.

b. Condensed consolidated financial information

IFRS condensed consolidated financial information of Alibaba are as follows.

The Company applies the equity method to the consolidated financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba. Also, this note discloses the condensed consolidated financial information of Alibaba on a three-month time lag. Adjustments are made for significant transactions or events which occurred during the intervening period and which were publicly announced by Alibaba.

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current assets	¥317,581	¥610,054	¥1,178,723	$11,452,808
Non-current assets	256,672	323,337	672,785	6,536,970
Current liabilities	149,534	382,690	680,910	6,615,915
Non-current liabilities	13,761	621,917	790,289	7,678,673
Equity				
Total equity attributable to owners of the parent	378,601	(80,632)	363,226	3,529,207
Non-controlling interests	¥ 32,357	¥ 9,416	¥ 17,083	$ 165,983

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net sales	¥407,867	¥801,093	$7,783,647
Net income	65,732	323,923	3,147,328
Other comprehensive income, net of tax	1,275	22,433	217,965
Total comprehensive income	¥ 67,007	¥346,356	$3,365,293

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net income attributable to owners of the parent	¥63,078	¥323,306	$3,141,333
Other comprehensive income attributable to owners of the parent, net of tax	1,370	22,183	215,536
Total comprehensive income attributable to owners of the parent	¥64,448	¥345,489	$3,356,869

There is no dividend received from Alibaba for the fiscal years ended March 31, 2013 and 2014.

The consolidation between total equity attributable to owners of the parent based on the condensed consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

			(Millions of yen)	(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Total equity attributable to owners of the parent	¥378,601	¥(80,632)	¥363,226	$3,529,207
Interest ratio (%)	31.89	36.90	36.26	36.26
Interests of the Company	120,736	(29,753)	131,706	1,279,693
Goodwill	–	51,948	58,521	568,607
Accumulated amortization of goodwill on the IFRS transition date[1]	(5,729)	(8,020)	(8,624)	(83,793)
Other[2]	(29,582)	37,773	(50,485)	(490,527)
Carrying amount of the interests in Alibaba	¥ 85,425	¥ 51,948	¥131,118	$1,273,980

Note:
1. Goodwill recorded by Alibaba from business combinations before the IFRS transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.
2. Other relates to adjustments mainly related to organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

(2) Aggregated information on investment in insignificant associates

Aggregated information of insignificant investment accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

			(Millions of yen)	(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Carrying amount of the interests related to associates	¥123,101	¥156,716	¥173,200	$1,682,860

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net income (loss)	¥ (9,684)	¥ 7,622	$ 74,058
Other comprehensive income, net of tax	11,147	9,108	88,496
Total comprehensive income	¥ 1,463	¥16,730	$162,554

17. Structured entities

(1) Consolidated structured entities

SoftBank Corp. and its subsidiaries own some investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnership and limited partnership for investment, and designed so that the voting rights or similar rights would not be the determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

The Company is engaged in some investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

(2) Unconsolidated structured entities

SoftBank Corp. and its subsidiaries own some investment funds, which are structured entities unconsolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights would not be the determinant in evaluating control. The third party controls the operation of those structured entities. The funds are financed by the subscription by its partners.

The scale of the unconsolidated structured entities, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

			(Millions of yen)	(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Total assets of the unconsolidated structured entities (aggregate amount)	¥214,079	¥277,593	¥359,396	$3,491,994
The maximum loss exposure of the Company				
The carrying amount of the investment recognized by the Company	43,128	50,007	63,352	615,546
Commitment contracts related to additional investment	7,940	12,743	16,445	159,784
Total	¥ 51,068	¥ 62,750	¥ 79,797	$ 775,330

The investment recognized by the Company is included in "Investments accounted for using the equity method" or "Other financial assets (non-current)" in the consolidated statement of financial position. There is no liability to recognize for the Company related to nonconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company's investment and commitment regarding additional investment.

The Company's maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.

18. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Current tax expenses	¥(279,259)	¥(343,333)	$(3,335,921)
Deferred tax expenses	1,592	(2,885)	(28,032)
Total	¥(277,667)	¥(346,218)	$(3,363,953)

In Japan, the Act on the Partial Revision of the Act on income (Article 10, 2014) was issued on March 31, 2014, and the special corporation tax for reconstruction is not imposed from the fiscal year started April 1, 2014. The statutory effective tax rate used for the deferred tax assets and liabilities where the timing of the reversal of the related temporary difference is expected during the fiscal year ending March 31, 2015 is changed from 38.0% to 35.6%. There is no material impact from this change.

(2) Reconciliation of statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

		(Unit: %)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Statutory effective tax rate	38.0	38.0
Effect from evaluating recoverability of deferred tax assets	2.1	11.3
Gain from remeasurement relating to business combination	(0.2)	(10.4)
Equity in (income) loss of associates	0.0	(2.7)
Other	(1.1)	0.9
Actual tax rate	38.8	37.1

The Company is subject to income taxes, residence taxes and deductible business tax. The statutory effective tax rate for the fiscal year ended March 31, 2014 based on these taxes is 38.0% (fiscal year ended March 31, 2014: 38.0%), except for foreign subsidiaries that are subject to income taxes at their respective location.

(3) The components of deferred tax assets and deferred tax liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

For the fiscal year ended March 31, 2013

(Millions of yen)

	As of April 1, 2012	Recognized in profit or loss	Recognized in other comprehensive income	Business combination*	Exchange differences	Other	As of March 31, 2013
Deferred tax assets							
Property, plant and equipment	¥ 77,984	¥ 459	¥ –	¥ 2,990	¥ –	¥ 1	¥ 81,434
Accrued expenses and other liabilities	65,409	10,133	(37)	5,528	629	6	81,668
Net operating loss carryforwards	13,244	(11,162)	–	5,331	54	–	7,467
Other	39,869	(9,511)	(7)	9,575	220	133	40,279
Total	196,506	(10,081)	(44)	23,424	903	140	210,848
Deferred tax liabilities							
Customer relationships	–	2,093	–	(32,846)	–	–	(30,753)
Trademarks	–	21	–	(1,372)	–	–	(1,351)
Available-for-sale financial assets	(26,971)	1,754	(2,640)	(20)	–	(9)	(27,886)
Cash flow hedges	–	–	(70,463)	(1,596)	–	–	(72,059)
Other	(31,477)	7,805	–	(101)	(733)	118	(24,388)
Total	(58,448)	11,673	(73,103)	(35,935)	(733)	109	(156,437)
Net	¥138,058	¥ 1,592	¥(73,147)	¥(12,511)	¥ 170	¥249	¥ 54,411

Note:
The increase resulting from "Business combinations" is due to the consolidation of eAccess Ltd. The details of the acquisition are described in "(1) eAccess Ltd." in "Note 5. Business combinations."

For the fiscal year ended March 31, 2014

(Millions of yen)

	As of March 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	Business combination*	Exchange differences	Other	As of March 31, 2014
Deferred tax assets							
Property, plant and equipment	¥ 81,434	¥(25,124)	¥ –	¥ 37,411	¥ 557	¥ –	¥ 94,278
Accrued expenses and other liabilities	81,668	(70,205)	71	244,287	3,409	(69)	259,161
Net operating loss carryforwards and tax credit carryforwards	7,467	20,340	–	46,232	741	–	74,780
Other	40,279	4,700	(1)	48,128	925	428	94,459
Total	210,848	(70,289)	70	376,058	5,632	359	522,678
Deferred tax liabilities							
FCC Licenses	–	(16,305)	–	(1,213,820)	(21,636)	–	(1,251,761)
Customer relationships	(30,753)	62,683	–	(286,213)	(3,664)	–	(257,947)
Trademarks	(1,351)	1,739	–	(255,266)	(4,380)	–	(259,258)
Available-for-sale financial assets	(27,886)	–	22,381	–	(0)	(395)	(5,900)
Cash flow hedges	(72,059)	–	72,029	–	–	–	(30)
Other	(24,388)	19,287	–	(101,071)	(2,184)	285	(108,071)
Total	(156,437)	67,404	94,410	(1,856,370)	(31,864)	(110)	(1,882,967)
Net	¥ 54,411	¥ (2,885)	¥94,480	¥(1,480,312)	¥(26,232)	¥ 249	¥(1,360,289)

(Thousands of U.S. dollars)

	As of March 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	Business combination*	Exchange differences	Other	As of March 31, 2014
Deferred tax assets							
Property, plant and equipment	$ 791,236	$(244,112)	$ –	$ 363,496	$ 5,412	$ –	$ 916,032
Accrued expenses and other liabilities	793,510	(682,132)	690	2,373,562	33,123	(670)	2,518,083
Net operating loss carryforwards and tax credit carryforwards	72,551	197,630	–	449,203	7,200	–	726,854
Other	391,362	45,666	(10)	467,626	8,987	4,159	917,790
Total	2,048,659	(682,948)	680	3,653,887	54,722	3,489	5,078,489
Deferred tax liabilities							
FCC Licenses	–	(158,424)	–	(11,793,820)	(210,222)	–	(12,162,466)
Customer relationships	(298,805)	609,045	–	(2,780,927)	(35,600)	–	(2,506,287)
Trademarks	(13,127)	16,897	–	(2,480,237)	(42,557)	–	(2,519,024)
Available-for-sale financial assets	(270,948)	–	217,461	–	(0)	(3,838)	(57,325)
Cash flow hedges	(700,146)	–	699,854	–	–	–	(292)
Other	(236,961)	187,398	–	(982,035)	(21,221)	2,769	(1,050,050)
Total	(1,519,987)	654,916	917,315	(18,037,019)	(309,600)	(1,069)	(18,295,444)
Net	$ 528,672	$ (28,032)	$917,995	$(14,383,132)	$(254,878)	$ 2,420	$(13,216,955)

Note:
The increase resulting from "Business combinations" is mainly due to the consolidation of Sprint as a subsidiary. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Deferred tax assets	¥183,409	¥ 175,390	¥ 172,732	$ 1,678,313
Deferred tax liabilities	(45,351)	(120,979)	(1,533,021)	(14,895,268)
Net	¥138,058	¥ 54,411	¥(1,360,289)	$(13,216,955)

(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are taxable basis.

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Deductible temporary differences	¥53,100	¥ 83,278	¥180,755	$1,756,267
Net operating loss carryforwards	33,819	53,730	783,219	7,609,978
Tax credit carryforwards	–	–	26,584	258,298
Total	¥86,919	¥137,008	¥990,558	$9,624,543

The increase for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

Expiration of net operating loss carryforwards, and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with expiry date.

	(Millions of yen)			(Thousands of U.S. dollars)
Net operating loss carryforwards (tax basis)	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
1st year	¥ 804	¥ 4,185	¥ 8,520	$ 82,783
2nd year	4,024	3,136	4,218	40,983
3rd year	3,016	–	16,268	158,065
4th year	–	–	23,566	228,974
5th year and thereafter and no expiry date	25,975	46,409	730,647	7,099,174
Total	¥33,819	¥53,730	¥783,219	$7,609,979

	(Millions of yen)			(Thousands of U.S. dollars)
Tax credit carryforwards (tax basis)	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
1st year	¥–	¥–	¥ 861	$ 8,366
2nd year	–	–	36	350
3rd year	–	–	210	2,040
4th year	–	–	7,388	71,784
5th year and thereafter and no expiry date	–	–	18,089	175,757
Total	¥–	¥–	¥26,584	$258,297

In addition to above, total deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries and associates as of March 31, 2014 are ¥108,548 million ($1,054,683 thousand) (April 1, 2012: ¥85,074 million, March 31, 2013: ¥114,087 million).

(5) Taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries

Total taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2014 are ¥642,305 million ($6,240,818 thousand) (April 1, 2012: ¥182,568 million, March 31, 2013: ¥265,895 million).

19. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014	Average interest rate (%)	Maturity
Current						
Short-term borrowings	¥ 114,625	¥ 458,313	¥ 270,529	$ 2,628,537	1.25	–
Commercial paper	–	–	32,000	310,921	0.13	–
Current portion of long-term borrowings	496,073	631,232	393,566	3,823,999	0.95	–
Current portion of corporate bonds	142,686	204,837	139,300	1,353,478	4.50	–
Current portion of lease obligations	157,302	192,658	264,295	2,567,965	1.84	–
Current portion of installment payables	15,985	47,088	48,209	468,413	1.86	–
Total	926,671	1,534,128	1,147,899	11,153,313		
Non-current						
Long-term borrowings	619,517	510,856	2,243,855	21,801,934	1.34	Apr., 2015 – Nov., 2020
Corporate bonds	458,520	791,919	4,743,073	46,085,047	5.96	Apr., 2015 – Dec., 2040
Lease obligations	431,722	564,077	730,915	7,101,778	2.00	Apr., 2015 – Sep., 2023
Preferred securities	195,920	197,468	199,156	1,935,056	2.04	–[3]
Installment payables	57,594	109,405	105,155	1,021,716	1.53	Apr., 2015 – Feb., 2019
Total	¥1,763,273	¥2,173,725	¥8,022,154	$77,945,531		

Notes:
1. Average interest rate represents the weighted average interest rate to the balance as of March 31, 2014.
2. Maturity represents the maturity of the outstanding balance as of March 31, 2014.
3. Maturity is not determined in the contract, however early redemption will be available and be scheduled in May 2015.
4. The components of interest-bearing debt recognized as a result of the consolidation of Sprint in July 2013 are as follows. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (July 10, 2013)	Acquisition date (July 10, 2013)
Current		
Current portion of long-term borrowings	¥ 13,380	$ 130,004
Current portion of corporate bonds	63,317	615,206
Current portion of lease obligations	10,264	99,728
Total	86,961	844,938
Non-current		
Long-term borrowings	34,854	338,651
Corporate bonds	2,590,208	25,167,198
Lease obligations	43,101	418,782
Total	¥2,668,163	$25,924,631

5. SoftBank Corp. has entered into a loan agreement (the "permanent loan") with a maximum total amount of borrowing of ¥1,980 billion ($19,238,243 thousand) with financial institutions on September 13, 2013 to refinance the bridge loan for the consolidation of Sprint and other existing borrowings and debts by executing borrowing on September 27, 2013 and on September 30, 2013.

The summary of the permanent loan is as follows:
Summary of the permanent loan

Borrower	SoftBank Corp.
Lenders	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Deutsche Bank AG Crédit Agricole CIB and other in total 19 institutions
Date of contract	September 13, 2013
Maximum total amount of borrowing and maturity	Total amount of borrowing limit: ¥1.98 trillion ($19.24 billion) (Breakdown) Facility A ¥1.1 trillion ($10.69 billion) (Maturity: September 13, 2018) Facility B ¥880 billion ($8,550 million) (Maturity: September 14, 2020)
Loan drawdown amount and date	¥1.85 trillion ($17.98 billion) on September 27, 2013 ¥130 billion ($1,263 million) on September 30, 2013
Primary use of loan proceeds	Repayment of bridge loan for Sprint consolidation Repayment of some existing borrowings at SoftBank Corp. Repayment of some existing debts at eAccess Ltd.
Collateral	Not applicable
Guarantors	SoftBank Mobile Corp. and SoftBank Telecom Corp.
Financial covenants	The permanent loan has financial covenants. The details are described in "(2) Financial covenants" in "Note 19. Interest-bearing debt."

6. Summary of the issuance condition of bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount	As of April 1, 2012 (Millions of yen)	As of March 31, 2013 (Millions of yen)	As of March 31, 2014 (Millions of yen)	As of March 31, 2014 (Thousands of U.S. dollars)	Interest rate (%)	Date of maturity
SoftBank Corp.								
29th Unsecured Straight Bond	Sep. 18, 2009	¥ – million	¥ 64,934 (64,934)	¥ –	¥ –	$ –	4.52	Sep. 18, 2012
33rd Unsecured Straight Bond	Sep. 17, 2010	¥ – million	129,715	129,916 (129,916)	–	–	1.24	Sep. 17, 2013
36th Unsecured Straight Bond	Jun. 17, 2011	¥100,000 million	99,561	99,666	**99,772**	**969,413**	1.00	Jun. 17, 2016
39th Unsecured Straight Bond	Sep. 24, 2012	¥100,000 million	–	99,539	**99,644**	**968,169**	0.74	Sep. 22, 2017
41st Unsecured Straight Bond	Mar. 12, 2013	¥300,000 million	–	295,542	**296,681**	**2,882,637**	1.47	Mar. 10, 2017
42nd Unsecured Straight Bond	Mar. 1, 2013	¥70,000 million	–	69,710	**69,801**	**678,206**	1.47	Mar. 1, 2017
43rd Unsecured Straight Bond	Jun. 20, 2013	¥400,000 million	–	–	**395,759**	**3,845,307**	1.74	Jun. 20, 2018
USD-denominated Senior Notes due year 2020	Apr. 23, 2013	$2,485 million	–	–	**252,084**	**2,449,320**	4.50	Apr. 15, 2020
Euro-denominated Senior Notes due year 2020	Apr. 23, 2013	€625 million	–	–	**87,098**	**846,269**	4.63	Apr. 15, 2020
Other	Dec. 30, 2003 – Nov. 29, 2013	¥214,900 million	306,996 (77,752)	239,480 (74,921)	**214,497** **(74,867)**	**2,084,115** **(727,429)**	0.42 – 4.72	Jul. 24, 2012 – Nov. 27, 2020
Subtotal			601,206 (142,686)	933,853 (204,837)	**1,515,336** **(74,867)**	**14,723,436** **(727,429)**		
Sprint Corporation								
7.25% Notes due 2021	Sep. 11, 2013	$2,250 million	–	–	**228,195**	**2,217,208**	7.25	Sep. 15, 2021
7.875% Notes due 2023	Sep. 11, 2013	$4,250 million	–	–	**430,955**	**4,187,281**	7.88	Sep. 15, 2023
7.125%Notes due 2024	Dec. 12, 2013	$2,500 million	–	–	**253,422**	**2,462,320**	7.13	Jun. 15, 2024
Subtotal			–	–	**912,572**	**8,866,809**		
Sprint Communications, Inc[9]								
Export Development Canada Facility (Tranche 2)	Jan. 20, 2011	$500 million	–	–	**51,460**	**500,000**	3.58	Dec. 15, 2015
6% Senior Notes due 2016	Nov. 15, 2006	$2,000 million	–	–	**215,742**	**2,096,211**	6.00	Dec. 1, 2016
9.125% Senior Notes due 2017	Mar. 1, 2012	$1,000 million	–	–	**115,388**	**1,121,143**	9.13	Mar. 1, 2017
8.375% Senior Notes due 2017	Aug. 10, 2009	$1,300 million	–	–	**147,300**	**1,431,209**	8.38	Aug. 15, 2017
9% Guaranteed Notes due 2018	Nov. 9, 2011	$3,000 million	–	–	**354,443**	**3,443,869**	9.00	Nov. 15, 2018
7% Guaranteed Notes due 2020	Mar. 1, 2012	$1,000 million	–	–	**110,415**	**1,072,824**	7.00	Mar. 1, 2020
7% Senior Notes due 2020	Aug. 14, 2012	$1,500 million	–	–	**160,153**	**1,556,092**	7.00	Aug. 15, 2020
11.5% Senior Notes due 2021	Nov. 9, 2011	$1,000 million	–	–	**135,715**	**1,318,646**	11.50	Nov. 15, 2021
9.25% Debentures due 2022	Apr. 15, 1992	$200 million	–	–	**24,540**	**238,436**	9.25	Apr. 15, 2022
6% Senior Notes due 2022	Nov. 14, 2012	$2,280 million	–	–	**231,467**	**2,248,999**	6.00	Nov. 15, 2022
Subtotal			–	–	**1,546,623**	**15,027,429**		

Company name / Name of bond	Date of issuance	Balance of issue amount	As of April 1, 2012 (Millions of yen)	As of March 31, 2013 (Millions of yen)	As of March 31, 2014 (Millions of yen)	As of March 31, 2014 (Thousands of U.S. dollars)	Interest rate (%)	Date of maturity
Sprint Capital Corporation[9]								
6.9% Senior Notes due 2019	May 6, 1999	$1,729 million	¥ –	¥ –	¥ 183,292	$ 1,780,917	6.90	May 1, 2019
6.875% Senior Notes due 2028	Nov. 16, 1998	$2,475 million	–	–	236,768	2,300,505	6.88	Nov. 15, 2028
8.75% Senior Notes due 2032	Mar. 14, 2002	$2,000 million	–	–	220,542	2,142,849	8.75	Mar. 15, 2032
Subtotal			–	–	640,602	6,224,271		
Clearwire Communications LLC[9]								
14.75% First-Priority Senior Secured Notes due 2016[10]	Jan. 27, 2012	$300 million	–	–	39,957	388,234	14.75	Dec. 1, 2016
8.25% Exchangeable Notes due 2040	Dec. 8, 2010	$629 million	–	–	70,171 (45,736)	681,801 (444,384)	8.25	Dec. 1, 2040
Subtotal			–	–	110,128 (45,736)	1,070,035 (444,384)		
eAccess Ltd.								
USD-denominated Senior Notes due year 2018	Apr. 1, 2011	$420 million	–	39,011	42,819	416,042	8.25	Apr. 1, 2018
Euro-denominated Senior Notes due year 2018	Apr. 1, 2011	€200 million	–	23,892	28,132	273,338	8.38	Apr. 1, 2018
Subtotal			–	62,903	70,951	689,380		
Brightstar Corp.								
9.50% senior notes due 2016	Nov. 30, 2010	$350 million	–	–	39,816	386,864	9.50	Dec. 1, 2016
7.25% senior notes due 2018	Jul. 26, 2013	$250 million	–	–	27,445	266,663	7.25	Aug. 1, 2018
Subtotal			–	–	67,261	653,527		
Other companies								
Straight Bond	May 25, 2012	¥200 million	–	–	200	1,943	0.60 – 0.70	May 25, 2015 – May 25, 2017
USD-denominated straight Bond[10]	May 31, 1999 – Apr. 23, 2007	$182 million	–	–	18,700 (18,697)	181,695 (181,665)	3.49 – 6.99	May 1, 2014 – Apr. 1, 2015
Subtotal			–	–	18,900 (18,697)	183,638 (181,665)		
Total			¥ 601,206 (142,686)	¥ 996,756 (204,837)	¥4,882,373 (139,300)	$47,438,525 (1,353,478)		

Notes:
7. Figures in parentheses as of April 1, 2012, March 31, 2013 and March 31, 2014 represent the current portion.
8. Balance of issue amount is as of March 31, 2014.
9. Sprint Communications, Inc., Sprint Capital Corporation and Clearwire Communications LLC are Sprint Corporation's subsidiaries.
10. Collaterals are pledged against these bonds. The details of the pledged collaterals are described in "(4) Assets pledged as collateral."

(2) Financial covenants

a. Financial covenants on interest-bearing debts of SoftBank Corp.

SoftBank Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows.

(a) The amount of the SoftBank Corp.'s net assets at the end of the fiscal year must not fall below 75% of the Company's net assets at the end of the previous year.

(b) The consolidated statement of financial position of SoftBank Corp. and BB Mobile Corp. at the end of the fiscal year must not show a net capital deficiency. The statement of financial position of SoftBank Mobile Corp., SoftBank BB Corp. and SoftBank Telecom Corp. at the end of the fiscal year must not show a net capital deficiency.

(c) In the SoftBank Corp.'s consolidated financial statement, operating income (loss) or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

(d) Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed respective certain amounts or numbers at the end of each annual reporting period and at the end of the second quarter.

Notes:
1. Adjusted net interest-bearing debts:
Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made such as excluding certain listed subsidiaries such as Sprint from the subject.
2. Leverage ratio:
Adjusted net interest-bearing debt / adjusted EBITDA[3]
3. Adjusted EBITDA:
Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint.

b. Financial covenants on interest-bearing debts of Sprint
Major covenants on the interest-bearing debt issued by Sprint are as follows:
(a) Holders of a portion ($20.1 billion) of notes issued by Sprint are provided with the right to require Sprint to repurchase the notes if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable notes by the Rating Services. Also, holders of certain bonds issued by Clearwire and other subsidiaries ($481 million) are provided with the right to require the repurchase of the notes if a change of control triggering event occurs.
(b) It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness* to EBITDA (as defined) should not exceed a threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.25 as of March 31, 2014.

Note:
* Total indebtedness: the sum of Sprint's outstanding debt (excluding trade payable) and guarantee of indebtedness, with certain adjustments such as excluding amounts agreed based on contracts with lenders.

(3) Borrowings related to equity securities lending contract

The Company entered into securities lending contract regarding its certain subsidiary stocks, and received cash of ¥150,000 million ($1,457,443 thousand) (April 1, 2012: ¥93,000 million, March 31, 2013: ¥93,000 million) as contractual collateral. The amount received is recognized as short-term borrowings and included in interest-bearing debt.

(4) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Cash and cash equivalents	¥ –	¥ 60,011	¥ 8,656	$ 84,104
Trade and other receivables	–	26,285	115,243	1,119,734
Inventories	–	2,291	25,332	246,133
Other (current)	100	3,696	7,106	69,044
Property, plant and equipment	–	133,497	96,845	940,974
Intangible assets	–	27,075	10,101	98,144
Other financial assets (non-current)	–	291,837	14,114	137,135
Other (non-current)	–	10,775	11,398	110,746
Total	¥100	¥555,467	¥288,795	$2,806,014

Liabilities related to these assets pledged as collateral are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Trade and other payables	¥ 935	¥ –	¥ –	$ –
Interest-bearing debt				
Short-term borrowings	–	242,004	12,938	125,709
Current portion of long-term borrowings	28	31,198	38,423	373,329
Current portion of corporate bonds	–	–	44	428
Long-term borrowings	65	83,893	52,307	508,230
Corporate bonds	–	–	18,658	181,286
Total	¥1,028	¥357,095	¥122,370	$1,188,982

Other than the above, $14.6 billion (before consolidation adjustments) of the assets of our subsidiary, Clearwire Communications LLC, is pledged as collateral for the $0.3 billion corporate bond issued by Clearwire Communications LLC as of March 31, 2014.
For short-time borrowings (bridge loan) of ¥250,000 million related to the acquisition of Sprint as of March 31, 2013, in addition to the above assets pledged as collateral, Starburst I, Inc. stocks owned by the Company and Starburst II, Inc. stocks owned by Starburst I, Inc. were pledged as collateral. Starburst I, Inc. and Starburst II, Inc. were consolidated subsidiaries as of March 31, 2013.

(5) Assets with limited property rights

Assets with limited property rights due to the installment purchase are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Property, plant and equipment	¥55,241	¥105,501	¥119,089	$1,157,103
Intangible assets	17,007	34,602	37,783	367,110
Other non-current assets	247	234	251	2,439
Total	¥72,495	¥140,337	¥157,123	$1,526,652

Liabilities related to the assets with limited property rights above are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Interest-bearing debt				
Current portion of installment payables	¥15,985	¥ 35,016	¥ 41,746	$ 405,616
Installment payables	57,594	105,663	104,813	1,018,393
Total	¥73,579	¥140,679	¥146,559	$1,424,009

Other than above, the lessor retains the property right of leased assets in finance lease obligation. The details are described in "Note 12. Property, plant and equipment," "Note 13. Goodwill and intangible assets" and "Note 14. Leases."

(6) Components of increase (decrease) in short-term interest-bearing debt, net

The components of "Increase (decrease) in short-term interest-bearing debt, net" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net increase (decrease) of short-term borrowings*	¥345,572	¥(233,794)	$(2,271,609)
Net increase of commercial paper	–	32,000	310,921
Total	¥345,572	¥(201,794)	$(1,960,688)

Note:
* The Company borrowed permanent loan in September 2013 and refinanced the bridge loan which was made for the consolidation of Sprint. The increase and decrease in short-term borrowings for the fiscal year ended March 31, 2014 include the increase of borrowings of ¥1,034.9 billion ($10,055,383 thousand) on July 10, 2013, from the bridge loan and the decrease of borrowings by the repayment of the bridge loan in the amount of ¥1,284.9 billion ($12,484,454 thousand) (including the amount of repayment of ¥250 billion on December 21, 2012).

(7) Components of proceeds from long-term interest-bearing debt

The components of "Proceeds from long-term interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Proceeds from long-term borrowings	¥ 474,703	¥2,587,755	$25,143,364
Proceeds from issuance of corporate bonds	480,000	1,665,232	16,179,868
Proceeds from sale and leaseback of newly acquired equipment	369,882	445,307	4,326,729
Total	¥1,324,585	¥4,698,294	$45,649,961

(8) Components of repayment of long-term interest-bearing debt

The components of "Repayment of long-term interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Repayment of long-term borrowings	¥(574,753)	¥(1,133,313)	$(11,011,591)
Redemption of corporate bonds	(95,826)	(533,538)	(5,184,007)
Payment of lease obligations	(207,509)	(253,283)	(2,460,970)
Payment of installment payables	(20,779)	(51,460)	(500,000)
Total	¥(898,867)	¥(1,971,594)	$(19,156,568)

20. Trade and other payables

The components of trade and other payables are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Operating payables	¥964,451	¥887,850	¥1,602,803	$15,573,290
Other	11,381	84,819	103,153	1,002,264
Total	¥975,832	¥972,669	¥1,705,956	$16,575,554

Increase in operating payables and other for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint and Brightstar Corp. as subsidiaries. The details of the business combinations are described in "(3) Sprint" and "(6) Brightstar Corp." in "Note 5. Business combinations."

21. Other financial liabilities

The components of other financial liabilities are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current				
Derivative financial liabilities	¥ 1,206	¥ 4,833	¥ 5,847	$ 56,811
Non-current				
Long-term payables	29,009	30,180	24,716	240,148
Other	8,161	8,474	16,435	159,687
Total	¥37,170	¥38,654	¥41,151	$399,835

22. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Current				
Unearned income	¥ 2,171	¥ 2,326	¥130,848	$1,271,356
Short-term accrued employee benefits	35,527	41,508	100,594	977,400
Accrued interest expenses	4,234	5,278	66,789	648,941
Consumption tax payable and others	13,261	13,660	61,795	600,418
Deferred revenue (current)	10,009	16,653	61,461	597,173
Withholding tax payable	1,318	34,666	60,711	589,885
Other	27,635	28,543	52,750	512,534
Total	94,155	142,634	534,948	5,197,707
Non-current				
Unfavorable lease contracts	–	–	129,434	1,257,618
Deferred revenue	71,016	71,656	102,273	993,714
Other	8,569	8,531	50,555	491,206
Total	¥79,585	¥ 80,187	¥282,262	$2,742,538

The increase of other current liabilities and other non-current liabilities for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

Unfavorable lease contracts were recognized as liabilities based on the estimated fair value of the unfavorable portion of future cash flows, at the time of business combination of Sprint, if the terms of operating lease contracts in which the acquiree is the lessee are unfavorable compared to market terms. Reversal of unfavorable lease contracts are deducted from operating lease expense.

23. Provisions

The changes in the provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Restructuring provisions	Other	Total
As of April 1, 2013	¥ 23,367	¥ –	¥ –	¥ 23,367
Recognition of provisions	5,754	4,106	4,064	13,924
Business combinations	98,828	123,644	29,775	252,247
Interest due to passage of time	5,609	3,413	575	9,597
Used	(19,646)	(40,136)	(7,788)	(67,570)
Reversal of provisions	–	(3,789)	(1,272)	(5,061)
Exchange differences	1,468	1,442	412	3,322
Other	219	(10)	–	209
As of March 31, 2014	115,599	88,670	25,766	230,035
Current liabilities	22,290	51,626	19,199	93,115
Non-current liabilities	93,309	37,044	6,567	136,920
Total	¥115,599	¥ 88,670	¥25,766	¥230,035

(Thousands of U.S. dollars)

	Asset retirement obligations	Restructuring provisions	Other	Total
As of April 1, 2013	$ 227,040	$ –	$ –	$ 227,040
Recognition of provisions	55,908	39,895	39,487	135,290
Business combinations	960,241	1,201,360	289,302	2,450,903
Interest due to passage of time	54,499	33,162	5,587	93,248
Used	(190,886)	(389,973)	(75,670)	(656,529)
Reversal of provisions	–	(36,815)	(12,359)	(49,174)
Exchange differences	14,263	14,011	4,003	32,277
Other	2,128	(97)	–	2,031
As of March 31, 2014	1,123,193	861,543	250,350	2,235,086
Current liabilities	216,576	501,613	186,543	904,732
Non-current liabilities	906,617	359,930	63,807	1,330,354
Total	$1,123,193	$ 861,543	$250,350	$2,235,086

The increase in business combinations for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers, and network centers. The estimate is based on the assumption at present and subject to changes depending on revised future assumptions.

Restructuring provision

The restructuring provision consists mainly of the network shutdown provision and the backhaul* access provision.

(Network shutdown provision)

The network shutdown provision resulted from Sprint recognizing lease exit costs mainly related to the shutdown of the Nextel Platform. Also, certain network shutdown costs were recognized in connection with the acquisition of business in certain markets from U.S. Cellular.

The majority of the network shutdown provision is expected to be utilized by March 31, 2015. The amount and timing of these costs are estimated based upon current network plans which are subject to modification.

(Backhaul access provision)

The backhaul access provision reflects exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. The majority of the backhaul access provision relates to Sprint's network modernization activities and is expected to be utilized by March 31, 2016. The amount and timing of these costs are estimates based upon current network plans which are subject to modifications.

Note:
* Backhaul is an intermediary network which connects the cell towers to the local switching center.

24. Retirement benefits

The Company primarily has defined contribution pension plans for its employees.

(1) Defined contribution plans

Retirement benefit cost of defined contribution plans are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Retirement benefit cost of defined contribution plans	¥2,428	¥7,895	$76,710

(2) Defined benefit plans

(Japan)

SoftBank Mobile Corp. and SoftBank Telecom Corp. have frozen the defined benefit lump-sum plans since March 2007 and March 2006, respectively.

All the employees who worked at SoftBank Mobile Corp. and SoftBank Telecom Corp. at the time when the defined benefit lump-sum plans were frozen are eligible for the frozen defined benefit lump-sum plans.

SoftBank Mobile Corp. and SoftBank Telecom Corp. are responsible for providing the defined benefit lump-sum plans to recipients directly. Obligations for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until the benefits are paid in the form of lump-sum payment at the time of future retirement of employees.

(U.S.)

Sprint has a defined benefit pension plan for certain of its employees. Sprint has frozen the defined benefit pension plan since December 2005. Obligations for the frozen defined benefit pension plan are recognized as defined benefit liabilities until the benefits are paid as pension after the time of retirement of employees.

a. Changes in the present value of defined benefit obligations and the fair value of plan assets

Changes in the present value of defined benefit obligations and the fair value of plan assets are as follows:

For the fiscal year ended March 31, 2013

	(Millions of yen)
	Japan
Defined benefit liabilities, net	
As of April 1, 2012	¥14,953
Changes in the present value of defined benefit obligations:	
As of April 1, 2012	14,953
Service cost	15
Interest cost	183
Remeasurements:	
Actuarial gains arising from changes in demographic assumptions	(175)
Actuarial losses arising from changes in financial assumptions	118
Experience adjustments	(48)
Benefits paid	(540)
As of March 31, 2013	14,506
Defined benefit liabilities, net	
As of March 31, 2013	¥14,506

For the fiscal year ended March 31, 2014

(Millions of yen)	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2013	¥14,506	¥ –	¥ 14,506
Changes in the present value of defined benefit obligations:			
As of April 1, 2013	14,506	–	14,506
Business combinations	81	235,358	235,439
Service cost	17	9	26
Interest cost	166	9,036	9,202
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	498	498
Actuarial losses arising from changes in financial assumptions	198	11,617	11,815
Experience adjustments	0	(1,582)	(1,582)
Benefits paid	(923)	(5,284)	(6,207)
Exchange differences	–	4,134	4,134
Other	51	(201)	(150)
As of March 31, 2014	14,096	253,585	267,681
Changes in the fair value of plan assets:			
As of April 1, 2013	–	–	–
Business combinations	–	(169,595)	(169,595)
Interest income	–	(6,601)	(6,601)
Remeasurements:			
Return on plan assets	–	(13,874)	(13,874)
Benefits paid	–	4,545	4,545
Employer contributions	–	(1,787)	(1,787)
Exchange differences	–	(3,328)	(3,328)
As of March 31, 2014	–	(190,640)	(190,640)
Defined benefit liabilities, net			
As of March 31, 2014	¥14,096	¥ 62,945	¥ 77,041

(Thousands of U.S. dollars)	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2013	$140,944	$ –	$ 140,944
Changes in the present value of defined benefit obligations:			
As of April 1, 2013	140,944	–	140,944
Business combinations	787	2,286,805	2,287,592
Service cost	165	87	252
Interest cost	1,613	87,796	89,409
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	4,839	4,839
Actuarial losses arising from changes in financial assumptions	1,924	112,874	114,798
Experience adjustments	0	(15,371)	(15,371)
Benefits paid	(8,968)	(51,341)	(60,309)
Exchange differences	–	40,167	40,167
Other	496	(1,953)	(1,457)
As of March 31, 2014	136,961	2,463,903	2,600,864
Changes in the fair value of plan assets:			
As of April 1, 2013	–	–	–
Business combinations	–	(1,647,833)	(1,647,833)
Interest income	–	(64,137)	(64,137)
Remeasurements:			
Return on plan assets	–	(134,804)	(134,804)
Benefits paid	–	44,161	44,161
Employer contributions	–	(17,363)	(17,363)
Exchange differences	–	(32,336)	(32,336)
As of March 31, 2014	–	(1,852,312)	(1,852,312)
Defined benefit liabilities, net			
As of March 31, 2014	$136,961	$ 611,591	$ 748,552

b. Fair value of plan assets

Fair value of plan assets is as follows:

As of March 31, 2014

(U.S.)

(Millions of yen)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
U.S. equities	¥55,433	¥ –	¥ 55,433
International equities (other than U.S.)	29,618	–	29,618
Fixed income investments	–	60,258	60,258
Real estate investments	–	13,185	13,185
Other	5,945	26,201	32,146
Total	¥90,996	¥99,644	¥190,640

(Thousands of U.S. dollars)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
U.S. equities	$538,603	$ –	$ 538,603
International equities (other than U.S.)	287,777	–	287,777
Fixed income investments	–	585,484	585,484
Real estate investments	–	128,109	128,109
Other	57,763	254,576	312,339
Total	$884,143	$968,169	$1,852,312

The targeted investment allocation ratio is set based on an asset allocation policy for the investment portfolio of the pension plan to achieve a long-term nominal rate of return, net of fees, which exceeds the plan's long-term expected rate of return on investments for funding purpose.

The plan's long-term expected rate of return on investments for funding purpose as of March 31, 2014 is 7.75%. The current targeted investment allocation ratio is as noted below. The actual allocation is allowed to deviate from the targeted investment allocation ratio by plus or minus 5%.

- U.S. equities: 38%
- International equities (other than U.S.): 16%
- Fixed income investments: 28%
- Real estate investments: 9%
- Other: 9%

c. Actuarial assumptions

Main actuarial assumptions used to determine the present value of defined benefit obligations are as follows:

	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	
	Japan	Japan	Japan	U.S.
Discount rate (%)	1.1	1.0	1.0	4.9

d. Sensitivity analysis

Sensitivity is analyzed at the end of the period based on the movement of reasonably estimable assumptions. Sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in reality, the movement of other actuarial assumptions may change.

The effect of the movements in main actuarial assumptions on defined benefit obligations is as follows:

As of March 31, 2013

	Changes in rate	Effect on defined benefit obligations Japan
Discount rate	0.5% increase	Decrease of ¥714 million
	0.5% decrease	Increase of ¥757 million

As of March 31, 2014

	Changes in rate	Effect on defined benefit obligations Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of ¥672 million	Decrease of ¥18,320 million	Decrease of ¥18,992 million
	0.5% decrease	Increase of ¥ 712 million	Increase of ¥20,790 million	Increase of ¥21,502 million

	Changes in rate	Effect on defined benefit obligations Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of $6,529 thousand	Decrease of $178,003 thousand	Decrease of $184,532 thousand
	0.5% decrease	Increase of $6,918 thousand	Increase of $202,002 thousand	Increase of $208,920 thousand

e. Effects on future cash flows

(a) Funding for the plan and expected contributions to the plan for the next fiscal year

(U.S.)

The policy is to contribute the necessary amount to the plan in order to meet the minimum funding requirement, based on related regulations. ¥7,050 million ($68,500 thousand) is expected to be contributed to the plan for the year ending March 31, 2015.

(b) Maturity analysis of defined benefit obligations

(Japan)

As of March 31, 2014, the weighted average duration of defined benefit obligations is 10.0 years (10.3 years as of March 31, 2013).

(U.S.)

As of March 31, 2014, the weighted average duration of defined benefit obligations is 16.3 years.

25. Financial instruments

(1) Capital management

Our policy is to realize and maintain optimum capital composition to keep mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

Note:
Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and equity capital ratio is as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Equity capital	¥892,635	¥1,612,756	**¥1,955,374**	**$18,998,970**
Equity capital ratio (%)	17.0	22.3	**11.7**	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws.

(2) Financial risk management

As we operate in a wide range of markets, the Company faces a variety of financial risks (currency risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

a. Market risk

(a) Currency risk

The Company is engaged in international businesses through investments, financial contributions and establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies, through borrowings from foreign subsidiaries and purchase from foreign vendors. Consequently, there is currency risk from changes in currency rates mainly in U.S. dollars.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures of the Company. The Company also uses foreign currency forward contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments related to the U.S. dollar, our major foreign currency, is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Net exposure affecting income before income tax [in asset (liability) position]	¥ 20,821	**¥14,859**	**$144,374**
Net exposure affecting other comprehensive income [in asset (liability) position]	1,621,307	**28,548**	**277,380**

Net exposures affecting income before income tax includes the foreign exchange risk exposures from monetary financial instruments denominated in foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income includes the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecast transactions. The main components of the net exposure affecting other comprehensive income as of March 31, 2013 is the $17.0 billion foreign currency forward contract to which hedge accounting was applied as cash flow hedge regarding the acquisition of Sprint.

The following table presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar on income before income tax and other comprehensive income (before net of tax effect) regarding the financial instruments with the above foreign currency risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in "Note 29. Foreign exchange rate."

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Increase (decrease) in income before income tax	¥ (208)	¥(149)	$(1,448)
Increase (decrease) in other comprehensive income before tax effect	(16,213)	(285)	(2,769)

ii. Foreign exchange contracts

Foreign exchange contracts are entered to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign exchange contracts are as follow:

Foreign exchange contracts to which hedge accounting is applied

	(Millions of yen)						(Thousands of U.S. dollars)	
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014		As of March 31, 2014	
	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value
Foreign currency forward contracts								
Regarding Sprint acquisition[1]	¥–	¥–	¥1,411,990 (–)	¥189,357	¥ –	¥ –	$ –	$ –
Other	–	–	1,519 (–)	220	2,756 (–)	85	26,778 (–)	825
Currency swap contracts	–	–	–	–	324,382 (324,382)	4,566	3,151,788 (3,151,788)	44,365
Total	¥–	¥–	¥1,413,509 (–)	¥189,577	¥ 327,138 (324,382)	¥4,651	$ 3,178,566 (3,151,788)	$45,190

The above foreign exchange contracts are designated as cash flow hedge.

Foreign exchange contracts to which hedge accounting is not applied

	(Millions of yen)						(Thousands of U.S. dollars)	
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014		As of March 31, 2014	
	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value
Foreign currency forward contracts	¥53,599 (–)	¥1,683	¥ 51,974 (–)	¥ 5,901	¥ 79,025 (–)	¥ 818	$ 767,829 (–)	$ 7,948
Currency swap contracts	–	–	56,957 (56,957)	12,141	87,055 (56,957)	20,741	845,851 (553,410)	201,525
Foreign exchange margin transactions[2]	–	–	621,557 (–)	4,033	600,663 (–)	7,205	5,836,213 (–)	70,006
Total	¥53,599 (–)	¥1,683	¥730,488 (56,957)	¥22,075	¥766,743 (56,957)	¥28,764	$7,449,893 (553,410)	$279,479

Notes:
1. These are derivative transactions that arose from the transactions regarding acquisition of Sprint.
For the loss from derivatives, please see "Note 37. Other non-operating income and loss" for details.
2. This is from the subsidiary, YJFX, Inc.'s foreign exchange margin transactions business.

(b) Price risk

For the purpose of business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

To manage this risk, the Company continuously monitors financial conditions of security issuers and stock market fluctuation.

i. Price sensitivity analysis

The table below presents the effect of 10% decrease in market price regarding the securities traded in active markets on other comprehensive income before tax effect in the consolidated statement of comprehensive income, assuming that all other factors are constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Increase (decrease) in other comprehensive income before tax effect	¥(3,511)	¥(2,753)	$(26,749)

ii. Option contracts

The details of option contracts are as follows:

Option contracts to which hedge accounting is not applied

	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014 (Millions of yen)		As of March 31, 2014 (Thousands of U.S. dollars)	
	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value
Stock acquisition rights								
Regarding Sprint acquisition*	¥–	¥–	¥ 291,555 (291,555)	¥15,706	¥ –	¥ –	$ –	$ –
Other	–	–	–	–	2,106 (2,106)	719	20,462 (20,462)	6,986
Total	¥–	¥–	¥ 291,555 (291,555)	¥15,706	¥ 2,106 (2,106)	¥719	$ 20,462 (20,462)	$6,986

Note:
* Stock acquisition rights are the embedded derivative in bonds with stock acquisition rights issued by Sprint Nextel Corporation. For the loss from derivatives, please see "Note 37. Other non-operating income and loss."

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debts. Certain interest-bearing debts are issued with floating interest rates and are exposed to interest rate risk.

In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debts. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions such as interest rate swaps in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debts, the Company continuously monitors interest rate fluctuation.

i. Interest rate sensitivity analysis

The table below presents the effect of 1% increase in interest rates regarding the floating interest rate debts on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

	(Millions of yen) Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	(Thousands of U.S. dollars) Fiscal year ended March 31, 2014
Increase (decrease) in income before income tax	¥(10,469)	¥(24,631)	$(239,322)

ii. Interest rate contracts

The details of interest rate contracts are as follows:

Interest rate contracts to which hedge accounting is applied

	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014 (Millions of yen)		As of March 31, 2014 (Thousands of U.S. dollars)	
	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts (of which maturing in more than one year)	Fair value
Interest rate swap	¥ 99,000 (84,000)	¥(993)	¥94,000 (10,000)	¥(515)	¥10,000 (–)	¥(24)	$97,163 (–)	$(233)

The above interest rate swap contract is designated as a cash flow hedge.

b. Credit risk

In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities, receivables and derivatives) are exposed to credit risk of its counterparties.

In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage the credit risk, the Company 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.

The carrying amount of financial instruments, net of impairment, which is presented in the statement of financial position, as well as the amount of lending commitments, represents the Company's maximum exposure to credit risk on financial assets. The value of collateral held and other credit enhancements are not included. The details of lending commitments are described in "Note 42. Contingencies."

There were no financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2013 and 2014.

(a) Financial assets not impaired individually

The table below presents aging analysis of financial assets not impaired individually. The amounts in the analysis are presented at carrying amount before netting allowance for doubtful accounts.

As of April 1, 2012

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Trade and other receivables	¥767,018	¥17,401	¥5,120	¥3,834	¥6,576	¥8,553	¥808,502
Other financial assets	144,008	666	206	224	393	821	146,318
Total	¥911,026	¥18,067	¥5,326	¥4,058	¥6,969	¥9,374	954,820
Allowance for doubtful accounts							(22,205)
Total							¥932,615

As of March 31, 2013

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Trade and other receivables	¥ 889,268	¥36,557	¥11,023	¥4,809	¥5,117	¥7,267	¥ 954,041
Other financial assets	180,665	1,458	166	159	277	603	183,328
Total	¥1,069,933	¥38,015	¥11,189	¥4,968	¥5,394	¥7,870	1,137,369
Allowance for doubtful accounts							(19,105)
Total							¥1,118,264

As of March 31, 2014

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Trade and other receivables	¥1,468,458	¥109,005	¥67,726	¥32,642	¥21,006	¥7,887	¥1,706,724
Other financial assets	264,187	1,652	203	197	272	623	267,134
Total	¥1,732,645	¥110,657	¥67,929	¥32,839	¥21,278	¥8,510	1,973,858
Allowance for doubtful accounts							(37,686)
Total							¥1,936,172

(Thousands of U.S. dollars)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Trade and other receivables	$14,267,956	$1,059,124	$658,045	$317,159	$204,100	$76,632	$16,583,016
Other financial assets	2,566,916	16,051	1,972	1,914	2,643	6,054	2,595,550
Total	$16,834,872	$1,075,175	$660,017	$319,073	$206,743	$82,686	19,178,566
Allowance for doubtful accounts							(366,168)
Total							$18,812,398

(b) Individually impaired financial assets

Individually impaired financial assets are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Trade and other receivables	¥ 78	¥ 3,090	**¥ 2,783**	**$ 27,040**
Other financial assets	9,883	11,072	**10,169**	**98,805**
Allowance for doubtful accounts	(9,944)	(13,419)	**(12,800)**	**(124,368)**
Total	¥ 17	¥ 743	**¥ 152**	**$ 1,477**

(c) Allowance for doubtful accounts

The table below presents changes in the allowance for doubtful accounts. The allowance for doubtful accounts is mainly for trade receivables to the customers.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	**Fiscal year ended March 31, 2014**	**Fiscal year ended March 31, 2014**
Balance at the beginning of the period	¥32,149	**¥ 32,524**	**$ 316,012**
Provisions	3,508	**48,726**	**473,436**
Used	(3,166)	**(30,103)**	**(292,489)**
Other	33	**(661)**	**(6,423)**
Balance at the end of the period	¥32,524	**¥ 50,486**	**$ 490,536**

Provisions for and reversal of doubtful accounts are recorded in "Selling, general and administrative expenses" and "Other non-operating income (loss)" in the consolidated statement of income.

c. Liquidity risk

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fund raising sources including both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and current/non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and MMF.

The Company also continuously monitors its forecast and actual movement of cash flows and liquid funds.

(a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. The Company's credit facilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Credit facilities	¥1,540,927	**¥2,880,885**	**$27,991,498**
Drawn	411,986	**2,453,368**	**23,837,621**
Undrawn	¥1,128,941	**¥ 427,517**	**$ 4,153,877**

Notes:
1. The credit facilities amount as of March 31, 2013 included the bridge loan facility of ¥1,284,900 million (of which, ¥250,000 million was drawn and ¥1,034,900 million was undrawn) entered into on December 18, 2012 with various banks for the acquisition of Sprint. On September 27, 2013 and September 30, 2013, the bridge loan facility was refinanced into a permanent loan and was fully repaid. This permanent loan (facility and the amount of borrowing was ¥1,980,000 million ($19,238,243 thousand) with no undrawn amount) is included as of March, 31, 2014. Major terms and conditions of the contracts are described in "(1) Components of interest-bearing debt, note 4" in "Note 19. Interest-bearing debt."
2. Permanent loan and other certain commitment contain financial covenants. Please see "(1) Components of interest-bearing debt, note 4" and "(2) Financial covenants" in "Note 19. Interest-bearing debt" for details.

(b) The Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis.

As of April 1, 2012

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 114,625	¥ 114,625	¥ 114,625	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term borrowings (including current portion)	1,115,590	1,120,264	496,682	422,803	200,311	72	388	8
Corporate bonds (including current portion)	601,206	604,888	144,988	205,000	74,900	70,000	100,000	10,000
Lease obligations	589,024	589,024	157,302	124,773	105,357	156,198	45,390	4
Preferred securities	195,920	200,000	–	–	–	200,000	–	–
Installment payables	73,579	74,246	16,209	16,209	16,209	16,209	7,284	2,126
Trade and other payables	975,832	975,832	961,845	12,826	77	20	62	1,002
Other financial liabilities	37,170	37,170	–	3,882	12,191	13,833	–	7,264
Total	3,702,946	3,716,049	1,891,651	785,493	409,045	456,332	153,124	20,404
Derivative financial liabilities								
Other financial liabilities								
Foreign exchange contracts	213	213	213	–	–	–	–	–
Interest rate swaps contracts	993	993	993	–	–	–	–	–
Total	¥ 1,206	¥ 1,206	¥ 1,206	¥ –	¥ –	¥ –	¥ –	¥ –

As of March 31, 2013

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 458,313	¥ 466,576	¥ 466,576	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term borrowings (including current portion)	1,142,088	1,151,621	634,005	382,718	93,323	30,492	5,283	5,800
Corporate bonds (including current portion)	996,756	1,003,509	205,000	74,900	70,000	470,000	120,000	63,609
Lease obligations	756,735	756,735	192,658	170,798	217,900	110,471	42,728	22,180
Preferred securities	197,468	200,000	–	–	200,000	–	–	–
Installment payables	156,493	157,031	47,342	36,498	32,203	23,110	17,878	–
Trade and other payables	972,669	972,669	957,578	13,996	21	54	–	1,020
Other financial liabilities	38,654	38,654	–	17,270	14,030	73	3	7,278
Total	4,719,176	4,746,795	2,503,159	696,180	627,477	634,200	185,892	99,887
Derivative financial liabilities								
Other financial liabilities								
Foreign exchange contracts	4,318	4,318	4,318	–	–	–	–	–
Interest rate swaps contracts	515	515	515	–	–	–	–	–
Total	¥ 4,833	¥ 4,833	¥ 4,833	¥ –	¥ –	¥ –	¥ –	¥ –

As of March 31, 2014

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 270,529	¥ 270,633	¥ 270,633	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	32,000	32,000	32,000	–	–	–	–	–
Long-term borrowings (including current portion)	2,637,421	2,671,481	394,645	286,319	353,374	483,593	441,350	712,200
Corporate bonds (including current portion)	4,882,373	4,740,165	139,333	121,564	845,658	253,896	806,007	2,573,707
Lease obligations	995,210	995,210	264,295	304,726	188,319	146,537	77,097	14,236
Preferred securities	199,156	200,000	–	200,000	–	–	–	–
Installment payables	153,364	153,647	48,360	41,115	31,744	26,579	5,849	–
Trade and other payables	1,705,956	1,705,956	1,701,034	2,235	762	14	10	1,901
Other financial liabilities	38,258	38,258	–	17,401	8,627	249	133	11,848
Total	10,914,267	10,807,350	2,850,300	973,360	1,428,484	910,868	1,330,446	3,313,892
Derivative financial liabilities								
Other financial liabilities								
Foreign exchange contracts*	8,716	8,716	2,347	(3,416)	(3,213)	(2,884)	(2,556)	18,438
Interest rate swaps contracts	24	24	24	–	–	–	–	–
Total	¥ 8,740	¥ 8,740	¥ 2,371	¥ (3,416)	¥ (3,213)	¥ (2,884)	¥ (2,556)	¥ 18,438

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	$ 2,628,537	$ 2,629,547	$ 2,629,547	$ –	$ –	$ –	$ –	$ –
Commercial paper	310,921	310,921	310,921	–	–	–	–	–
Long-term borrowings (including current portion)	25,625,933	25,956,869	3,834,483	2,781,957	3,433,482	4,698,727	4,288,282	6,919,938
Corporate bonds (including current portion)	47,438,526	46,056,791	1,353,799	1,181,150	8,216,654	2,466,926	7,831,393	25,006,869
Lease obligations	9,669,743	9,669,743	2,567,965	2,960,805	1,829,761	1,423,795	749,096	138,321
Preferred securities	1,935,056	1,943,257	–	1,943,257	–	–	–	–
Installment payables	1,490,128	1,492,879	469,880	399,485	308,434	258,249	56,831	–
Trade and other payables	16,575,554	16,575,554	16,527,731	21,716	7,403	136	97	18,471
Other financial liabilities	371,726	371,726	–	169,073	83,822	2,420	1,293	115,118
Total	106,046,124	105,007,287	27,694,326	9,457,443	13,879,556	8,850,253	12,926,992	32,198,717
Derivative financial liabilities								
Other financial liabilities								
Foreign exchange contracts*	84,687	84,687	22,804	(33,191)	(31,218)	(28,022)	(24,835)	179,149
Interest rate swaps contracts	233	233	233	–	–	–	–	–
Total	$ 84,920	$ 84,920	$ 23,037	$ (33,191)	$ (31,218)	$ (28,022)	$ (24,835)	$ 179,149

Note:
* Contractual cash flow and breakdown by maturities are presented in discounted cash flow basis for currency swap contracts included in the foreign exchange contracts.

In addition to the amount presented above, the Company has lending commitments, which are detailed in "Note 42. Contingencies." Average interest rates of the interest-bearing debts are described in "(1) Components of interest-bearing debt" in "Note 19. Interest-bearing debt."

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of April 1, 2012

(Millions of yen)

	Financial assets at FVTPL	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets					
Current assets					
Trade and other receivables	¥ –	¥ –	¥ –	¥786,902	¥ 786,902
Other financial assets	1,896	3,595	200	4,708	10,399
Non-current assets					
Other financial assets	126	158,652	492	159,329	318,599
Total	¥2,022	¥162,247	¥692	¥950,939	¥1,115,900

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ –	¥ –	¥ 926,671	¥ 926,671
Trade and other payables	–	–	975,832	975,832
Other financial liabilities	213	993	–	1,206
Non-current liabilities				
Interest-bearing debt	–	–	1,763,273	1,763,273
Other financial liabilities	–	–	37,170	37,170
Total	¥213	¥993	¥3,702,946	¥3,704,152

As of March 31, 2013

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥ 936,307	¥ 936,307
Other financial assets	14,249	189,580	3,973	400	21,037	229,239
Non-current assets						
Other financial assets	27,978	–	438,298	–	168,371	634,647
Total	¥42,227	¥189,580	¥442,271	¥400	¥1,125,715	¥1,800,193

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ –	¥ –	¥1,534,128	¥1,534,128
Trade and other payables	–	–	972,669	972,669
Other financial liabilities	4,315	518	–	4,833
Non-current liabilities				
Interest-bearing debt	–	–	2,173,725	2,173,725
Other financial liabilities	–	–	38,654	38,654
Total	¥4,315	¥518	¥4,719,176	¥4,724,009

As of March 31, 2014

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥1,669,545	¥1,669,545
Other financial assets	13,890	85	5,109	104,827	40,816	164,727
Non-current assets						
Other financial assets	21,560	7,459	109,210	–	263,464	401,693
Total	¥35,450	¥7,544	¥114,319	¥104,827	¥1,973,825	¥2,235,965

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ –	¥ –	¥ 1,147,899	¥ 1,147,899
Trade and other payables	–	–	1,705,956	1,705,956
Other financial liabilities	5,823	24	–	5,847
Non-current liabilities				
Interest-bearing debt	–	–	8,022,154	8,022,154
Other financial liabilities	–	2,893	38,258	41,151
Total	¥5,823	¥2,917	¥10,914,267	¥10,923,007

(Thousands of U.S. dollars)

	Financial assets at FVTPL	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	$ –	$ –	$ –	$ –	$16,221,774	$16,221,774
Other financial assets	134,959	826	49,640	1,018,529	396,580	1,600,534
Non-current assets						
Other financial assets	209,483	72,474	1,061,115	–	2,559,891	3,902,963
Total	$344,442	$73,300	$1,110,755	$1,018,529	$19,178,245	$21,725,271

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	$ –	$ –	$ 11,153,313	$ 11,153,313
Trade and other payables	–	–	16,575,554	16,575,554
Other financial liabilities	56,578	233	–	56,811
Non-current liabilities				
Interest-bearing debt	–	–	77,945,531	77,945,531
Other financial liabilities	–	28,109	371,726	399,835
Total	$56,578	$28,342	$106,046,124	$106,131,044

26. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The levels 1 to 3 of the fair value hierarchy are defined as follows:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter.

There were no transfers between level 1 and 2 during the fiscal years ended March 31, 2013 and 2014.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

As of April 1, 2012

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥54,706	¥ –	¥ 96,805	¥151,511
Bonds	–	1,233	–	1,233
Derivative financial assets				
Foreign exchange contracts	–	1,896	–	1,896
Other	–	2,802	6,827	9,629
Total	54,706	5,931	103,632	164,269
Financial liabilities				
Derivative financial liabilities				
Foreign exchange contracts	–	213	–	213
Interest rate swap contracts	–	993	–	993
Total	¥ –	¥1,206	¥ –	¥ 1,206

As of March 31, 2013

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥35,114	¥ –	¥112,966	¥148,080
Bonds*	–	6,261	276,131	282,392
Derivative financial assets				
Foreign exchange contracts	–	203,829	–	203,829
Currency swap contracts	–	12,141	–	12,141
Stock acquisition rights*	–	–	15,706	15,706
Other	–	3,756	8,174	11,930
Total	35,114	225,987	412,977	674,078
Financial liabilities				
Derivative financial liabilities				
Foreign exchange contracts	–	4,318	–	4,318
Interest rate swap contracts	–	515	–	515
Total	¥ –	¥ 4,833	¥ –	¥ 4,833

Note:
* Stock acquisition rights are the embedded derivatives in the bonds with stock acquisition rights issued by Sprint Nextel Corporation. The host contract (the bonds) is included in "Bonds" in level 3.

As of March 31, 2014

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥27,530	¥ –	¥62,572	¥ 90,102
Bonds	–	6,769	1,476	8,245
Derivative financial assets				
Foreign exchange contracts	–	42,131	–	42,131
Stock acquisition rights	–	–	719	719
Other	–	5,038	11,078	16,116
Total	27,530	53,938	75,845	157,313
Financial liabilities				
Derivative financial liabilities				
Foreign exchange contracts	–	8,716	–	8,716
Interest rate swap contracts	–	24	–	24
Total	¥ –	¥ 8,740	¥ –	¥ 8,740

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	$267,489	$ –	$607,967	$ 875,456
Bonds	–	65,770	14,341	80,111
Derivative financial assets				
Foreign exchange contracts	–	409,357	–	409,357
Stock acquisition rights	–	–	6,986	6,986
Other	–	48,951	107,638	156,589
Total	267,489	524,078	736,932	1,528,499
Financial liabilities				
Derivative financial liabilities				
Foreign exchange contracts	–	84,687	–	84,687
Interest rate swap contracts	–	233	–	233
Total	$ –	$ 84,920	$ –	$ 84,920

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Equity securities and bonds
Equity securities and bonds are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as level 1. Where such quoted prices in active markets for identical assets or liabilities are not available, they are measured using quoted prices for identical assets or liabilities in markets that are not active, quoted prices of comparable companies and valuation techniques such as discounted cash flow model. They are classified as level 2 if all significant inputs such as quoted prices and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as level 3.

b. Derivative financial assets and derivative financial liabilities
The fair value of derivative financial instruments is measured using valuation techniques such as discounted cash flow models. Derivative financial instruments are classified as level 2 if all significant inputs such as foreign exchange rates and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as level 3.

(2) Fair value measurements of financial instruments that are categorized as level 3

a. Valuation techniques and inputs
The following table shows information about valuation techniques and significant unobservable inputs used in the level 3 fair value measurements where unobservable inputs are used.

Equity securities

		Ranges of unobservable inputs		
Valuation techniques	Unobservable inputs	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**
Discounted cash flow	Capital cost	9.5 – 9.9%	8.8 – 9.4%	**7.9%**
	Perpetual growth rate	0.0 – 1.2%	0.0 – 1.2%	**1.2%**
Quoted prices of comparable companies	EBITDA multiple	5.3 – 5.8	5.2 – 6.1	**6.4 – 7.2**
	EBIT multiple	6.4 – 8.8	7.0 – 8.6	**5.3 – 5.9**
	PER multiple	13.7 – 14.4	14.3 – 18.3	**19.9 – 21.0**

Of the above unobservable inputs, EBITDA multiple, EBIT multiple, PER multiple and perpetual growth rate has a positive correlation with the fair value of equity securities, whereas capital cost has a negative correlation with the fair value of equity securities.

Bonds and stock acquisition rights
At March 31, 2013, bonds with stock acquisition rights which were issued by Sprint Nextel Corporation and held by Starburst II, Inc. were classified as level 3. The estimated fair values of the host contract (the bonds) and embedded derivative are calculated by third-party valuation experts using valuation techniques, including discounted cash flow and binomial lattice models. This approach requires the use of significant inputs from observable market data as well as unobservable inputs. The significant observable and unobservable inputs used to value the bonds and the embedded derivative include Sprint Nextel Corporation's stock price, volatility, credit spread and certain other assumptions specifically related to the acquisition of Sprint as a subsidiary. The bonds with stock acquisition rights were converted to Sprint shares in July 2013.

b. Sensitivity Analysis
For financial instruments classified as level 3, no significant changes in fair value are expected to occur as a result of changing unobservable inputs to other alternative assumptions that are considered reasonable.

c. Valuation processes
Fair value is measured by our personnel in treasury and accounting departments based on the internal regulations, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics, and risks of the financial instruments subject to fair valuation. Fair value of financial instruments that require a high level of knowledge and experience for the valuation is measured by external specialist if the amount of such financial instruments is material. The result of the measurement conducted at the end of each quarter, including the valuation by the external specialists, is reported to the Company's board of directors after the analysis of fair value changes and other contents are reviewed and approved by the head of the department.

d. Reconciliation of financial instruments categorized as level 3

Reconciliation of financial instruments categorized as level 3 is as follows:

For the fiscal year ended March 31, 2013

(Millions of yen)

	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2012	¥ 96,805	¥ –	¥ –	¥ 6,827
Gains or losses				
Net income	(1,933)	866	(749)	–
Other comprehensive income	16,179	40,088	2,300	2,941
Purchases	7,084	235,177	14,155	862
Sales	(7,324)	–	–	(966)
Other	2,155	–	–	(1,490)
As of March 31, 2013	¥112,966	¥276,131	¥15,706	¥ 8,174
Gains or losses recognized in net income on financial instruments held at March 31, 2013	¥ (2,559)	¥ –	¥ (749)	¥ –

For the fiscal year ended March 31, 2014

(Millions of yen)

	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2013	¥ 112,966	¥ 276,131	¥ 15,706	¥ 8,174
Gains or losses				
Net income	96,800	16,243[1]	(16,338)[1]	(140)
Other comprehensive income	(63,542)	21,221	650	2,879
Transfers due to acquisition of control[2]	(104,070)	–	–	–
Exercise of stock acquisition rights[3]	–	(313,534)	–	–
Purchases	23,849	1,415	701	585
Sales	(3,529)	–	–	(956)
Transfers from level 3[4]	(1,599)	–	–	–
Other	1,697	–	–	536
As of March 31, 2014	¥ 62,572	¥ 1,476	¥ 719	¥11,078
Gains or losses recognized in net income on financial instruments held at March 31, 2014	¥ (7,144)	¥ –	¥ –	¥ (91)

(Thousands of U.S. dollars)

	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2013	$ 1,097,610	$ 2,682,967	$ 152,604	$ 79,421
Gains or losses				
Net income	940,536	157,822[1]	(158,745)[1]	(1,360)
Other comprehensive income	(617,392)	206,189	6,316	27,973
Transfers due to acquisition of control[2]	(1,011,174)	–	–	–
Exercise of stock acquisition rights[3]	–	(3,046,386)	–	–
Purchases	231,724	13,749	6,811	5,684
Sales	(34,289)	–	–	(9,289)
Transfers from level 3[4]	(15,536)	–	–	–
Other	16,488	–	–	5,209
As of March 31, 2014	$ 607,967	$ 14,341	$ 6,986	$107,638
Gains or losses recognized in net income on financial instruments held at March 31, 2014	$ (69,413)	$ –	$ –	$ (884)

Notes:
1. Represents the amount from the bonds with stock acquisition rights issued by Sprint Nextel Corporation and held by Starburst II, Inc. The details are described in "Note 37. Non-operating income and loss."
2. The reduction resulted from the consolidation of WILLCOM, Inc. as a subsidiary in July 2013. The details of the business combination are described in "(4) WILLCOM, Inc." in "Note 5. Business combinations."
3. The reduction resulted from converting the bonds with stock acquisition rights issued by Sprint Nextel Corporation into shares in July 2013. The details of the business combination are described in "(3) Sprint" in "Note 5. Business combinations."
4. Transfer from level 3 to level 1 by the listing of financial instruments held by the Company.

Gains or losses recognized in net income on equity securities include gain of ¥103,766 million ($1,008,220 thousand) recognized as a result of remeasuring the Company's existing equity interest at fair value when the Company acquired control of and consolidated WILLCOM, Inc. as its subsidiary. The gains recognized from the remeasurement is included in "Gain from remeasurement relating to business combinations" in the consolidated statement of income, and other gains or losses are included in "Non-operating income (loss)" in the consolidated statement of income. Gains or losses recognized in other comprehensive income are included in "Available-for-sale financial assets" and "Exchange differences on translating foreign operations" in the statement of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

						(Millions of yen)		(Thousands of U.S. dollars)
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014		As of March 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current								
Interest-bearing debt								
Long-term borrowings	¥ 619,517	¥ 631,545	¥ 510,856	¥ 515,814	¥2,243,855	¥2,286,161	$21,801,934	$22,212,991
Corporate bonds	458,520	466,837	791,919	804,451	4,743,073	4,960,113	46,085,047	48,193,869
Lease obligations	431,722	435,876	564,077	566,965	730,915	736,836	7,101,778	7,159,308
Preferred securities	195,920	202,342	197,468	194,185	199,156	199,444	1,935,056	1,937,855
Installment payables	57,594	59,983	109,405	110,302	105,155	105,528	1,021,716	1,025,340
Total	¥1,763,273	¥1,796,583	¥2,173,725	¥2,191,717	¥8,022,154	¥8,288,082	$77,945,531	$80,529,363

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their fair values are the same as the carrying amounts.

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings

Fair values of non-current portion of long-term borrowings with variable rate are measured based on the discounted cash flow model using observable input such as market interests, and the measurement is categorized as level 2. Fair values of non-current portion of long-term borrowings with fixed rate are measured based on discounted cash flow using an interest rate including the credit spread that would be used for a borrowing with the same terms and maturities. Those borrowings are categorized as level 3.

b. Corporate bonds

Fair values of non-current portion of corporate bonds are mainly categorized as level 1 or level 2. When fair value is measured using quoted prices in active markets for identical bonds, it is categorized as level 1. When fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as level 2. The fair value categorized as level 3 is immaterial.

c. Lease obligations

Fair values of non-current portion of lease obligations are measured based on discounted cash flow model using an interest rate considering the period until payment and credit risk, and categorized as level 2.

d. Preferred securities

Fair values of preferred securities are measured based on discounted cash flow model using the interest rate that would be used for preferred securities issued with the same terms and maturities, including the credit spread. The measurement is categorized as level 2.

e. Installment payables

Fair values of non-current portion of installment payables are measured based on discounted cash flow model using an interest rate adjusted for the remaining repayment period and credit risks, and the measurement is categorized as level 2.

27. Transfers of financial assets

The Company enters into securitization transactions of trade and installment receivables. The major securitization transaction is of installment receivables of SoftBank Mobile Corp. recognized in its mobile handsets sales business. For financing purposes, the installment receivables have been transferred to a trust which in turn raises funds through asset backed loan and other instruments backed by such installment receivables. Receivables used in the securitization transaction are not derecognized because SoftBank Mobile Corp. substantially retains all risks and economic benefits of ownership of the transferred assets, as a result of credit enhancement provided in the form of retained subordinated interest.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the de-recognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Carrying amount of transferred assets	¥ 329,575	¥ 399,140	**¥ 428,828**	**$ 4,166,615**
Carrying amount of related liabilities	(271,652)	(322,733)	**(354,622)**	**(3,445,608)**

Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2012	As of March 31, 2013	**As of March 31, 2014**	**As of March 31, 2014**
Fair value of transferred assets	¥ 325,107	¥ 399,140	**¥ 428,828**	**$ 4,166,615**
Fair value of related liabilities	(266,745)	(322,272)	**(354,112)**	**(3,440,653)**
Net position	¥ 58,362	¥ 76,868	**¥ 74,716**	**$ 725,962**

28. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts but are not offset as they do not meet certain or all criteria of offsetting.

Right to offset based on enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of April 1, 2012

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other receivables	¥ 98,452	¥(67,102)	¥31,350	¥(21,418)	¥ 9,932
Other financial assets	1,931	–	1,931	(246)	1,685
Total	¥100,383	¥(67,102)	¥33,281	¥(21,664)	¥11,617

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other payables	¥145,382	¥(67,102)	¥78,280	¥(21,351)	¥56,929
Other financial liabilities	508	–	508	(313)	195
Total	¥145,890	¥(67,102)	¥78,788	¥(21,664)	¥57,124

As of March 31, 2013

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other receivables	¥117,474	¥(83,451)	¥ 34,023	¥(8,928)	¥ 25,095
Other financial assets	188,811	–	188,811	(559)	188,252
Total	¥306,285	¥(83,451)	¥222,834	¥(9,487)	¥213,347

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other payables	¥157,755	¥(83,451)	¥74,304	¥(8,847)	¥65,457
Other financial liabilities	1,034	–	1,034	(640)	394
Total	¥158,789	¥(83,451)	¥75,338	¥(9,487)	¥65,851

As of March 31, 2014

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other receivables	¥122,040	¥(82,356)	¥39,684	¥(4,273)	¥35,411
Other financial assets	6,833	–	6,833	(2,804)	4,029
Total	¥128,873	¥(82,356)	¥46,517	¥(7,077)	¥39,440

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other payables	¥152,758	¥(82,356)	¥70,402	¥(4,166)	¥66,236
Other financial liabilities	3,606	–	3,606	(2,911)	695
Total	¥156,364	¥(82,356)	¥74,008	¥(7,077)	¥66,931

(Thousands of U.S. dollars)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other receivables	$1,185,775	$(800,194)	$385,581	$(41,518)	$344,063
Other financial assets	66,391	–	66,391	(27,244)	39,147
Total	$1,252,166	$(800,194)	$451,972	$(68,762)	$383,210

(Thousands of U.S. dollars)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the statement of financial position	Amount not offset in the statement of financial position	Net amount
Trade and other payables	$1,484,240	$(800,194)	$684,046	$(40,478)	$643,568
Other financial liabilities	35,037	–	35,037	(28,284)	6,753
Total	$1,519,277	$(800,194)	$719,083	$(68,762)	$650,321

29. Foreign exchange rate

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

(1) Rate at the end of the period

(Yen)

	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
U.S. dollars	¥82.19	¥94.05	¥102.92

(2) Average rate for the quarter

For the fiscal year ended March 31, 2013

(Yen)

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
U.S. dollars	¥80.40	¥78.42	¥81.49	¥91.07

For the fiscal year ended March 31, 2014

(Yen)

	Three months ended June 30, 2013	Three months ended September 30, 2013	Three months ended December 31, 2013	Three months ended March 31, 2014
U.S. dollars	¥97.94	¥98.20	¥101.02	¥103.28

(3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of 1% appreciation of Japanese yen against the U.S. dollar, which is the main foreign currency of the Company, assuming that all other factors are constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Impact to exchange differences on translating foreign operations (decrease in equity)	¥(4,346)	¥(24,999)	$(242,897)

30. Equity

(1) Common stock

a. Shares authorized

The number of shares authorized to issue are as follows:

(Thousands of shares)

	April 1, 2012	March 31, 2013	March 31, 2014
Ordinary shares	3,600,000	3,600,000	3,600,000

b. Shares issued

Changes in the number of shares issued are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Balance at the beginning of the year	1,107,729	1,200,660
Increase during the year	92,931[3]	–
Balance at the end of the year	1,200,660	1,200,660

Notes:
1. Shares issued by the Company are common stocks with no par value.
2. Shares issued have been fully paid.
3. It represents 69,871 thousand shares newly issued as a result of share exchange with eAccess Ltd. on January 1, 2013, and 23,060 thousand shares newly issued as a result of exercise of stock acquisition rights.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

For the fiscal year ended March 31, 2013

Alibaba Group Holding Limited, an associate accounted for using the equity method, acquired the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through its takeover bid in June 2012 and conducted the privatization of Alibaba.com Limited. The Company's capital surplus decreased by ¥51,208 million as Alibaba Group Holding Limited treated this as a change in the interests in a subsidiary, decreasing its capital surplus.

For the fiscal year ended March 31, 2014

The Company acquired preferred stocks and options of Supercell, which can convert the preferred stocks to common stocks ("conversion option"). The fair value of ¥10,323 million ($100,301 thousand) for the preferred stocks and the conversion options is deducted from capital surplus as "Acquisition of options to convert to subsidiaries' common stocks." The details are described in "(5) Supercell Oy" in "Note 5. Business combinations."

(3) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend of retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose 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.

Changes in treasury stock are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Balance at the beginning of the year	9,214	9,160
Increase during the year	26[1]	4,287[2]
Decrease during the year[3]	(80)	(1,242)
Balance at the end of the year	9,160	12,205

Notes:
1. Purchase of odd-lot shares.
2. Purchase of 4,272 thousand shares according to Article 156 based on Article 165-3 of the Companies Act and purchase of odd-lot shares.
3. Decrease represents allotment of treasury stocks for the exercise of stock options.

(5) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows:

(Millions of yen)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2012	¥ –	¥ 46,427	¥ (994)	¥ –	¥ 45,433
Other comprehensive income (Attributable to owners of the parent)	68	4,273	115,152	83,168	202,661
Transfer to retained earnings	(68)	–	–	–	(68)
As of March 31, 2013	–	50,700	114,158	83,168	248,026
Other comprehensive income (Attributable to owners of the parent)	2,541	(36,578)	(134,100)	92,269	(75,868)
Transfer to retained earnings	(2,541)	–	–	–	(2,541)
As of March 31, 2014	¥ –	¥ 14,122	¥ (19,942)	¥175,437	¥169,617

(Thousands of U.S. dollars)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of March 31, 2013	$ –	$ 492,615	$ 1,109,192	$ 808,084	$2,409,891
Other comprehensive income (Attributable to owners of the parent)	24,689	(355,402)	(1,302,954)	896,512	(737,155)
Transfer to retained earnings	(24,689)	–	–	–	(24,689)
As of March 31, 2014	$ –	$ 137,213	$ (193,762)	$1,704,596	$1,648,047

Note:
The above amount is presented net of tax effect. The amount of income taxes on each item in other comprehensive income is described in "Note 38. Other comprehensive income (loss)."

31. 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, 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 the above criteria.

Dividends paid are as follows:

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.

For the fiscal year ended March 31, 2013

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Shareholders' meeting held on June 22, 2012	Common Stock	¥40	¥43,941	March 31, 2012	June 25, 2012
Board of directors held on November 15, 2012	Common Stock	20	22,104	September 30, 2012	December 14, 2012

Dividends were paid only at year end for the fiscal year ended March 31, 2012.

For the fiscal year ended March 31, 2014

		Dividends per share		Total dividends			
Resolution	Class of shares	(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 21, 2013	Common Stock	¥20	$0.19	¥23,830	$231,539	March 31, 2013	June 24, 2013
Board of directors held on November 15, 2013	Common Stock	20	0.19	23,839	231,627	September 30, 2013	December 16, 2013

Dividends which will become effective during the fiscal year ending March 31, 2015 are as follows:

		Dividends per share		Total dividends			
Resolution	Class of shares	(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 20, 2014	Common Stock	¥20	$0.19	¥23,769	$230,946	March 31, 2014	June 23, 2014

32. Share-based payment

The Company sponsors incentive plans authorizing the grant of stock-options and restricted stock units, as share based payment awards. Share-based payment is granted to the Company's directors, employees and other service providers based on the terms approved by the Company's shareholders' meeting and board of directors' meeting.

Share based payments is accounted for as equity-settled share based payments. For the year ended March 31, 2014, expenses related to equity-settled share based payment of ¥11,193 million ($108,754 thousand) (for the year ended March 2013: ¥74 million) were recognized.

(1) Stock option plan

a. Details of stock option plan

The details of the Company's stock option plan for the year ended March 31, 2013 and 2014 are as follows:

(a) SoftBank Corp.

SoftBank Corp. grants stock option to its directors and employees.

Shares granted by the exercise of stock options are those issued by SoftBank Corp.

				Exercise price	
Year issued / Name	The number of shares granted	Grant date	Due date for exercise	(Yen)	(USD)
2010 – 6th Acquisition rights[1]	3,449,500	August 27, 2010	June 30, 2017	¥2,625	$25.51
2013 – 7th Acquisition rights[2]	10,375,800	July 31, 2013	June 30, 2021	4,750	46.15

Notes:

1. Vesting conditions

A person entitled for the vested stock acquisition rights ("entitled person") is able to exercise these rights only when:

a. total free cash flows in the consolidated statement of cash flows for the years ended March 2010, 2011 and 2012 in the Annual Securities Report filed by SoftBank Corp. based on Financial Instruments and Exchange Act exceed 1 trillion Yen;

b. net interest-bearing debt in the consolidated balance sheet for the year ended March 2012 in the Annual Securities Report filed by SoftBank Corp. based on Financial Instruments and Exchange is less than 0.97 trillion Yen; and,

c. total operating income in the consolidated statement of income for the years ended March 2011 and 2012 in the Annual Securities Report filed by SoftBank Corp. based on Financial Instruments and Exchange exceed 1.1 trillion Yen.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "a" to "d" below. Fractional point, if any, of the exercisable stock acquisition rights are rounded down.

a. from July 1, 2012 to June 30, 2013: 25% of the allocated amount of stock acquisition rights

b. from July 1, 2013 to June 30, 2014: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" above

c. from July 1, 2014 to June 30, 2015: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" and "b" above

d. from July 1, 2015 to June 30, 2017: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" through "c" above

Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

2. Vesting condition
A person entitled to the vested stock acquisition rights ("entitled person") is able to exercise these rights only when operating income in the consolidated statement of income for the year ending March 2016 in the Annual Securities Report to be filed by SoftBank Corp. based on Financial Instruments and Exchange Act in June 2016 ("target index") exceeds 1.2 trillion Yen ("target amount"). The Company may change the target index or target amount within a reasonable range, if necessary.
The amount of the stock acquisition rights exercisable in the period "a" through "c" below by an entitled person who was granted and allocated stock acquisition rights of 10,000 or more in total, is limited as below. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.
a. from July 1, 2016 to June 30, 2017: 25% of the allocated amount of stock acquisition rights
b. from July 1, 2017 to June 30, 2018: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" above
c. from July 1, 2018 to June 30, 2021: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" and "b" above

Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

(b) Sprint

Sprint Corporation grants stock option to its directors, employees and other service providers. Shares granted by the exercise of stock options are those issued by Sprint Corporation.

Year issued / Name	The number of shares granted	Grant date	Due date for exercise	Weighted average exercise price (USD)
Nextel Incentive Equity Plan	1,392,335	From August 29, 2003 to May 26, 2005	From August 29, 2013 to May 26, 2015	$16.73
1997 Long-Term Incentive Program	6,543,822	From February 10, 2004 to February 27, 2007	From February 10, 2014 to February 27, 2017	17.95
2007 Omnibus Incentive Plan	46,895,739	From July 9, 2007 to August 1, 2013	From July 9, 2017 to August 1, 2023	4.61

Note:
Vesting condition
Generally, stock options vest when the conditions of period of service are met. The vesting period is generally 3 or 4 years and vests equally each period.

(c) Supercell

Supercell grants stock option to its employees. Shares granted by the exercise of stock options are those issued by Supercell Oy.

Year issued / Name	The number of shares granted	Grant date	Due date for exercise	Weighted average exercise price (EUR)
Supercell Oy share option program	2,415,719	From March 31, 2011 to February 27, 2014	March 31, 2021	€2.09

Note:
Vesting condition
Stock options vest when services period requirements are met. Vesting period is within 4 years. 25% of options become exercisable after 1 year from the conclusion of the share payment contract or the beginning of service. The residual option becomes exercisable each month equally over the next 3 years.

(d) Brightstar Corp.

Brightstar Corp. grants stock option to its directors, employees and other service providers. Shares granted by the exercise of stock options are those issued by Brightstar Global Group Inc.

Year issued / Name	The number of shares granted	Grant date	Due date for exercise	Weighted average exercise price (USD)
Brightstar Global Group Inc. 2006 Stock Incentive Plan	1,338,701	From July 12, 2006 to January 21, 2014	From July 12, 2016 to January 21, 2024	$39.88

Notes:
1. Vesting condition
Generally, options vest when services period requirements are met. Rights usually vest in stages during 4 years equally over this period.
2. Brightstar Corp. has the option to either settle in Brightstar Global Group Inc. shares or in cash when options are exercised. Stock option above is booked as equity-settled share based payment.

(e) Yahoo Japan Corporation

Yahoo Japan Corporation grants stock option to its directors and employees. Shares granted by the exercise of stock options are those issued by Yahoo Japan Corporation.

Yahoo Japan Corporation split shares of their stocks by the ratio of 100 for 1, with the basis date of September 30, 2013 and the effective date of October 1, 2013. For stock options granted before the share split, the effect of the share split is adjusted.

Year issued / Name	No. of shares granted	Grant date	Due date for exercise	Weighted average exercise price (Yen)	Weighted average exercise price (USD)
2005[1]	11,200	May 2, 2006	June 17, 2015	¥680	$6.61
2006[1]	924,200	From September 6, 2006 to February 7, 2007	From August 23, 2016 to January 24, 2017	471	4.58
2007[1]	1,223,400	From May 8, 2007 to February 13, 2008	From April 24, 2017 to January 30, 2018	418	4.06
2008[1]	1,456,600	From May 9, 2008 to February 10 2009	From April 25, 2018 to January 27, 2019	418	4.06
2009[1]	1,458,600	From May 12, 2009 to February 10, 2010	From April 28, 2019 to January 27, 2020	305	2.96
2010[1]	1,349,300	From May 11, 2010 to February 8, 2011	From April 27, 2020 to January 25, 2021	345	3.35
2011[1]	1,447,000	From June 3, 2011 to February 17, 2012	From May 20, 2021 to February 3, 2022	274	2.66
2012					
1st[1]	182,200			254	2.47
2nd[2]	25,910,000	From May 16, 2012 to March 1, 2013	From May 2, 2022 to February 28, 2023	324	3.15
2013					
1st[3]	10,046,000			493	4.79
2nd[4]	25,630,000	From May 17, 2013 to November 19, 2013	From May 16, 2023 to November 18, 2023	514	4.99

Notes:
1. Vesting condition
Rights mainly vest in stages after 2 years from the grant date. One half of the total granted vests after 2 years from the grant date, and one fourth vests per year in subsequent 2 years. Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

2. Vesting condition
Rights vest according to the amount of operating income achieved as specified below (i) or (ii) in either of the period from fiscal year ended March 2014 to fiscal year ending March 2019.
(i) If the operating income exceeds ¥250 billion
Period of achievement: By fiscal year March 2016 Exercisable ratio: 20%
Period of achievement: By fiscal year March 2017 Exercisable ratio: 14%
Period of achievement: By fiscal year March 2018 Exercisable ratio: 8%
Period of achievement: By fiscal year March 2019 Exercisable ratio: 2%

(ii) If the operating income exceeds ¥330 billion

Period of achievement: By fiscal year March 2016	Exercisable ratio: 80%
Period of achievement: By fiscal year March 2017	Exercisable ratio: 56%
Period of achievement: By fiscal year March 2018	Exercisable ratio: 32%
Period of achievement: By fiscal year March 2019	Exercisable ratio: 8%

Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

3. Vesting condition
Rights vest according to the amount of operating income achieved as specified below (i) or (ii) in either of the period from fiscal year ended March 2014 to fiscal year ending March 2019.
(i) If the operating income exceeds ¥250 billion Exercisable ratio: 20%

(ii) If the operating income exceeds ¥330 billion Exercisable ratio: 80%

Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

4. Vesting condition
Rights vest once the operating income for the fiscal year exceeds ¥330 billion in either of the period from fiscal year ending March 2015 to fiscal year ending March 2019. Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

b. Fair value of stock options granted during the period

Weighted average fair value and how fair value is measured, at the measurement date of the stock options granted during the period are as below:

(a) SoftBank Corp.

Fair value at the measurement date of the stock options granted during the period is 32 Yen (0.31 USD).

Fair value is measured as below:

	For the year ended March 31, 2014
Year issued / Name	2013 – 7th Stock acquisition rights
Valuation method used	Monte Carlo simulation
Key inputs and assumptions:	
Stock price – Yen (U.S. dollars)	¥4,750 ($46.15)
Exercise price – Yen (U.S. dollars)	¥4,750 ($46.15)
Volatility of stock price*	42.76%
Period until maturity	7.9 years
Estimated dividend – Yen (U.S. dollars)	¥40/stock ($0.39/Stock)
Risk-free interest rate	0.45%

Note:
* Calculated based on the actual stock price for the retrospective period that corresponds with the period until maturity.

(b) Sprint

Weighted average fair value at the measurement date of the stock options granted during the period is $3.63.

Fair value is measured as below:

	For the year ended March 31, 2014
Year issued / Name	2007 Omnibus Incentive Plan
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted average stock price	$7.11
Weighted average exercise price	$6.38
Volatility of stock price[1]	42.34%
Estimated residual period	7.5 years
Estimated dividend	–
Risk-free interest rate	2.01%

Notes:
1. Calculated based on implied volatility based on the stock price and option price of Sprint at the calculation date.
2. Fair value and the measurement method are for the stock options granted after business combination date.

(c) Supercell

Weighted average fair value at the measurement date of the stock options granted during the period is EUR 43.5.

Fair value is measured as below:

	For the year ended March 31, 2014
Year issued / Name	Supercell Oy Share option program
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted average stock price	EUR 46.58
Exercise price	EUR 3.59
Volatility of stock price[1]	48.70%
Estimated residual period	7.32 years
Estimated dividend	–
Risk-free interest rate	1.62%

Notes:
1. Calculation is based on the volatility of other comparative companies.
2. Fair value and the measurement method are for the stock options granted after business combination date.

(d) Yahoo Japan Corporation

Weighted average fair value at the measurement date of the stock options granted during the period is 3 Yen (for the year ended March 31, 2013: 3 Yen).

Fair value is measured as below:

	For the year ended March 31, 2013	
Year issued / Name	2012 – 1st	2012 – 2nd
Valuation method used	Black-Scholes model	Monte Carlo simulation
Key inputs and assumptions:		
Stock price – Yen	¥233	¥324
Exercise price – Yen	¥254	¥324
Volatility of stock price	37.8% – 38.0%[1]	39.99%[2]
Estimated residual period	5.97 years – 6.97 years	–
Period until maturity	–	10 years
Estimated dividend	Dividend yield 1.48%	Dividend yield 1.07%
Risk-free interest rate	0.34% – 0.47%	0.725%

	For the year ended March 31, 2014	
Year issued / Name	2013 – 1st	2013 – 2nd
Valuation method used	Monte Carlo simulation	Monte Carlo simulation
Key inputs and assumptions:		
Weighted average stock price – Yen (U.S. dollars)	¥492 ($4.78)	¥514 ($4.99)
Exercise price – Yen (U.S. dollars)	¥493 ($4.79)	¥514 ($4.99)
Volatility of stock price[2]	38.27%	37.15%
Period until maturity	10 years	10 years
Estimated dividend	Dividend yield 0.70%	Dividend yield 0.78%
Risk-free interest rate	0.585%	0.605%

Notes:
1. Calculated based on the actual stock price for the retrospective period that corresponds with the estimated residual period.
2. Calculated based on the actual stock price for the retrospective period that corresponds with the period until maturity.

c. Changes in stock options during the period and the condition of stock options at the period end

Changes in stock options during the period and the condition of stock options at the period end are as below:

(a) SoftBank Corp.

	For the year ended March 31, 2013		For the year ended March 31, 2014		
		Weighted average exercise price		Weighted average exercise price	
	Number of shares	(Yen)	Number of shares	(Yen)	(USD)
Beginning balance – Unexercised	3,393,500	¥2,625	3,281,100	¥2,625	$25.51
Granted	–	–	10,375,800	4,750	46.15
Forfeited	(32,300)	2,625	(43,100)	4,183	40.64
Exercised	(80,100)	2,625	(1,242,700)	2,625	25.51
Ending balance – Unexercised	3,281,100	2,625	12,371,100	4,402	42.77
Ending balance – Exercisable	761,000	¥2,625	359,800	¥2,625	$25.51

The unexercised options as of March, 31, 2014, are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted average exercise price (Yen)	Weighted average exercise price (USD)	Weighted average remaining contract period (Year)
¥2,625	$25.51	2,026,900	¥2,625	$25.51	3.3
¥4,750	$46.15	10,344,200	4,750	46.15	7.3
Total		12,371,100	¥4,402	$42.77	6.6

(b) Sprint

	For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price (USD)
Beginning balance – Unexercised	–	–
Business combination	53,098,794	$ 6.51
Granted	1,733,102	6.38
Forfeited	(224,914)	3.01
Exercised	(9,728,414)	3.65
Matured	(2,352,876)	15.50
Ending balance – Unexercised	42,525,692	6.68
Ending balance – Exercisable	36,691,227	$ 7.21

Note:
Movement of stock options after business combination date.

The unexercised options as of March, 31, 2014, are as follows:

Range of exercise price (USD)	Number of shares	Weighted average exercise price (USD)	Weighted average remaining contract period (Year)
$0.00 – 3.00	9,131,030	$ 2.00	7.90
3.01 – 4.00	15,002,925	3.34	5.65
4.01 – 5.00	4,106,104	4.16	6.29
5.01 – 6.00	2,104,369	5.84	3.98
6.01 – 7.00	1,733,102	6.38	9.34
7.01 – 10.00	659,176	8.11	4.09
10.01 – 15.00	2,497,246	13.79	3.35
15.01 – 20.00	6,008,462	17.93	2.55
20.01 – 25.00	1,283,278	21.69	0.87
Total	42,525,692	$ 6.68	5.52

(c) Supercell

	For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price (EUR)
Beginning balance – Unexercised	–	–
Business combination	1,494,719	€1.17
Granted	921,000	3.59
Forfeited	(39,350)	0.54
Exercised	(47,938)	0.02
Ending balance – Unexercised	2,328,431	2.16
Ending balance – Exercisable	123,180	€0.14

Note:
Movement of stock options after business combination date.

The unexercised options as of March, 31, 2014, are as follows:

Range of exercise price (EUR)	Number of shares	Weighted average exercise price (EUR)	Weighted average remaining contract period (Year)
€0.02 – 1.00	766,646	€0.08	7.00
1.01 – 2.00	329,635	1.64	7.00
3.59	1,232,150	3.59	7.00
Total	2,328,431	€2.16	7.00

(d) Brightstar Corp.

	For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price (USD)
Beginning balance – Unexercised	–	–
Business combination	1,338,701	$39.88
Ending balance – Unexercised	1,338,701	39.88
Ending balance – Exercisable	432,180	$31.56

Note:
Movement of stock options after business combination date.

The unexercised options as of March, 31, 2014, are as follows:

Range of exercise price (USD)	Number of shares	Weighted average exercise price (USD)	Weighted average remaining contract period (Year)
$20.00 – 25.00	229,793	$21.86	4.80
25.01 – 30.00	11,608	29.29	3.32
40.00 – 45.00	892,432	42.64	8.78
45.01 – 50.00	204,868	48.69	9.98
Total	1,338,701	$39.88	8.23

(e) Yahoo Japan Corporation

	For the year ended March 31, 2013		For the year ended March 31, 2014		
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)	Weighted average exercise price (USD)
Beginning balance – Unexercised	7,016,700	¥360	30,850,500	¥329	$3.20
Granted	26,092,200	324	35,676,000	508	4.94
Forfeited	(2,232,500)	366	(1,761,300)	370	3.60
Exercised	(25,900)	314	(752,700)	339	3.29
Ending balance – Unexercised	30,850,500	329	64,012,500	427	4.15
Ending balance – Exercisable	3,018,700	¥392	3,130,100	¥377	$3.66

The unexercised options as of March, 31, 2014, are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted average exercise price (Yen)	Weighted average exercise price (USD)	Weighted average remaining contract period (Year)
¥201 – 300	$1.95 – 2.91	1,103,400	¥271	$2.63	7.4
301 – 400	2.92 – 3.89	26,064,200	324	3.15	8.8
401 – 500	3.90 – 4.86	11,156,800	485	4.71	8.4
501 – 600	4.87 – 5.83	25,682,000	514	4.99	9.6
601 – 700	5.84 – 6.80	6,100	680	6.61	1.2
Total		64,012,500	¥427	$4.15	9.0

d. Stock options exercised during the period

Weighted average stock price at exercise for stock options exercised during the period are as follows:

(a) SoftBank Corp.

For the year ended March 31, 2013			For the year ended March 31, 2014			
Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)	Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)	Weighted average stock price at exercise (USD)
2010 – 6th Acquisition rights	80,100	¥3,185	2010 – 6th Acquisition rights	1,242,700	¥7,021	$68.22

(b) Sprint

	For the year ended March 31, 2014	
Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (USD)
2007 Omnibus Incentive Plan	9,728,414	$8.04

Note:
Weighted average stock price of stock options exercised after business combination date.

(c) Yahoo Japan Corporation

For the year ended March 31, 2013			For the year ended March 31, 2014			
Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)	Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)	Weighted average stock price at exercise (USD)
2006	–	¥ –	2006	12,500	¥519	$5.04
2007	–	–	2007	100,100	528	5.13
2008	200	395	2008	130,400	516	5.01
2009	16,800	396	2009	283,400	515	5.00
2010	8,900	397	2010	113,200	506	4.92
2011	–	–	2011	113,100	533	5.18

Note:
Weighted average stock price at exercise is not calculated for Supercell Oy Stock option plan since Supercell Oy shares are not publicly traded.

e. Stock options outside the scope of IFRS 2

IFRS 2 is not applied to part of stock options of Yahoo Japan Corporation, as they were granted after November 11, 2002 but vested before April 1, 2012. The detail of the stock option plan to which IFRS 2 is not applied is as follows:

Yahoo Japan Corporation split shares of their stocks by the ratio of 100 for 1, with the basis date of September 30, 2013 and the effective date of October 1, 2013. For stock options granted before the share split, the effect of the share split is adjusted.

(a) Details of stock option plans

Year issued / Name	The number of shares granted	Grant date	Due date for exercise	Weighted average exercise price (Yen)	Weighted average exercise price (USD)
2003	2,587,200	From July 25, 2003 to May 13, 2004	June 20, 2013	¥386	$3.75
2004	1,118,800	From July 29, 2004 to May 12, 2005	June 17, 2014	650	6.32
2005	626,600	From July 28, 2005 to January 31, 2006	June 17, 2015	597	5.80

Note:
Vesting conditions
Rights mainly vest in stages after 2 years from the grant date. One half of the total granted amounts vests after 2 years from the grant date, and one fourth vests each year in the subsequent 2 years. Vesting requires continuous services from the grant date to the vesting date. When an eligible person retires, vested acquisition rights forfeit.

(b) Changes in stock options during the period and the condition of stock options at the period end

	For the year ended March 31, 2013		For the year ended March 31, 2014		
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)	Weighted average exercise price (USD)
Opening balance	4,379,000	¥378	1,190,000	¥524	$5.09
Forfeited	(1,902,600)	465	(24,800)	618	6.00
Exercised	(1,286,400)	113	(332,800)	346	3.36
Matured	–	–	(272,000)	512	4.97
Unexercised ending balance	1,190,000	524	560,400	633	6.15
Exercisable ending balance	1,190,000	¥524	560,400	¥633	$6.15

The exercise price of unexercised stock options at March 31, 2014 is from 585 Yen to 795 Yen ($5.68 to $7.72) (March 31, 2013: from 334 Yen to 795 Yen). Weighted average residual contract year is 0.6 year (March 31, 2013: 0.9 year).

(c) Stock options exercised during the period

For the year ended March 31, 2013

Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)
2002	1,228,800	¥251
2003	57,600	392

For the year ended March 31, 2014

Year issued / Name	The number of shares exercised	Weighted average stock price at exercise (Yen)	Weighted average stock price at exercise (USD)
2003	332,800	¥476	$4.62

(2) Restricted stock unit plan (RSU)

The details of the Company's restricted stock unit award for the years ended March 31, 2013 and 2014 are as below:

(a) Sprint

Sprint grants shares of Sprint Corporation as restricted stock units to its directors, employees and other service providers. Restricted stock units granted for the year ended March 31, 2014, after the business combination date, were 17,627,342 shares.

The fair value of the restricted stock units is measured by the stock price at the grant date and the weighted average fair value of the restricted stock units granted after the business combination date for the year ended March 31, 2014 was $6.23.

Restricted stock units generally have performance and service period requirements or service period requirements only. The service period requirement ranges from 1 to 3 years. Employees and directors must remain employees or directors until the cancellation of the restriction, and that period is typically 3 years for employees and 1 year for directors.

(b) Galaxy Investment Holdings, Inc

Galaxy Investment Holdings, Inc. has granted Restricted Stock Units to its director, Ronald Fisher with the option to settle either by Sprint Corporation shares held by Galaxy Investment Holdings, Inc. or cash. 2,846,508 shares of RSUs have been granted during the period ending March 31, 2014.

As Galaxy Investment Holdings, Inc. has the option to settle by cash instead of Sprint Corporation shares, this RSU grant has been accounted as an equity settled share payment.

The fair value of the RSUs is measured by the stock price as of the date granted. The weighted average fair value of the restricted stock units granted for the year ended March 31, 2014 is $8.77.

The RSUs vest 25% each at November 2015, November 2016, November 2017 and November 2018. Vesting requires continuous services from the grant date to the vesting date.

33. Net sales

The components of net sales are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Mobile Communications			
Net sales from rendering of services	¥1,588,740	¥2,096,259	$20,367,849
Net sales from sale of goods	742,131	1,046,404	10,167,159
Total	2,330,871	3,142,663	30,535,008
Sprint			
Net sales from rendering of services	–	2,317,820	22,520,599
Net sales from sale of goods	–	282,923	2,748,960
Total	–	2,600,743	25,269,559
Fixed-line Telecommunications	437,873	442,152	4,296,075
Internet	353,481	396,554	3,853,031
Other	80,311	84,539	821,405
Total	¥3,202,536	¥6,666,651	$64,775,078

"Sprint" includes financial information after the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

34. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Cost of goods sold	¥ (792,943)	¥(1,696,049)	$(16,479,295)
Depreciation and amortization	(355,120)	(899,904)	(8,743,723)
Sales commissions and sales promotion expenses	(394,516)	(897,710)	(8,722,406)
Employees and directors benefit cost	(184,398)	(510,525)	(4,960,406)
Telecommunications equipment usage fee	(150,891)	(438,108)	(4,256,782)
Operating lease expenses	(129,523)	(339,961)	(3,303,158)
Service outsourcing expenses	(135,624)	(237,550)	(2,308,103)
Other	(261,900)	(759,938)	(7,383,774)
Total	¥(2,404,915)	¥(5,779,745)	$(56,157,647)

The increase of cost of sales and selling, general and administrative expenses for the fiscal year ended March 31, 2014 is mainly due to the consolidation of Sprint. The details of the business combinations are described in "(3) Sprint" in "Note 5. Business combinations."

"Depreciation and amortization" includes, disposal of "Property, plant and equipment" and "Intangible assets" as well as amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the consolidated statement of financial position.

35. Other operating income and loss

The components of other operating income and loss are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Impairment loss			
Assets related to ADSL services[1]	¥–	¥(11,210)	$(108,920)
Assets related to Sprint[2]	–	(7,654)	(74,368)
Trademarks[3]	–	(7,404)	(71,939)
Goodwill	–	(5,822)	(56,568)
Severance costs associated with reduction in work force of Sprint	–	(18,307)	(177,876)
Other	–	(5,033)	(48,903)
Total	¥–	¥(55,430)	$(538,574)

Notes:
1. As a result of reviewing the business plan for ADSL services at eAccess Ltd. in the Fixed-line Telecommunications segment, the recoverable amount of assets related to ADSL services became lower than their carrying amount, and therefore the carrying amounts were reduced to their value in use. Impairment loss on customer relationships was ¥8,655 million ($84,094 thousand) and impairment loss on telecommunications equipment and software was ¥2,555 million ($24,825 thousand).
Value in use was ¥4,410 million ($42,849 thousand) which was calculated by discounting management approved estimated future cashflow plan by 9.24%, weighted average capital cost before tax.
2. In the Sprint segment, certain telecommunications equipment inventories which will not be used in the future, are impaired.
3. eAccess Ltd. and WILLCOM, Inc. conducted an absorption type merger, with eAccess Ltd. being the surviving company and WILLCOM, Inc. being the company absorbed, effective on June 1, 2014. eAccess Ltd. will change its name to Ymobile Corporation and plans to provide services under the "Y!mobile" brand.
Since the trademarks such as "EM," "EMOBILE," "WILLCOM," which eAccess Ltd. and WILLCOM, Inc. used as service names in the Mobile Communications segment, will not be used in the future, the trademarks are all impaired.

36. Finance cost

The components of finance cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Interest expense*	¥(65,297)	¥(271,478)	$(2,637,757)

Note:
* Interest expense was mainly from financial liabilities measured at amortized cost.

37. Other non-operating income and loss

The components of other non-operating income and loss are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Interest income[1]	¥ 3,109	¥ 21,015	$ 204,188
Derivative gain(loss)[1,2]	11,877	(19,588)	(190,323)
Gain on sale of securities[3]	2,288	12,325	119,753
Impairment loss on securities[3]	(10,541)	(9,168)	(89,079)
Gain on sale of associates	837	33,058	321,201
Impairment loss on equity method associates[4]	(22,474)	–	–
Other	(31)	6,439	62,563
Total	¥(14,935)	¥ 44,081	$ 428,303

Notes:
1. Stock acquisition rights in the convertible bonds issued by Sprint Nextel Corporation and undertaken by Starburst II on October 22, 2012, were reported at fair value as a derivative, being bifurcated from the host contracts as they are classified as embedded derivatives and were recorded in "Other financial Assets" in the consolidated statement of financial position. As the Company exercised the relevant stock acquisition rights and the Company derecognized the derivatives, a derivative loss of ¥16,356 million ($158,919 thousand) was recorded during the fiscal year ended March 31, 2014. With regard to the host contract (the bonds), the amount of payment less the fair value of the embedded derivative at inception of the bond was recorded in the consolidated statement of financial position at inception. This deduction amount is accreted using the effective interest method with corresponding adjustments to interest income. Initially, the expected remaining accretion period for the bond discount was seven years based on the contract term of the bond. However, based on the approval for the acquisition at the shareholders' meeting of Sprint on June 25, 2013, the Company changed the estimate of the expected remaining term to the completion of the acquisition. During the fiscal year ended March 31, 2014, the Company recognized interest income of ¥16,219 million ($157,588 thousand). The increase of interest income reflecting this change in the expected remaining term of the bond was ¥15,568 million ($151,263 thousand).
2. Of the foreign currency forward contract totaling $22.0 billion which is related to the acquisition of Sprint, $5.0 billion did not meet the criteria for hedge accounting, resulting in a derivative loss of ¥13,186 million ($128,119 thousand) recorded during the fiscal year ended March 31, 2014. Hedge accounting was applied to $17.0 billion which was regarded as a cash flow hedge. Fair value of ¥311,659 million ($3,028,168 thousand) of hedge instruments at the acquisition date was deducted from the initial amount of goodwill which was recognized upon the acquisition.
3. Gain on sale of securities and impairment loss on securities were mainly from available-for-sale financial assets.
4. The Company recorded the impairment loss of ¥22,474 million ($218,364 thousand) during the fiscal year ended March 31, 2013 with regard to certain equity method associates, as the future cash flow previously expected from the previous business plan was no longer expected and the carrying amount was reduced to the recoverable amount.

38. Other comprehensive income (loss)

The table below presents the amount occurred during the year, reclassification adjustments of profit or loss and income tax effect by each item in other comprehensive income.

For the fiscal year ended March 31, 2013

(Millions of yen)

	Amount occurred during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 105	¥ –	¥ 105	¥ (37)	¥ 68
Total	105	–	105	(37)	68
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	973	6,164	7,137	(2,648)	4,489
Cash flow hedges	188,979	(3,381)	185,598	(70,462)	115,136
Exchange differences on translating foreign operations	66,095	(239)	65,856	–	65,856
Share of other comprehensive income of associates	21,274	(2,473)	18,801	–	18,801
Total	277,321	71	277,392	(73,110)	204,282
Total other comprehensive income (loss)	¥277,426	¥ 71	¥277,497	¥(73,147)	¥204,350

For the fiscal year ended March 31, 2014

(Millions of yen)

	Amount occurred during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 3,143	¥ –	¥ 3,143	¥ 71	¥ 3,214
Total	3,143	–	3,143	71	3,214
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	45,904	(107,053)	(61,149)	22,382	(38,767)
Cash flow hedges	126,739	(332,768)*	(206,029)	72,027	(134,002)
Exchange differences on translating foreign operations	91,847	(1,459)	90,388	–	90,388
Share of other comprehensive income of associates	19,076	(488)	18,588	–	18,588
Total	283,566	(441,768)	(158,202)	94,409	(63,793)
Total other comprehensive income (loss)	¥286,709	¥(441,768)	¥(155,059)	¥94,480	¥ (60,579)

(Thousands of U.S. dollars)

	Amount occurred during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	$ 30,538	$ –	$ 30,538	$ 690	$ 31,228
Total	30,538	–	30,538	690	31,228
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	446,016	(1,040,157)	(594,141)	217,471	(376,670)
Cash flow hedges	1,231,432	(3,233,268)*	(2,001,836)	699,834	(1,302,002)
Exchange differences on translating foreign operations	892,412	(14,176)	878,236	–	878,236
Share of other comprehensive income of associates	185,348	(4,742)	180,606	–	180,606
Total	2,755,208	(4,292,343)	(1,537,135)	917,305	(619,830)
Total other comprehensive income (loss)	$2,785,746	$(4,292,343)	$(1,506,597)	$917,995	$ (588,602)

Note:
* In connection with the consolidation of Sprint, accumulated other comprehensive income of ¥311,659 million ($3,028,168 thousand), generated from the hedging instrument designated as a cash flow hedge, is deducted from the initial amount of goodwill which was recognized upon the consolidation. The details of the acquisition are described in "(3) Sprint" in "Note 5. Business combinations."

39. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

(1) Basic earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net income attributable to owners of the parent	¥372,481	¥527,035	$5,120,822
	(Thousands of shares)		
Weighted-average number of ordinary shares	1,120,201	1,190,650	
		(Yen)	(USD)
Basic earnings per share	¥332.51	¥442.64	$4.30

(2) Diluted earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Net income attributable to owners of the parent	¥372,481	¥527,035	$5,120,822
Adjustments:			
Interest expense on bonds (net of tax)	1,339	–	–
Effect of dilutive securities issued by subsidiaries and associates	(63)	(1,993)	(19,365)
Net income used in the calculation of diluted earnings per share	¥373,757	¥525,042	$5,101,457

	(Thousands of shares)	
Weighted-average number of ordinary shares	1,120,201	1,190,650
Adjustments:		
Warrants and corporate bonds with stock acquisition rights	19,030	1,622
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	1,139,231	1,192,272

	(Yen)		(USD)
Diluted earnings per share	¥328.08	¥440.37	$4.28

40. Supplemental information to the consolidated statement of cash flows

(1) Scope of purchase of property, plant and equipment and intangible assets

"Purchase of property, plant and equipment, and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the consolidated statement of financial position.

(2) Presentation of cash flow regarding finance lease

For the purchase of telecommunication equipment through finance lease, the Company purchases, assembles, installs and inspects the equipment due to the nature of the equipment. Then the Company sells the equipment to lease companies for sale and leaseback purposes and recognizes it as a lease asset.

The cash outflows from the purchase of the equipment from vendors are included in "Purchase of property, plant and equipment, and intangible assets" under cash flows from investing activities, and the cash inflows from the sale of the equipment to lease companies are included in "Proceeds from long-term interest-bearing debt" under cash flows from financing activities.

(3) Proceeds from settlement of foreign currency forward contract for acquisition of control over subsidiary

For the fiscal year ended March 31, 2014

The proceeds are from the settlement of a foreign currency forward contract of $18.5 billion with regard to acquisition of Sprint.

(4) Payments for preferred stocks, stock acquisition rights and long-term debt of subsidiary

For the fiscal year ended March 31, 2013

In April 2006, BB Mobile Corp. issued Class 1 preferred stock-series 1 and stock acquisition rights to Vodafone International Holdings B.V. and obtained a subordinated loan from Vodafone Overseas Finance Limited as a series of financing transactions for the Company's acquisition of Vodafone K.K. (currently SoftBank Mobile Corp.). In November 2006, refinancing of the funds for the acquisition was conducted, and SoftBank Mobile Corp. assumed BB Mobile Corp's subordinated loan.

In December 2010, the Company acquired the aforementioned all Class 1 preferred stock-series 1 and 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 from SoftBank Mobile Corp. held by Vodafone Overseas Finance Limited for a total amount of ¥412,500 million. Of the total amount, ¥212,500 million and the remaining amount of ¥200,000 million with expenses associated with the acquisition were paid in December 2010 and April 2012, respectively.

(5) Significant non-cash transactions

Significant non-cash investing and financing activities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	**Fiscal year ended March 31, 2014**	**Fiscal year ended March 31, 2014**
Issuance of new shares upon the share exchange[1]	¥219,396	**¥ –**	**$ –**
Acquisition of assets from finance lease transactions	124,057	**51,937**	**504,635**
Acquisition of fixed assets by installments	76,869	**47,356**	**460,124**
Conversion of bonds with stock acquisition rights[2]	49,583	**–**	**–**

Notes:
1. Due to the share exchange with eAccess Ltd. conducted on January 1, 2013. The details are described in "(1) eAccess, Ltd." in "Note 5. Business combinations."
2. Reclassification to common stock and capital surplus after exercise of stock acquisition rights were ¥17,220 million and ¥32,363 million accordingly.

41. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Company were as follows:

As of April 1, 2012

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Balance as of April 1, 2012
Masayoshi Son (Son Asset Management LLC)	Chairman & CEO of SoftBank Corp. holding over half of the voting rights	Advance payment for temporary expense	¥ 22
		Equipment usage fee[1]	
		Guarantee deposit received[1]	178

For the fiscal year ended March 31, 2013

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 2 other companies)	Chairman & CEO of SoftBank Corp. holding over half of the voting rights	Dividend paid from SoftBank Corp.	¥14,821	¥ –
		Transfer of property, plant and equipment[3]	3,825	–
		Advance payment for temporary expense	221	22
		Payment of equipment usage[1]	45	
		Guarantee deposit received[1]	–	178
Taizo Son (Fractal Media KK and 3 other companies[2])	Relative of Chairman & CEO holding over half of the voting rights	Dividend paid from SoftBank Corp.	548	–

For the fiscal year ended March 31, 2014

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 2 other companies)	Chairman & CEO of SoftBank Corp. holding over half of the voting rights	Dividend paid from SoftBank Corp.	¥10,021	¥ –
		Advance payment for temporary expense	266	38
		Payment of equipment usage[1]	45	
		Guarantee deposit received[1]	1	178
Taizo Son (Heartis GK and 9 other companies)[2]	Relative of Chairman & CEO holding over half of the voting rights	Dividend paid from SoftBank Corp.	204	–
		Dividend paid from subsidiary[4]	751	
		Payment of outsourcing fee[5]	80	9

(Thousands of U.S. dollars)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 2 other companies)	Chairman & CEO of SoftBank Corp. holding over half of the voting rights	Dividend paid from SoftBank Corp.	$97,367	$ –
		Advance payment for temporary expense	2,585	369
		Payment of equipment usage[1]	437	
		Guarantee deposit received[1]	10	1,729
Taizo Son (Heartis GK and 9 other companies)[2]	Relative of Chairman & CEO holding over half of the voting rights	Dividend paid from SoftBank Corp.	1,982	–
		Dividend paid from subsidiary[4]	7,297	–
		Payment of outsourcing fee[5]	777	87

Notes:
1. Equipment usage fee and guarantee deposit received are determined based on the ratio of usage.
2. Relative of Chairman & CEO Masayoshi Son, Taizo Son holds over half of the voting rights.
3. Transfer of property, plant and equipment occurred immediately after the purchase of asset so the transfer is recorded based on book value.
4. Dividends are paid from our listed subsidiary, GungHo.
5. The terms and condition of transaction are negotiated and determined, considering the market price and the contents of the transaction.

(2) Remuneration for major executives

Remuneration for major executives are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2014
Short-term benefits	¥602	¥724	$7,035
Share-based payments	2	77[2]	748
Total	¥604	¥801	$7,783

Notes:
1. Remuneration for major executives represents remuneration for the Company's directors including external directors.
2. Galaxy Investment Holdings. Inc., a subsidiary, granted Sprint Corporation shares (2,846,508 shares) that it owned as Restricted Stock Units to Ronald Fisher, a board member of SoftBank Corp. The share based compensation expense of ¥35 million ($340 thousand) from this transaction is included. Also, Sprint granted Sprint Corporation shares (71,736 shares) as Restricted Stock Units to Ronald Fisher. The share-based compensation expense of ¥40 million ($388 thousand) from this transaction is included. The details are described in "Note 32 Share-based payment (2) Restricted stock unit plan."

42. Contingencies

Lending commitments

The details of lending commitments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
Lending commitments	¥43,388	¥8,867	$86,154
Funded	11,098	1,325	12,874
Unfunded	¥32,290	¥7,542	$73,280

43. Purchase commitments

The Company had commitments to purchase services and goods of ¥2,796,962 million ($27,176,079 thousand) as of March 31, 2014 (March 31, 2013: ¥627,870 million).

Purchase commitments are mainly related to purchase of telecommunications equipment, mobile handsets and outstanding connection contracts entered into with other telecommunications operators.

44. Subsequent events

There have been no subsequent events to date.

45. First-time adoption of IFRSs

(1) Transition to IFRSs financial reporting

The Company prepared the first consolidated financial statements in accordance with IFRSs from the fiscal year ended March 31, 2014.

The latest consolidated financial statements prepared in accordance with JGAAP are for the year ended March 31, 2013. The date of transition to IFRSs is April 1, 2012.

IFRS 1, in principle, requires first-time adopters to apply IFRSs retrospectively. However, as exceptions, the retrospective application of some aspects of IFRSs is prohibited, and they shall be applied prospectively from the date of transition to IFRSs. The following exceptions are applied to the Company:

a. Accounting estimates

With regard to accounting estimates used for consolidated financial statements in accordance with IFRSs, new information received afterward is not reflected, for the estimates used under IFRSs to be consistent with estimates used when the financial statements under JGAAP were prepared.

b. Non-controlling interests

The Company applies the following requirements of IFRS 10 "Consolidated Financial Statements" prospectively from the date of transition to IFRSs:

- the requirement that total comprehensive income attributable to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; and
- the requirements for accounting for changes in a subsidiary that do not result in a loss of control.

IFRSs also grant first-time adopters to voluntarily elect to use exemptions from some requirements of IFRSs. The Company applied the following exemptions:

a. Business combinations

The Company has elected not to apply IFRS 3 "Business Combinations," retrospectively to business combinations that occurred before the date of transition to IFRSs.

b. Exchange differences on translating foreign operations

The Company has transferred all cumulative translation differences from other comprehensive income to retained earnings on the date of transition to IFRSs.

c. Share-based payments

The Company does not apply IFRS 2 "Share-based Payment" to a portion of stock options that were vested before the date of transition to IFRSs.

d. Compound instruments

The Company does not apply IAS 32 "Financial Instruments: Presentation" to the compound instruments with no outstanding liability balance at the date of transition to IFRSs.

The Company has made necessary adjustments to the consolidated financial statements prepared in accordance with JGAAP that had already been disclosed, in the course of the preparation of the consolidated financial statements in accordance with IFRSs.

The table below presents reconciliations required to be disclosed under the first-time adoption of IFRSs.

Items that do not affect retained earnings and comprehensive income are included in "Reclassification" of the reconciliation. Differences in the scope of consolidation under IFRSs from JGAAP are included in "Differences in the scope of consolidation." Items that affect retained earnings or comprehensive income are included in "Differences in recognition and measurement."

The amounts presented in the consolidated financial statements prepared in accordance with JGAAP for the years ended on or before March 31, 2013, were rounded down to the nearest million yen. As the amounts presented in the consolidated financial statements prepared in accordance with IFRSs from the fiscal year ended March 31, 2014, are rounded off to the nearest million yen, the amounts under JGAAP presented in the reconciliations are also rounded off to the nearest million yen.

(2) Reconciliation of equity as of April 1, 2012

(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Assets							**Assets**
Current assets							Current assets
Cash and deposits	¥1,016,252	¥ (1,693)	¥ 6,554	¥ –		¥1,021,113	Cash and cash equivalents
Notes and accounts receivable – trade	661,288	(35,571)	(2,560)	163,745	E	786,902	Trade and other receivables
Marketable securities	4,575	(4,575)	–	–		–	
		10,399	–	–		10,399	Other financial assets
Merchandise and finished products	42,618	13,065	–	–		55,683	Inventories
Deferred tax assets	56,469	(56,469)	–	–		–	
Other current assets	168,265	(93,391)	2,690	7,450	D	85,014	Other current assets
Less: Allowance for doubtful accounts	(39,015)	39,015	–	–		–	
Total current assets	1,910,452	(129,220)	6,684	171,195		1,959,111	Total current assets
Fixed assets							Non-current assets
Property and equipment, net	1,296,393	–	22,076	58,716	B, I	1,377,185	Property, plant and equipment
Intangible assets, net:							
Goodwill	780,243	–	1,211	(3,543)	A	777,911	Goodwill
Software	310,151	(310,151)	–	–		–	
Other intangibles	36,121	310,151	641	(6,590)		340,323	Intangible assets
Investments and other assets							
Investment securities	338,198	(338,198)	–	–		–	
		201,465	7,292	(231)	G	208,526	Investments accounted for using the equity method
		185,040	(22,081)	155,640	E	318,599	Other financial assets
Deferred tax assets	104,327	56,469	–	22,613		183,409	Deferred tax assets
Other assets	134,077	(64,264)	77	15,600	D, I	85,490	Other non-current assets
Less: Allowance for doubtful accounts	(15,957)	15,957	–	–		–	
Total fixed assets	2,983,553	56,469	9,216	242,205		3,291,443	Total non-current assets
Deferred charges	5,700	–	21	(5,721)		–	
Total assets	¥4,899,705	¥ (72,751)	¥ 15,921	¥407,679		¥5,250,554	**Total assets**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							**Current liabilities**
	¥ –	¥ 716,824	¥ –	¥209,847	E, I	¥ 926,671	Interest-bearing debt
Accounts payable – trade	190,533	747,461	22,650	15,188	D	975,832	Trade and other payables
Short-term borrowings	403,168	(403,168)	–	–		–	
Current portion of corporate bonds	144,988	(144,988)	–	–		–	
Accounts payable – other and accrued expenses	835,053	(835,053)	–	–		–	
		1,206	–	–		1,206	Other financial liabilities
Income taxes payables	125,116	(2,614)	5	706		123,213	Income taxes payables
Current portion of lease obligations	152,683	(152,683)	–	–		–	
		1,456	–	–		1,456	Provisions
Other current liabilities	72,184	(1,191)	174	22,988	D, F	94,155	Other current liabilities
Total current liabilities	1,923,725	(72,750)	22,829	248,729		2,122,533	Total current liabilities
Long-term liabilities							**Non-current liabilities**
		1,425,264	–	338,009	E, I	1,763,273	Interest-bearing debt
Corporate bonds	459,900	(459,900)	–	–		–	
Long-term debt	560,070	(560,070)	–	–		–	
		9,711	26,069	1,390		37,170	Other financial liabilities
Liability for retirement benefits	14,953	–	–	–		14,953	Defined benefit liabilities
		20,603	40	–		20,643	Provisions
Deferred tax liabilities	20,370	–	(313)	25,294		45,351	Deferred tax liabilities
Allowance for point mileage	32,074	(32,074)	–	–		–	
Lease obligations	347,700	(347,700)	–	–		–	
Other liabilities	105,273	(55,835)	(9,999)	40,146	D, F	79,585	Other non-current liabilities
Total long-term liabilities	1,540,340	(1)	15,797	404,839		1,960,975	Total non-current liabilities
Total liabilities	¥3,464,065	¥ (72,751)	¥38,626	¥653,568		¥4,083,508	**Total liabilities**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Equity							**Equity**
Shareholders' equity							**Equity attributable to owners of the parent**
Common stock	¥ 213,798	¥ –	¥ –	¥ –		¥ 213,798	Common stock
Capital surplus	236,563	898	–	13,306	E	250,767	Capital surplus
Retained earnings	530,534	–	(3,335)	(121,615)	(7)	405,584	Retained earnings
Less: Treasury stock	(22,947)	–	–	–		(22,947)	Treasury stock
		(21,253)	–	66,686	C, E	45,433	Accumulated other comprehensive income
Accumulated other comprehensive loss							
Unrealized gain on available-for-sale securities	10,567	(10,567)	–	–		–	
Deferred loss on derivatives under hedge accounting	(993)	993	–	–		–	
Foreign currency translation adjustments	(30,827)	30,827	–	–		–	
						892,635	Total equity attributable to owners of the parent
Stock acquisition rights	898	(898)	–	–		–	
Minority interests	498,047	–	(19,370)	(204,266)	A, B, E, F	274,411	**Non-controlling interests**
Total equity	1,435,640	–	(22,705)	(245,889)		1,167,046	**Total equity**
Total liabilities and equity	¥4,899,705	¥(72,751)	¥ 15,921	¥ 407,679		¥5,250,554	**Total liabilities and equity**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(3) Reconciliation of equity as of March 31, 2013

(Items related to consolidated statement of financial position)

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Assets							Assets
Current assets							Current assets
Cash and deposits	¥1,369,135	¥ (4,505)	¥ 74,427	¥ –		¥1,439,057	Cash and cash equivalents
Notes and accounts receivable – trade	662,187	26,174	26,516	221,430	D, E	936,307	Trade and other receivables
Marketable securities	4,704	(4,704)	–	–		–	
		227,235	2,004	–		229,239	Other financial assets
Merchandise and finished products	43,846	8,021	2,401	–		54,268	Inventories
Deferred tax assets	50,580	(50,580)	–	–		–	
Other current assets	490,964	(370,795)	747	6,232	D	127,148	Other current assets
Less: Allowance for doubtful accounts	(30,219)	30,219	–	–		–	
Total current assets	2,591,197	(138,935)	106,095	227,662		2,786,019	Total current assets
Fixed assets							Non-current assets
Property and equipment, net	1,657,640	–	208,596	(35,621)	B, I	1,830,615	Property, plant and equipment
Intangible assets, net:							
Goodwill	734,407	–	136,551	54,014	A	924,972	Goodwill
Software	383,733	(383,733)	–	–		–	
Other intangibles	36,805	383,733	113,634	(5,489)		528,683	Intangible assets
Investments and other assets							
Investment securities	870,608	(870,608)	–	–		–	
		458,823	(259,022)	8,863	G	208,664	Investments accounted for using the equity method
		464,151	(2,197)	172,693	E	634,647	Other financial assets
Deferred tax assets	99,967	50,580	(21)	24,864		175,390	Deferred tax assets
Other assets	158,558	(69,274)	13,902	25,996	D, H, I	129,182	Other non-current assets
Less: Allowance for doubtful accounts	(16,909)	16,909	–	–		–	
Total fixed assets	3,924,809	50,581	211,443	245,320		4,432,153	Total non-current assets
Deferred charges	8,880	–	9	(8,889)		–	
Total assets	¥6,524,886	¥ (88,354)	¥ 317,547	¥464,093		¥7,218,172	**Total assets**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Liabilities							**Liabilities and equity**
Current liabilities							Current liabilities
	¥ –	¥1,243,412	¥52,424	¥238,292	E, I	¥1,534,128	Interest-bearing debt
Accounts payable – trade	194,654	696,218	63,705	18,092	D	972,669	Trade and other payables
Short-term borrowings	813,491	(813,491)	–	–		–	
Current portion of corporate bonds	205,000	(205,000)	–	–		–	
Accounts payable – other and accrued expenses	751,690	(751,690)	–	–		–	
		4,833	–	–		4,833	Other financial liabilities
Income taxes payables	179,559	(3,096)	4,653	934		182,050	Income taxes payables
Deferred tax liabilities	71,975	(71,975)	–	–		–	
Current portion of lease obligations	192,603	(192,603)	–	–		–	
		1,252	350	–		1,602	Provisions
Other current liabilities	181,212	(68,189)	4,299	25,312	D, F	142,634	Other current liabilities
Total current liabilities	2,590,184	(160,329)	125,431	282,630		2,837,916	Total current liabilities
Long-term liabilities							Non-current liabilities
		1,721,366	188,231	264,128	E, I	2,173,725	Interest-bearing debt
Corporate bonds	734,900	(734,900)	–	–		–	
Long-term debt	354,291	(354,291)	–	–		–	
		12,981	25,673	–		38,654	Other financial liabilities
Liability for retirement benefits	14,506	–	–	–		14,506	Defined benefit liabilities
		20,847	918	–		21,765	Provisions
Deferred tax liabilities	17,940	71,975	7,230	23,834		120,979	Deferred tax liabilities
Allowance for point mileage	22,548	(22,548)	–	–		–	
Lease obligations	526,739	(526,739)	–	–		–	
Other liabilities	157,319	(116,716)	(8,552)	48,136	D, F	80,187	Other non-current liabilities
Total long-term liabilities	1,828,243	71,975	213,500	336,098		2,449,816	Total non-current liabilities
Total liabilities	¥4,418,427	¥ (88,354)	¥338,931	¥618,728		¥5,287,732	**Total liabilities**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Equity							Equity
Shareholders' equity							Equity attributable to owners of the parent
Common stock	¥ 238,772	¥ –	¥ –	¥ –		¥ 238,772	Common stock
Capital surplus	429,689	736	(125)	6,404	E	436,704	Capital surplus
Retained earnings	753,616	–	(6,037)	(35,491)	(7)	712,088	Retained earnings
Less: Treasury stock	(22,834)	–	–	–		(22,834)	Treasury stock
		169,842	(1)	78,185	C, E, G	248,026	Accumulated other comprehensive income
Accumulated other comprehensive loss							
Unrealized gain on available-for-sale securities	4,164	(4,164)	–	–		–	
Deferred loss on derivatives under hedge accounting	114,158	(114,158)	–	–		–	
Foreign currency translation adjustments	51,520	(51,520)	–	–		1,612,756	Total equity attributable to owners of the parent
Stock acquisition rights	736	(736)	–	–		–	
Minority interests	536,638	–	(15,221)	(203,733)	A, B, E, F	317,684	Non-controlling interests
Total equity	2,106,459	–	(21,384)	(154,635)		1,930,440	Total equity
Total liabilities and equity	¥6,524,886	¥ (88,354)	¥317,547	¥ 464,093		¥7,218,172	Total liabilities and equity

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(4) Adjustment to comprehensive income for the fiscal year ended March 31, 2013

(Items related to consolidated statement of income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Net sales	¥ 3,378,365	¥ 10,191	¥ 38,823	¥(224,843)	D	¥ 3,202,536	Net sales
Cost of sales	(1,590,740)	(9,522)	(22,918)	12,338	B, D, F, I	(1,610,842)	Cost of sales
Gross profit	1,787,625	669	15,905	(212,505)		1,591,694	**Gross profit**
Selling, general and administrative expenses	(1,042,625)	2,574	(24,757)	270,735	A, B, D, E, F, H, I	(794,073)	Selling, general and administrative expenses
Operating income	745,000						
		1,778	–	–		1,778	Gain from remeasurement relating to business combination
		–	–	–		–	Other operating income
						799,399	**Operating income**
		(70,298)	(3,731)	8,732	E, I	(65,297)	Finance cost
		(11,050)	(908)	8,295	G	(3,663)	Equity in loss of associates
		(18,179)	5,117	(1,873)	E, G	(14,935)	Other non-operating loss
Non-operating income	19,779	(19,779)	–	–		–	
Non-operating expenses	(111,565)	111,565	–	–		–	
Ordinary income	653,214			–			
Special income	11,383	(11,383)	–	–		–	
Special loss	(14,103)	14,103	–	–		–	
Income before income taxes and minority interests	650,494	–	(8,374)	73,384	(7)	715,504	**Income before income tax**
Income taxes	(287,174)	–	1,543	7,964		(277,667)	Income taxes
Income before minority interests	¥ 363,320	¥ –	¥ (6,831)	¥ 81,348		¥ 437,837	**Net income**

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(Items related to consolidated statement of comprehensive income)

(Millions of yen)

Presentation under JGAAP	JGAAP	Reclassification	Differences in the scope of consolidation	Differences in recognition and measurement	Notes*	IFRSs	Presentation under IFRSs
Income before minority interests	¥363,320	¥–	¥(6,831)	¥81,348		¥437,837	Net income
Other comprehensive income							Other comprehensive income, net of tax
							Items that will not be reclassified to profit or loss
		–	–	68		68	Remeasurements of defined benefit plan
						68	Total items that will not be reclassified to profit or loss
							Items that may be reclassified subsequently to profit or loss
Unrealized loss on available-for-sale securities	(8,121)	–	1	12,609	E	4,489	Available-for sale financial assets
Deferred gain on derivatives under hedge accounting	117,859	–	(2,723)	–		115,136	Cash flow hedges
Foreign currency translation adjustment	65,906	–	–	(50)		65,856	Exchange differences on translating foreign operations
Share of other comprehensive income of affiliated companies accounted for using equity method	15,270	–	2,710	821		18,801	Share of other comprehensive income of associates
						204,282	Total items that may be reclassified subsequently to profit or loss
Total other comprehensive income	190,914	–	(12)	13,448		204,350	Total other comprehensive income, net of tax
Comprehensive income	¥554,234	¥–	¥(6,843)	¥94,796		¥642,187	Total comprehensive income

Note:
* Described in "(7) Notes to the differences in recognition and measurement."

(5) Notes to the reclassification

The following reclassifications are made for the transition to IFRSs and do not affect retained earnings and comprehensive income.

a. Under JGAAP, investments in associates were included in investment securities. Under IFRSs, they are separately presented as investments accounted for using the equity method.
b. Under JGAAP, short-term borrowings, current portion of corporate bonds and current portion of lease obligations are presented as separate components and installment payables were included in accounts payable – other and accrued expenses. Under IFRSs, they are all included in interest-bearing debt (current). In addition, under JGAAP, corporate bonds, long-term debt and lease obligations (non-current) are presented as separate components and long-term installment payables were included in other liabilities (long term). Under IFRSs, they are all included in interest-bearing debt (non-current).
c. Under JGAAP, accounts payable – trade was presented separately. Accounts payable – other (except for installment payables) was included in accounts payable – other and accrued expenses. Deposits and other payables were included in other current liabilities. Under IFRSs, they are all included in trade and other payables.
d. All deferred tax assets and liabilities that were classified as current items under JGAAP are classified as non-current items under IFRSs.
e. Upon transition to IFRSs, sales and cost of sales arising from transactions where the Company is acting as a principal are presented on a gross basis. Sales and cost of sales arising from transactions where the Company is acting as an agent are presented on a net basis.
f. Finance cost, such as interest expense that were presented as non-operating income, non-operating expenses, special income and special loss under JGAAP are presented under finance cost, net under IFRSs.
g. Other reclassifications have been made by aggregating or separating presentation under JGAAP to be consistent with the presentation under IFRSs.

(6) Notes to the differences in the scope of consolidation

The effect of change in the scope of consolidation under IFRSs from JGAAP is separately presented in these reconciliations.

Under JGAAP, WCP, which operates a wireless communications network using AXGP technology, was accounted for using the equity method, as the Company owns 33.3% of its voting rights. Upon transition to IFRSs, the Company determined that it has control over WCP and included it into the scope of consolidation considering the fact that the Company constitutes the majority of members of WCP's board of directors and that WCP's business activities significantly depend on the Company.

eAccess Ltd. became SoftBank Corp.'s wholly owned subsidiary effective on January 1, 2013. On January 17, 2013, SoftBank Corp. transferred certain shares of eAccess Ltd. to 11 third party companies.

Under JGAAP, SoftBank Corp.'s voting rights in eAccess Ltd. decreased to 33.3% after the transfer of shares and eAccess Ltd. was accounted for using the equity method.

However, SoftBank Corp.'s economic ownership ratio is 99.5%, which is significantly higher than the percentage of voting rights (33.3%). Also, considering the fact that the proportion of voting rights is relatively large compared to other holders of voting rights due to the dispersion of voting rights, and considering the fact that SoftBank Corp. can practically appoint and dismiss directors of eAccess Ltd. pursuant to the stock transfer agreement executed between SoftBank Corp. and 11 third-party companies, Under IFRS, SoftBank Corp. determined that it has control over eAccess Ltd. and included it into the scope of consolidation as a subsidiary.

(7) Notes to the differences in recognition and measurement

Major adjustments to the retained earnings are as follows:

(Millions of yen)

	As of April 1, 2012	As of March 31, 2013
Retained earnings under JGAAP	¥ 530,534	¥753,616
Differences in the scope of consolidation	(3,335)	(6,037)
Differences in recognition and measurement		
A. Goodwill	(2,750)	60,798
B. Property, plant and equipment	(49,256)	(50,914)
C. Cumulative exchange differences on translating foreign operations at the date of transition to IFRSs	(30,827)	(30,827)
D. Revenue recognition	(19,919)	(17,048)
E. Financial instruments	(20,370)	(14,517)
F. Employee benefits	(14,404)	(14,338)
G. Investments in associates	(231)	8,042
H. Acquisition-related costs arising from business combinations	–	(3,801)
I. Leases	(4,203)	(2,850)
Other	(6,590)	(5,094)
Tax effect on adjustments above and other tax effects	26,935	35,058
Total differences	(121,615)	(35,491)
Retained earnings under IFRSs	¥ 405,584	¥712,088

Note:
A to I and "Other" in the table above are presented before net of tax effects.

Major adjustments to income before income tax are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013
Income before income taxes and minority interests under JGAAP	¥650,494
Differences in the scope of consolidation	(8,374)
Differences in recognition and measurement	
A. Goodwill	64,022
B. Property, plant and equipment	(1,307)
C. Cumulative exchange differences on translating foreign operations at the date of transition to IFRSs	–
D. Revenue recognition	2,871
E. Financial instruments	1,093
F. Employee benefits	(90)
G. Investments in associates	8,273
H. Acquisition-related costs arising from business combinations	(3,801)
I. Leases	1,353
Other	970
Total differences	73,384
Income before income tax under IFRSs	¥715,504

Details of major differences are as follows:

A. Goodwill

Under JGAAP, goodwill was amortized regularly over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and this results in an increase of the remaining amount of goodwill and a decrease of selling, general and administrative expenses for the year ended March 31, 2013.

An impairment test on goodwill was performed at April 1, 2012 and an impairment loss of ¥3,543 million on goodwill was recognized at April 1, 2012. The amount of the impairment loss on goodwill attributable to owners of the parent was deducted from retained earnings. The impaired goodwill is mainly related to the Fixed-line Telecommunications segment and Internet segment.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase (decrease) in goodwill	¥(3,543)	¥60,751
Decrease in non-controlling interests	793	47
Increase (decrease) in retained earnings	¥(2,750)	¥60,798

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Decrease in selling, general and administrative expenses	¥64,022
Increase in income before income tax	¥64,022

B. Property, plant and equipment

Upon transition to IFRSs, residual values and depreciation method of property, plant and equipment have been reviewed.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Decrease in property, plant and equipment	¥(46,257)	¥(47,564)
Increase in non-controlling interests	(2,999)	(3,350)
Decrease in retained earnings	¥(49,256)	¥(50,914)

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Increase in cost of sales	¥(1,917)
Decrease in selling, general and administrative expenses	610
Decrease in income before income tax	¥(1,307)

C. Cumulative exchange differences on translating foreign operations at the date of transition to IFRSs
By applying the exemption as an IFRSs first-time adopter as described above, the Company has transferred all cumulative exchange differences on translating foreign operations to retained earnings on the date of transition to IFRSs (April 1, 2012), which has resulted in a decrease in retained earnings by ¥30,827 million.

D. Revenue recognition

a. Under JGAAP, commission fees related to sales of mobile handsets that the Company pays to dealers of mobile handsets were expensed as incurred. Under IFRSs, the amount of commission fees expected to occur in the future is deducted from the related revenues.

b. Under JGAAP, activation fees and upgrade fees were recognized as revenues upon receipt. Under IFRSs, they are deferred upon entering into the contract and recognized as revenues over the estimated average contract period and estimated average usage period of handsets. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees are amortized over the same periods.

c. Under JGAAP, an allowance for point mileage was accrued based on the estimated future obligation arising from point service to customers and provisions for the allowance were expensed as selling, general and administrative expenses. Under IFRSs, point services are recognized individually as goods to be transferred or service to be provided in the future. The fair value of benefits exchanged with points is deducted from revenues and revenues are recognized when customers use those points.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase in trade and other receivables	¥ –	¥ 1,226
Increase in other current assets	10,009	14,462
Increase in other non-current assets	38,942	45,990
Increase in trade and other payables	(19,919)	(18,274)
Increase in other current liabilities	(10,009)	(14,462)
Increase in other non-current liabilities	(38,942)	(45,990)
Decrease in retained earnings	¥(19,919)	¥(17,048)

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Decrease in net sales	¥(224,843)
Decrease in cost of sales	11,501
Decrease in selling, general and administrative expenses	216,213
Increase in income before income tax	¥ 2,871

E. Financial instruments

a. Under JGAAP, corporate bonds with stock acquisition rights were recognized as a whole and presented as a liability. Under IFRSs, stock acquisition rights embedded in such bonds are recognized separately and presented as capital surplus. Stock acquisition rights are measured as the difference between the entire fair value of the bonds with stock acquisition rights and the fair value of similar bonds with no stock acquisition rights. Also, under JGAAP, transaction costs related to the issuance of bonds are recognized as an asset and amortized over the redemption period. Under IFRSs, transaction costs are allocated to liability and equity components in proportion to their carrying amounts. The cost related to liability is reflected in the measurement of amortized cost of the bond and recognized as expenses over the redemption period. The cost related to stock acquisition rights is deducted from capital surplus.

b. Under JGAAP, commission fees related to borrowing were expensed as incurred. Under IFRSs, they are included in the measurement of amortized cost of the liability and recognized as an expense over the redemption period.

c. Under JGAAP, financial assets related to securitization transactions were derecognized when control over financial components of the financial assets is transferred to a third party. Under IFRSs, financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred. Therefore, certain securitization transactions that previously qualified for extinguishment of financial assets under JGAAP, are recognized retrospectively and accompanying liabilities are recognized as borrowings under IFRSs since they are not qualified for derecognition of financial assets under IFRSs.

d. Under JGAAP, unlisted shares were measured based on their historical costs and impaired as necessary. Under IFRSs, they are classified as available-for-sale financial assets and measured at their fair values.

e. Under JGAAP, advances to dealers for installment sales receivables of mobile handsets were recognized as account receivable-trade by the amount under the installment contract, less allowance for doubtful accounts. Under IFRSs, the receivables arising from advances to dealers are recognized as trade and other receivables or other financial assets (non-current), while commission is expensed. Commission consists of credit risk, collecting costs and interest due to the passage of time.

f. Under JGAAP, preferred securities issued by a subsidiary were accounted for as equity transactions. Under IFRSs, they are accounted for as interest-bearing debt and measured at amortized cost using the effective interest method as it is necessary to deliver cash to owners of preferred securities in the future.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase in trade and other receivables	¥ 163,745	¥ 220,204
Increase in other financial assets (non-current)	155,640	172,693
Increase in interest-bearing debt (current)	(205,229)	(238,245)
Increase in interest-bearing debt (non-current)	(253,987)	(264,087)
Increase in capital surplus (before tax)	(22,366)	(22,035)
Increase in accumulated other comprehensive income (before tax)	(56,170)	(71,529)
Decrease in non-controlling interests	204,413	204,135
Other	(6,416)	(15,653)
Decrease in retained earnings	¥ (20,370)	¥ (14,517)

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Increase in selling, general and administrative expenses	¥(5,463)
Decrease in finance cost	8,457
Increase in other non-operating income and loss, net of income	(1,901)
Increase in income before income tax	¥ 1,093

(Consolidated statement of comprehensive income)	Fiscal year ended March 31, 2013
Increase in available-for-sale financial assets	¥12,609
Increase in other comprehensive income (net of tax)	¥12,609

F. Employee benefits

a. Upon transition to IFRSs, unused paid absences and long-term employee benefits are recognized as liabilities.

b. Under JGAAP, unrecognized actuarial gains and losses of retirement benefit obligations in the defined benefit plans were expensed as incurred in principle. Under IFRSs, they are recognized as other comprehensive income and transferred to retained earnings as incurred.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase in other current liabilities	¥(12,002)	¥(11,817)
Increase in other non-current liabilities	(3,783)	(3,952)
Decrease in non-controlling interests	1,381	1,431
Decrease in retained earnings	¥(14,404)	¥(14,338)

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Increase in cost of sales	¥ (9)
Increase in selling, general and administrative expenses	(81)
Decrease in income before income tax	¥(90)

G. Investments in associates

Under JGAAP, goodwill related to investments accounted for using the equity method was amortized equally over the periods in which economic benefits were reasonably expected to be realized. Under IFRSs, it is not amortized regularly and that results in an increase of investments accounted for using the equity method for the year ended March 31, 2013. As of April 1, 2012, the entire investment over associates, including goodwill, is tested for impairment. As a result, as of April 1, 2012, the Company recognized an impairment loss of ¥231 million and deducted it from retained earnings.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase (decrease) in investments accounted for using the equity method	¥(231)	¥8,863
Increase in accumulated other comprehensive income (before tax)	–	(821)
Increase (decrease) in retained earnings	¥(231)	¥8,042

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Increase in other non-operating loss	¥ (22)
Increase in equity in income of associates	8,295
Increase in income before income tax	¥8,273

H. Acquisition-related costs arising from business combinations

Under JGAAP, acquisition-related costs arising from business combinations are recognized as an asset when they are regarded as consideration for the acquisitions. Under IFRSs, they are expensed as incurred or when services are rendered as transaction costs directly attributable to business combinations, which have resulted in a decrease in other non-current assets.

The effect arising from the differences is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Decrease in other non-current assets	¥–	¥(3,801)
Decrease in retained earnings	–	(3,801)

(Consolidated statements of income)	Fiscal year ended March 31, 2013
Increase in selling, general and administrative expenses	¥(3,801)
Decrease in income before income tax	(3,801)

l. Leases

Under JGAAP, finance lease transactions in which the ownership of leased assets was not transferred to lessees and that are contracted before April 1, 2008, are accounted for as operating lease transactions as permitted exceptionally. Under IFRSs, leased assets and lease obligations are recognized. Accordingly, provisions for impairment of leased assets which were previously included in other liabilities (non-current) under JGAAP are offset by property, plant and equipment. Long-term prepaid lease expenses are offset by lease obligations.

The effect arising from the difference is summarized as follows:

(Millions of yen)

(Consolidated statement of financial position)	As of April 1, 2012	As of March 31, 2013
Increase in property, plant and equipment	¥104,973	¥ 11,943
Decrease in other non-current assets	(22,676)	(16,059)
Increase in interest-bearing debt (current)	(4,619)	(47)
Increase in interest-bearing debt (non-current)	(84,023)	(41)
Other	2,142	1,354
Decrease in retained earnings	¥ (4,203)	¥ (2,850)

(Consolidated statement of income)	Fiscal year ended March 31, 2013
Decrease in cost of sales	¥1,066
Decrease in selling, general and administrative expenses	12
Decrease in finance cost	275
Increase in income before income tax	¥1,353

(8) Notes to reconciliation of cash flows

The adjustment of cash flows for the fiscal year ended March 31, 2013

(Millions of yen)

(Consolidated statement of cash flows)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
JGAAP	¥894,460	¥(919,770)	¥365,494
Differences in the scope of consolidation	5,687	41,725	20,667
Differences in recognition and measurement			
a. Securitization transactions	(51,081)	–	51,081
b. Measuring financial liabilities at amortized costs	(23,571)	–	23,571
Other	(12,470)	3,901	10,664
Total differences in recognition and measurement	(87,122)	3,901	85,316
IFRSs	¥813,025	¥(874,144)	¥471,477

Major differences in recognition and measurement are as follows:

a. Securitization transactions

Under JGAAP, securitization transactions qualifying for extinguishment of financial assets were included in cash flows from operating activities. Under IFRSs, certain securitized receivables are recognized for securitization transactions that are not qualified for derecognition of financial assets and accompanying liabilities are accounted for as borrowings. Accordingly, an increase or a decrease in borrowings is included in cash flows from financing activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financing activities.

b. Measuring financial liabilities by amortized costs

Under JGAAP, commission fees related to borrowings and corporate bonds were included in cash flows from financing activities. Under IFRSs, due to measuring borrowings and corporate bonds at amortized costs, commission fees are included in cash flows from operating activities. As a result, cash flows from operating activities decreased with a corresponding increase in cash flows from financial activities.

46. Approval of Consolidated Financial Statements

The consolidated financial statements have been approved by Chairman & CEO Masayoshi Son as of June 20, 2014.

Independent Auditor's Report

SoftBank Corp. and its Consolidated Subsidiaries

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel: +81 (3) 6720 8200
Fax: +81 (3) 6720 8205
www.deloitte.com/jp

To the Board of Directors of SoftBank Corp.:

We have audited the accompanying consolidated statement of financial position of SoftBank Corp. and its subsidiaries as of March 31, 2014, 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 accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, 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 accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 its subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 accordance with the basis stated in Note 2 (3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 20, 2014

Member of
Deloitte Touche Tohmatsu Limited

SoftBank's History

1980s — Establishment

(Distribution and publishing of packaged 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 M&A with 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 Internet-related companies with a view to a strategic partnership.

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
Acquired interests in Technology Events Division of The Interface Group in the U.S., which was operating COMDEX, the world's largest PC fair.

Identification of Yahoo! Inc. in the U.S. as a share acquisition target and rapid growth of Yahoo Japan

1996.01
Established Yahoo Japan through joint partnership 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 U.S. company Yahoo! Inc. through SoftBank Holdings Inc. and became its primary shareholder.*

* As of March 31, 2014 the Company holds less than 0.1% of Yahoo! Inc.'s voting rights.

1998.01
Listed on the First Section of Tokyo Stock Exchange.

1999.10
Converted to a pure holding company.

2000s — Entry into the fixed-line telecommunications business

2001.09
Commercial launch of *Yahoo! BB* comprehensive broadband service.

2002.04
Launched commercial IP telephony service *BB Phone*.

Entry into the mobile communications business

2004.07
Consolidated JAPAN TELECOM CO., LTD. (currently SoftBank Telecom).

2004.12
Commercial launch of *OTOKU Line* direct connection fixed-line voice service.

2005.01
Consolidated Fukuoka Daiei Hawks (currently Fukuoka SoftBank HAWKS).

2005.08
Basic agreement reached with Alibaba.com Corporation (currently Alibaba Group Holding Limited), and Yahoo! Inc. to establish a strategic partnership in China.

2006.04
Consolidated Vodafone K.K. (currently SoftBank Mobile).

2006.09
Launched installment sales of devices (*Super Bonus*).*

* For new price plans such as *White Plan*, the *New Super Bonus* is currently available.

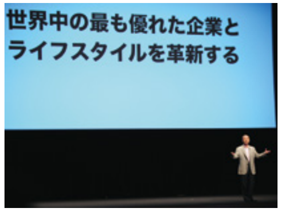
2007.01
Announced *White Plan*, a new price plan for mobile communications services.

2008.07
Released iPhone 3G.

2010s —

Launch of full-scale global expansion

2010.06
Unveiled "SoftBank's Next 30-Year Vision."



2012.07
Launched services using the 900 MHz "platinum band."

2013.01
Consolidated eAccess (currently Ymobile).

2013.04
Consolidated GungHo Online Entertainment.

2013.07
Consolidated WILLCOM.*

* On June 1, 2014 eAccess merged with WILLCOM.

2013.07
Consolidated U.S. company Sprint.

2013.10
Consolidated Finnish company Supercell.

2014.01
Consolidated U.S. company Brightstar Corp.

2014.06
Announced "Pepper," the world's first personal robot that can read emotions.

Corporate Data

As of March 31, 2014

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
Common stock	¥238.7 billion
Subsidiaries	756 (of which 616 are overseas)
Associates	105 (of which 60 are overseas)
Number of employees	185 (consolidated basis: 70,336)
Main business	Pure holding company
Independent auditor	Deloitte Touche Tohmatsu

Official SoftBank social media accounts (Japanese only)

Facebook
Official SoftBank page

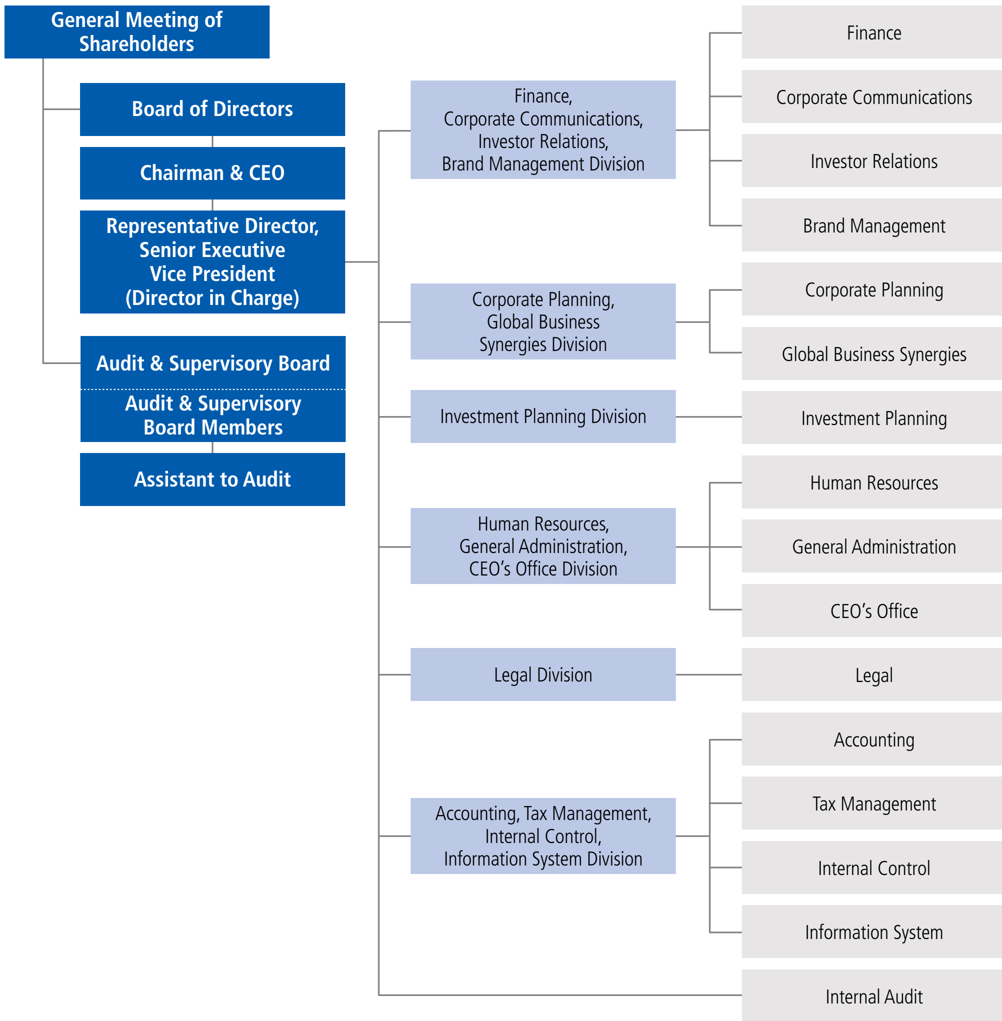
Twitter
@SoftBankCorp

Ustream
Relay channel

Other official accounts

Organizational Structure

As of April 1, 2014



Stock Information

As of March 31, 2014

Shareholder registrar Mitsubishi UFJ Trust and Banking Corporation

Stock exchange registration Tokyo Stock Exchange, First Section

Stock code 9984

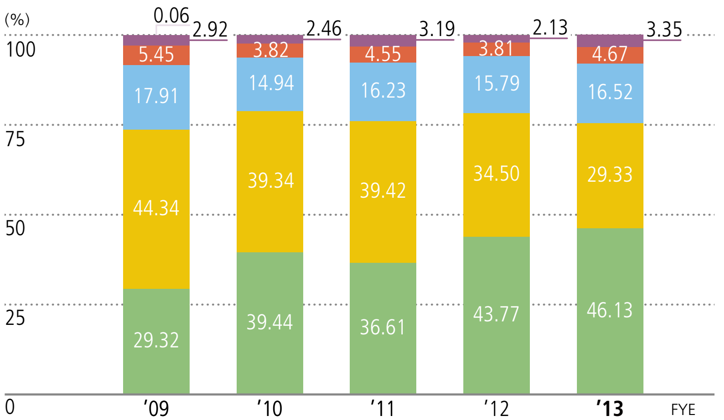
Number of shares

Shares authorized 3,600,000,000 shares

Shares issued 1,200,660,365 shares
(including 12,204,526 of treasury stock)

Number of shareholders 210,747

Distribution of Ownership Among Shareholders

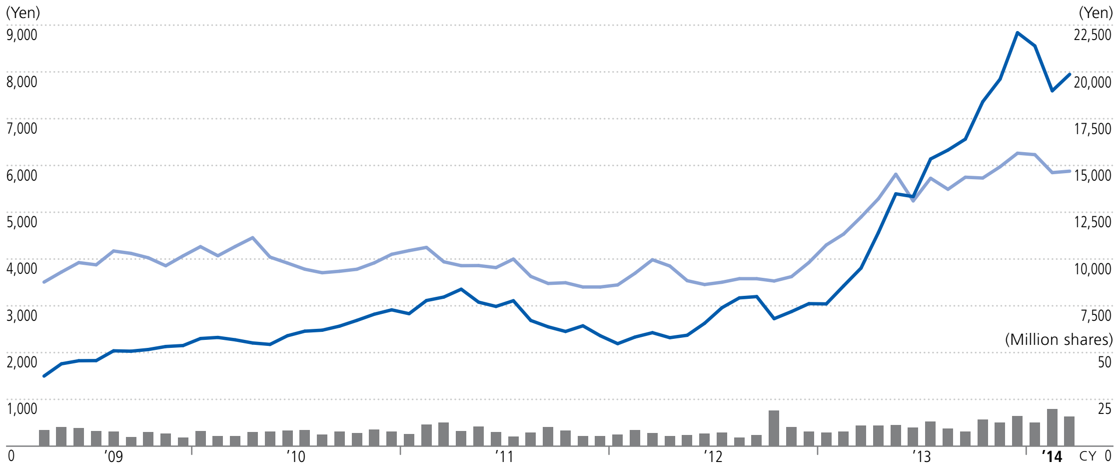


Principal Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
Masayoshi Son	231,205	19.26
The Master Trust Bank of Japan, Ltd. (Trust Account)	58,562	4.88
Japan Trustee Services Bank, Ltd. (Trust Account)	48,211	4.02
JP Morgan Chase Bank 380072	46,182	3.85
State Street Bank and Trust Company	36,618	3.05
GOLDMAN SACHS AND COMPANY REGULAR ACCOUNT	22,464	1.87
JP Morgan Chase Bank 380055	18,867	1.57
MSCO CUSTOMER SECURITIES	15,479	1.29
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	14,606	1.22
THE BANK OF NEW YORK MELLON SA/NV 10	12,499	1.04
Top 10 shareholders	504,693	42.03

(Note) All numbers of shares held by The Master Trust Bank of Japan and Japan Trustee Services Bank are held as part of trust operations.

Stock Price and Trading Volume



(Note) Stock prices are average prices for each month and trading volumes are average volumes for each month.

Glossary

This glossary offers definitions for terms used in this report. The glossary terms are divided into business-related, technical-related, and financial-related sections, and are listed alphabetically.

Business-related Terms

Mobile Communications Segment (SoftBank Mobile)

ARPU (Average Revenue Per User)

Average Revenue Per User per month (rounded to the nearest ¥10).

ARPU = (data-related revenue + basic monthly charge, voice-related revenues, etc.) / number of active subscribers

Data ARPU = data-related revenue / 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 number of subscribers at SoftBank Mobile excluding communication modules.

Data-related revenue: packet communication and flat-rate charges, basic monthly Internet connection charges, content-related revenues, etc. Excludes revenues related to communication modules.

Basic monthly charge and voice-related revenues: basic monthly usage charges, voice call charges, revenues from incoming calls, device warrantee services, advertising, etc. Excludes revenues related to communication modules.

Revenues from incoming calls: interconnection 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.

Churn rate

Churn rate = number of churn / number of active subscribers (rounded to the nearest 0.01%)

Number of churn: the total number of subscribers that churned during 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 total number of subscribers at SoftBank Mobile.

Handsets shipped

Handsets shipped (sold) to sales agents.

Number of units sold

The total number of new subscriptions and handset upgrades.

Sales commissions

Sales commission paid to sales agents per new subscription and handset upgrade.

Upgrade rate

Upgrade rate = number of upgrades / number of active subscribers (rounded to the nearest 0.01%)

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 total number of subscribers at SoftBank Mobile.

Sprint Segment

ARPU (Sprint platform)

Average Revenue Per User per month (rounded to the nearest $.01).

ARPU = service revenue / 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).

Churn rate (Sprint platform)

Churn rate = number of deactivations / number of active subscribers (rounded to the nearest 0.01%)

Deactivations: the total number of subscribers that churned during the relevant period. The number of deactivations excludes the number of subscribers who switch between prepaid and postpaid on the same date.

Number of active subscribers: the total of the monthly number of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2).

Nextel platform

Wireless service operated on Integrated Digital Enhanced Network (iDEN), which Sprint acquired in conjunction with its acquisition of Nextel Corporation in 2005. Shut down in June 2013.

Sprint platform

Sprint-operated CDMA and LTE networks. This excludes the Nextel / iDEN network and the subscribers / network acquired through transactions with U.S. Cellular and Clearwire.

Fixed-line Telecommunications Segment

ARPU (SoftBank BB)

Average Revenue Per User per month (rounded to the nearest ¥10).

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).

Yahoo! BB ADSL

A combination of ADSL connection service and ISP (Internet Service Provider) service offered by SoftBank BB.

Yahoo! BB hikari with FLET'S

An ISP service offered by SoftBank BB as a package with NTT East and NTT West *FLET'S Hikari Series* fiber-optic connection.

Technical-related Terms

AXGP (Advanced eXtended Global Platform)

A wireless communication standard that further accelerates the XGP standard. Wireless City Planning has built a network using AXGP. The standard offers distinctive high-speed communications with downlink speeds of up to 110 Mbps. SoftBank Mobile received the loan of this network as an MVNO and uses it to provide services under the name *SoftBank 4G*.

Carrier aggregation

A wireless communication technology being introduced with LTE-Advanced for aggregating multiple carriers (radio transmission waves) together to achieve faster communication speeds. The technology can aggregate up to five carriers of 100 MHz bandwidth.

LTE (Long Term Evolution)

A wireless communication standard that builds on the third-generation (3G) mobile phone standard. LTE achieves higher communication speeds than 3G, and makes highly efficient use of spectrum. 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 bandwidths, and is referred to as FDD-LTE. The TDD system uses the same bandwidth for both uplink and downlink, switching the communication time between uplink and downlink, and is referred to as TD-LTE. A faster and more advanced successor of LTE, LTE-Advanced is a fourth generation (4G) high-speed wireless communication standard, capable of downlink speeds of more than 1 Gbps under certain system configurations.

MIMO (Multiple Input Multiple Output)

A wireless communication technology of using multiple communication streams on both the transmitter and the receiver to achieve a pseudo wide bandwidth. The technology is used to give higher user speeds on wireless communication standards such as Wi-Fi and LTE. Sprint uses this technology in an 8T8R (eight transmitters, eight receivers) configuration on its 2.5 GHz band base stations to provide the *Sprint Spark* service.

MVNO (Mobile Virtual Network Operator)

A mobile communications service provider that borrows its mobile network from another company.

PHS (Personal Handy-phone 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.

VoIP (Voice over Internet Protocol)

A technology for converting a speaker's voice into finely sampled digital data packets and transmitting these via the Internet.

VoLTE (Voice over LTE)

A technology for enabling voice calls using VoIP over an LTE network.

Financial-related Terms

Debt / equity ratio

Debt / equity ratio = interest-bearing debt / equity attributable to owners of the parent (total shareholders' equity)

EBITDA

EBITDA = (from fiscal 2004 onward) net sales – cost of sales – selling, general and administrative expenses + depreciation and amortization
(for fiscal 2003) net sales – cost of sales – selling, general and administrative expenses + interest income and dividends + depreciation and amortization

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 / finance cost (interest expense)

Net debt / equity ratio

Net debt / equity ratio = net interest-bearing debt / equity attributable to owners of the parent (total shareholders' equity)

Net interest-bearing debt

Net interest-bearing debt = interest-bearing debt – cash position

Interest-bearing debt (JGAAP): short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + 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 + short-term investments recorded as current assets. For fiscal 2010 this excludes Yahoo! Inc. shares that were held by a subsidiary in the U.S.

Net interest-bearing debt / EBITDA multiple

Net interest-bearing debt / EBITDA multiple = net interest-bearing debt / EBITDA

Net interest-bearing debt: until fiscal 2011, net interest-bearing debt is calculated as the sum of interest-bearing debt and finance leases under JGAAP.

EBITDA: EBITDA for fiscal 2013 is calculated by adding the annualized Sprint segment's EBITDA (aggregated amount from July 11, 2013 to March 31, 2014) to the remaining segments' EBITDA.

Ratio of equity attributable to owners of the parent to total assets (equity ratio)

Ratio of equity attributable to owners of the parent to total assets (equity ratio) = equity attributable to owners of the parent / total assets

ROA

ROA = net income attributable to owners of the parent (net income) / average total assets for the period

ROE

ROE = net income attributable to owners of the parent (net income) / average equity attributable to owners of the parent (total shareholders' equity) for the period

(Note) Items where terminology differs between JGAAP and IFRSs are presented together, with JGAAP shown within brackets.

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