SoftBank

*This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 4 of this report.*

# SoftBank Corp.
# Consolidated Financial Report
# For the fiscal year ended March 31, 2013

Tokyo, April 30, 2013

## 1. Financial Highlights

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

### (1) Results of Operations

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| **Fiscal year ended March 31, 2013** | **¥3,378,365** | **5.5** | **¥745,000** | **10.3** | **¥653,214** | **13.9** | **¥289,403** | **(7.8)** |
| Fiscal year ended March 31, 2012 | ¥3,202,435 | 6.6 | ¥675,283 | 7.3 | ¥573,651 | 10.2 | ¥313,752 | 65.4 |

Note: Comprehensive income
Fiscal year ended March 31, 2013: ¥ 554,233 million (55.3%)
Fiscal year ended March 31, 2012: ¥ 356,988 million (62.3%)

| | Net income per share－basic (yen) | Net income per share－diluted (yen) | Return on Equity (%) | Ordinary income / Total assets (%) | Operating income / Net sales (%) |
|---|---|---|---|---|---|
| **Fiscal year ended March 31, 2013** | **¥258.35** | **¥254.12** | **23.1** | **11.4** | **22.1** |
| Fiscal year ended March 31, 2012 | ¥285.78 | ¥278.75 | 40.3 | 12.0 | 21.1 |

Note: Equity in losses of affiliated companies
Fiscal year ended March 31, 2013: ¥ 33,523 million
Fiscal year ended March 31, 2012: ¥ 2,947 million

### (2) Financial Condition

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

| | Total assets | Total equity | Equity ratio (%) | Shareholders' equity per share (yen) |
|---|---|---|---|---|
| **As of March 31, 2013** | **¥6,524,886** | **¥2,106,459** | **24.0** | **¥1,316.90** |
| As of March 31, 2012 | ¥4,899,705 | ¥1,435,640 | 19.1 | ¥852.69 |

Note: Shareholders' equity (consolidated)
As of March 31, 2013: ¥1,569,085 million
As of March 31, 2012: ¥ 936,693 million

### (3) Cash Flows

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

| | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at the end of the year |
|---|---|---|---|---|
| **Fiscal year ended March 31, 2013** | **¥894,459** | **¥(919,769)** | **¥365,494** | **¥1,364,629** |
| Fiscal year ended March 31, 2012 | ¥740,227 | ¥(375,655) | ¥(196,667) | ¥1,014,558 |

**2. Dividends**

| Fiscal years ended March 31 | Dividend per share | | | | | Total Amount of dividends (Annual) | Payout ratio (Consolidated) | Dividend on equity (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter end | Second quarter end | Third quarter end | Fiscal year end | Total | | | |
| | (yen) | (yen) | (yen) | (yen) | (yen) | (millions of yen) | % | % |
| FY 2012 | - | 0.00 | - | 40.00 | 40.00 | 43,940 | 14.0 | 5.6 |
| FY 2013 | - | 20.00 | - | 20.00 | 40.00 | 45,934 | 15.5 | 3.7 |
| FY 2014 (Forecasted) | - | - | - | - | - | | - | |

Note: Dividend for the fiscal year ending March 31, 2014(Forecasted) is not determined at this point. The concrete amount of dividend will be announced promptly upon resolution.

**3. Forecasts on the Consolidated Operation Results for the Fiscal Year Ending in March 2014 (April 1, 2013 – March 31, 2014)**

The Company has adopted the International Financial Reporting Standards (IFRS) in place of the Japanese-GAAP standards from the fiscal year ending March 31, 2014 (transition date: April 1, 2012). Under IFRS the Company is projecting consolidated operating income from its domestic business of at least ¥1 trillion in the fiscal year ending March 31, 2014. This includes an expected gain of approximately ¥150.0 billion resulting from the re-evaluation of the existing interests held in GungHo Online Entertainment, Inc. at fair value as GungHo Online Entertainment, Inc., which was an affiliate under the equity method, became a consolidated subsidiary on April 1, 2013.

*** Notes**

(1) Significant changes in scope of consolidation (Changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: Two companies Starburst Ⅰ, Inc., Starburst Ⅱ, Inc.

(2) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements
[1] Changes due to revisions in accounting standards: No
[2] Changes other than those in [1]: No
[3] Changes in accounting estimates : No
[4] Retrospective restatements: No

(3) Number of shares issued (Common stock)
[1] Number of shares issued (including treasury stock):
As of March 31, 2013: 1,200,660,365 shares
As of March 31, 2012: 1,107,728,781 shares
[2] Number of treasury stock:
As of March 31, 2013: 9,160,493 shares
As of March 31, 2012: 9,213,962 shares
[3] Weighted-average number of common stock:
As of March 31, 2013: 1,120,200,622 shares
As of March 31, 2012: 1,097,880,178 shares

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Fiscal year ended March 31, 2013 | ¥46,020 | 5.3 | ¥31,553 | 5.1 | ¥113,896 | 210.9 | ¥75,999 | 199.9 |
| Fiscal year ended March 31, 2012 | ¥43,700 | 24.3 | ¥30,026 | 28.9 | ¥36,634 | 48.6 | ¥25,339 | - |

| | Net income per share－basic (yen) | Net income per share－diluted (yen) |
|---|---|---|
| Fiscal year ended March 31, 2013 | ¥67.84 | ¥ 66.86 |
| Fiscal year ended March 31, 2012 | ¥23.08 | ¥ 22.89 |

(2) Non-Consolidated Financial Condition

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

| | Total assets | Net Assets | Equity ratio (%) | Shareholders' equity per share (yen) |
|---|---|---|---|---|
| As of March 31, 2013 | ¥3,873,731 | ¥885,635 | 22.9 | ¥743.21 |
| As of March 31, 2012 | ¥2,985,073 | ¥493,002 | 16.5 | ¥448.70 |

Note: Shareholders' equity (non-consolidated)
As of March 31, 2013: ¥885,540 million
As of March 31, 2012: ¥492,904 million

* Implementation status of audit procedures

This consolidated financial report is not subject to audit procedures based on Financial Instruments and Exchange Act and the audit procedures for the consolidated financial statements were being conducted when this report was disclosed.

* Note to forecasts on the consolidated operating results and other items

The forecast figures are estimated based on the information which SoftBank Corp. is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors. Please refer to page 13 "1. Results of Operations (1) Qualitative Information Regarding Consolidated Results of Operations 3. Forecasts on the Consolidated Operation Results for the Fiscal Year Ending in March 2014 (April 1, 2013 – March 31, 2014)" for details of notes to precondition and usage for forecasts.

On April 30, 2013, SoftBank Corp. will hold an earnings results briefing for financial institutions, institutional investors, and the media. This briefing will be broadcast live on our Web site in both Japanese and English (http://www.softbank.co.jp/en/irinfo/).
The Earnings Results Data Sheets will also be posted on SoftBank Corp.'s Web site around 7 p.m. on the day of the announcement: (http://www.softbank.co.jp/en/irinfo/library/presentation/)

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# 1. Results of Operations

## (1) Qualitative Information Regarding Consolidated Results of Operations

### 1. Consolidated Results of Operations

< Overview of results for the fiscal year from April 1, 2012 to March 31, 2013 >

For the fiscal year ended March 31, 2013 (hereafter "the fiscal year"), the SoftBank Group (hereafter "the Group") achieved consolidated net sales of ¥3,378,365 million, a ¥175,929 million (5.5%) increase compared with the previous fiscal year (April 1, 2011 to March 31, 2012, hereafter "year on year"), with a ¥69,716 million (10.3%) increase in operating income to ¥745,000 million. Ordinary income grew ¥79,563 million (13.9%) to ¥653,214 million. Net income declined ¥24,349 million (7.8%) to ¥289,403 million.

Note:
Definition of terms: as used in this consolidated financial report for the fiscal year from April 1, 2012 to March 31, 2013, references to "the Company," "the Group," and "the SoftBank Group" are to SoftBank Corp. and its consolidated subsidiaries except as the context otherwise requires or indicates.

The main factors affecting earnings for the fiscal year were as follows:

**(a) Net Sales**

Net sales totaled ¥3,378,365 million, for a ¥175,929 million (5.5%) year-on-year increase. This was mainly due to increased telecom service revenue, primarily from steady growth in the number of mobile phone subscribers.

**(b) Cost of Sales**

Cost of sales increased by ¥104,989 million (7.1%) year on year to ¥1,590,740 million. This was primarily due to an increase in depreciation and amortization in the Mobile Communications segment, mainly due to the installation of additional base stations.

**(c) Selling, General, and Administrative Expenses**

Selling, general, and administrative expenses increased by ¥1,223 million (0.1%) year on year to ¥1,042,625 million. This was mainly because of an increase in personnel costs, despite a decrease in sales commissions and sales promotion expenses. The increase in personnel costs was mainly due to an increase in personnel to bolster sales activities. The decrease in sales commissions and sales promotion expenses was mainly due to a decline in sales promotion expenses in the Mobile Communications segment and a decline in subscriber sales commissions in the Broadband Infrastructure segment.

**(d) Operating Income**

As a result, operating income totaled ¥745,000 million, for a ¥69,716 million (10.3%) year-on-year increase. The operating margin rose 1.0 percentage point year on year to 22.1%.

**(e) Non-operating Income / Expenses**

Non-operating income totaled ¥19,779 million, a ¥8,471 million (74.9%) year-on-year increase. Non-operating expenses were ¥111,565 million, a ¥1,375 million (1.2%) year-on-year decrease. The non-operating expenses primarily reflected interest expense of ¥36,736 million, equity in losses of affiliated companies of ¥33,523 million, and financing related expenses of ¥19,048 million. The equity in losses of affiliated companies was mainly due to a write-down of goodwill that arose relating to InMobi Pte. Ltd. and PPLive Corporation. The financing related expenses were mainly attributable to costs associated with the funds procured pursuant to a bridge loan facility of up to ¥1.65[1] trillion, entered into in December 2012 (hereafter, "the bridge loan") in connection with the proposed acquisition[2] of Sprint Nextel Corporation (hereafter "Sprint"). For further details of the bridge loan please refer to page 39 "(7) Additional Information (4) Financing" under "4. Consolidated Financial Statements."

Moreover, in the previous fiscal year, the Group recorded refinancing-related expenses of ¥24,956 million, mainly for costs relating to newly procured funds for refinancing the SBM loan,[3] and repayment of the SBM loan.

**(f) Ordinary Income**

Ordinary income therefore totaled ¥653,214 million, for a ¥79,563 million (13.9%) year-on-year increase.

**(g) Special Income**

Special income totaled ¥11,383 million, for a ¥106,382 million year-on-year decrease. This was mainly because of decreases in gain on sale of investment securities and dilution gain from changes in equity interest. In the previous fiscal year, a gain on sale of investment securities of ¥88,368 million was recorded, mainly due to the delivery of shares of U.S. company Yahoo! Inc. to CITIBANK, N.A. In addition, a dilution gain from changes in equity interest of ¥20,185 million was recorded, mainly in relation to the Company's equity method affiliate Renren Inc.'s listing on the New York Stock Exchange.

**(h) Special Loss**

Special loss was ¥14,102 million, for a ¥45,057 million year-on-year decrease. A valuation loss on investment securities of ¥9,772 million was recorded, mainly associated with a drop in the stock price of Zynga Inc., in which the Group holds shares. Moreover, in the previous fiscal year, the Company recorded a premium expense on advanced repayment of long-term debt of ¥21,875 million in relation to repayment of the SBM loan by SoftBank Mobile Corp., a loss of liquidation of subsidiaries and affiliates of ¥19,071 million on the liquidation of the Company's subsidiary Charlton Acquisition LLP, which held shares of Betfair Group plc as a holding company in the U.K., and a valuation loss on investment securities of ¥13,971 million.

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1 The maximum amount of the bridge loan has been reduced. For further details please refer to page 39 "(7) Additional Information (4) Financing" under "4. Consolidated Financial Statements."

2 When the acquisition of Sprint is completed, the Company expects to hold, through a U.S holding company, approximately 70% of Sprint's sole parent company. For further details please refer to page 36 "(7) Additional Information (2) Outline of acquisition" under "4. Consolidated Financial Statements."

3 The loan procured in November 2006 under a whole business securitization scheme as part of the loan for procurement of the acquisition finance for Vodafone K.K. (currently SoftBank Mobile Corp.). The loan was fully repaid in October 2011.

**(i) Income Taxes**

Provisions for current income taxes were ¥278,663 million and provisions for deferred income taxes were ¥8,511 million. Total income taxes increased by ¥32,461 million year on year to ¥287,174 million. The actual effective tax rate[4] for the fiscal year was 44.1%.

**(j) Minority Interests in Net Income**

Minority interests in net income totaled ¥73,916 million, mainly related to net income recorded at Yahoo Japan Corporation.

**(k) Net Income**

As a result of the above, net income totaled ¥289,403 million, for a ¥24,349 million (7.8%) year-on-year decrease.

**(l) Comprehensive Income**

Comprehensive income totaled ¥554,233 million, for a ¥197,245 million (55.3%) year-on-year increase. Of this, comprehensive income attributable to owners of the parent was ¥480,498 million, for a ¥183,955 million (62.0%) year-on-year increase.

4 The actual effective tax rate = total income taxes divided by income before income taxes and minority interests

## 2. Results by Business Segment

Note:
Principal operational data are shown on pages 10-11 "(Reference 1: Principal Operational Data)."

### (a) Mobile Communications

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | **Fiscal Year Ended March 31, 2013** | Change | Change % |
|---|---|---|---|---|
| Net sales | 2,144,899 | **2,277,479** | 132,580 | 6.2% |
| Operating income | 429,236 | **467,829** | 38,592 | 9.0% |

- **3,531,000 net subscriber additions[5] for the fiscal year.**
- **ARPU[6] for the fiscal year was ¥3,990, a ¥170 year-on-year decrease.**
  **Data ARPU amounted to ¥2,590, a ¥80 year-on-year increase.**

**< Revenue Recognition >**

In the Mobile Communications segment, net sales are mainly generated through telecom service revenue and sales of mobile handsets. The telecom services consist of voice and data services and are recognized as revenue when services are provided to customers, based upon basic flat-rate monthly charges plus usage of the network in accordance with price plans, and subject to discounts.

Sales of mobile handsets are recognized when merchandise is shipped to handset dealers. The agents sell the mobile handsets to the customers, mainly by installment payments over a period of 24 months. SoftBank Mobile Corp. purchases the installment sales receivables from the agents and collects the installment sales receivables during the 24 months.

Activation fees from new customers are recognized as revenue when services are activated.

**< Overview of Operations >**

The segment's net sales increased by ¥132,580 million (6.2%) year on year to ¥2,277,479 million. The main factor behind the increase was an increase in telecom service revenue resulting from steady growth in the number of mobile phone subscribers.

The segment's operating expenses increased by ¥93,988 million (5.5%) year on year to ¥1,809,650 million. The principal cause of this increase was higher depreciation and amortization recorded, mostly relating to the installation of additional base stations.

Operating income increased by ¥38,592 million (9.0%) year on year to ¥467,829 million.

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5 The number of net subscriber additions includes prepaid mobile phones and communication module service subscribers.
Net communication module service subscriber additions for the fiscal year totaled 850,000 (rounded to the nearest thousand).

6 For definition and calculation method of ARPU, refer to page 12 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

**< Number of Mobile Phone Subscribers >**

Net subscriber additions (new subscribers minus cancellations) for the fiscal year totaled 3,531,000. This was primarily the result of steady sales of iPhone[7], *Mimamori Phone* (handset with security buzzer), and iPad[7]. As a result, the cumulative number of subscribers[8] at the end of the fiscal year stood at 32,480,000, raising SoftBank Mobile Corp.'s cumulative subscriber share by 1.4 percentage points year on year, to 24.7%.[9]

**< Number of Mobile Handsets Shipped and Units Sold >**

Handsets shipped for the fiscal year decreased by 124,000 year on year to 11,558,000. This was mainly the result of a decrease in conventional mobile handsets shipped while the number of iPhones shipped increased.

The number of units sold (total number of new subscriptions and handset upgrades) for the fiscal year increased by 812,000 year on year to 13,113,000. Of units sold, new subscriptions increased by 356,000 year on year to 7,519,000, while handset upgrades increased by 456,000 year on year to 5,594,000.

The increase in units sold was mainly due to the success of various iPhone sales promotions.[10]

**< ARPU >**

ARPU for the fiscal year (based on cumulative subscribers including communication modules) decreased by ¥170 year on year to ¥3,990. Out of this, voice ARPU declined ¥250 year on year to ¥1,400 and data ARPU rose ¥80 year on year to ¥2,590.

The decline in voice ARPU mainly reflects dilution due to an increase in devices that do not have voice communication functionality (such as iPad and mobile data communications devices).

On the other hand, the increase in data ARPU was mainly the result of the continuing increase in the number of high data-ARPU smartphone subscribers, although an increase in subscribers to low data-usage products such as *Mimamori Phone* has had a dilution effect on data ARPU. Another factor contributing to the rise in data ARPU was an increase in subscribers to smartphones compatible with the FDD-LTE service, *SoftBank 4G LTE*, which started in September 2012.

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

8 The cumulative number of subscribers includes prepaid mobile phones and communication module service subscribers (rounded to the nearest thousand). The cumulative number of communication module service subscribers at the end of the fiscal year totaled 2,900,000.

9 Calculated by the Company based on Telecommunications Carriers Association statistical data.
Calculated from the numbers of subscribers of NTT DOCOMO, INC., KDDI CORPORATION, and SoftBank Mobile Corp.

10 Including a promotion for new and upgrading customers offering discounts, a promotion offering discounts to upgrading existing customers and allows their family members to use the old handset (if they make a new subscription), etc.

**< Churn Rate and Upgrade Rate >**

The churn rate[11] for the fiscal year was 1.09%, which was 0.03 of a percentage point lower year on year, and the upgrade rate[11] for the fiscal year also decreased by 0.06 of a percentage point to 1.53%.

**< Average Acquisition and Upgrade Cost per Subscriber >**

The average acquisition cost per subscriber[12] for the fiscal year declined ¥4,200 year on year to ¥26,100. This was mainly due to an increased proportion of handsets sold that have a lower acquisition cost per subscriber among overall mobile handset sales.

The average upgrade cost per subscriber[13] for the fiscal year increased by ¥1,200 year on year to ¥28,300.

11 For definition and calculation of the churn and upgrade rates, see page 12 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

12 The average commission paid to handset dealers per new subscription. New subscriptions include prepaid mobile phones and communication modules.

13 The average commission paid to handset dealers per handset upgrade. Upgrades include communication modules.

**(b) Broadband Infrastructure**

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | **Fiscal Year Ended March 31, 2013** | Change | Change % |
|---|---|---|---|---|
| Net sales | 171,904 | **163,427** | (8,477) | (4.9%) |
| Operating income | 34,327 | **34,734** | 406 | 1.2% |

**< Overview of Operations >**

The segment's net sales decreased by ¥8,477 million (4.9%) year on year to ¥163,427 million. This was mainly because of decreases in the number of subscribers and ARPU for *Yahoo! BB ADSL*, which has a relatively higher ARPU[14] than *Yahoo! BB hikari with FLET'S*,[15] while the number of subscribers for *Yahoo! BB hikari with FLET'S* increased.

Operating income increased by ¥406 million (1.2%) year on year to ¥34,734 million. This was mainly due to a decrease in sales commissions.

The cumulative number of *Yahoo! BB* subscribers (total of the cumulative number of *Yahoo! BB ADSL* subscribers and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers[16]) at the end of the fiscal year totaled 4,253,000 for a year-on-year increase of 44,000. Out of this, the cumulative number of *Yahoo! BB ADSL* subscribers stood at 2,172,000, for a decrease of 428,000 from March 31, 2012, and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers totaled 2,081,000, an increase of 473,000 from March 31, 2012.

**(c) Fixed-line Telecommunications**

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | **Fiscal Year Ended March 31, 2013** | Change | Change % |
|---|---|---|---|---|
| Net sales | 367,645 | **387,239** | 19,593 | 5.3% |
| Operating income | 57,950 | **67,003** | 9,053 | 15.6% |

**<Overview of Operations>**

The segment's net sales increased by ¥19,593 million (5.3%) year on year to ¥387,239 million. This was mainly due to an increase in provision of telecommunication lines to Group companies such as SoftBank Mobile Corp. and recording sales related to projects for installing telecommunications signal transfer stations.

Operating income increased by ¥9,053 million (15.6%) to ¥67,003 million. This was due to the increase in net sales, combined with a decrease in lease payments for *OTOKU Line* equipment and a decrease in interconnection charges paid to other operators at SoftBank Telecom Corp., following a reduction in interconnection charges between operators.

14 Average Revenue Per User

15 A broadband connection service that combines the Internet connection service *Yahoo! BB* and the *FLET'S HIKARI* fiber-optic connection provided by NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West"). *FLET'S* and *FLET'S HIKARI* are registered trademarks of NTT East and NTT West.

16 Number of users for which connection construction for *FLET'S HIKARI* line at central office of NTT East or NTT West is complete and who are provided with services.

**(d) Internet Culture**

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | **Fiscal Year Ended March 31, 2013** | Change | Change % |
|---|---|---|---|---|
| Net sales | 293,635 | **335,643** | 42,008 | 14.3% |
| Operating income | 156,821 | **178,112** | 21,290 | 13.6% |

**<Overview of Operations>**

The segment's net sales increased by ¥42,008 million (14.3%) year on year to ¥335,643 million. Overall revenue growth was driven by revenue from promotion advertising,[17] at Yahoo Japan Corporation as a result of strengthening various functions to enhance advertising efficiency and a vigorous sales drive, especially revenue via smartphones increased. There was also an increase in revenue from premium advertising,[18] including growth in advertisements on Brand Panel and Prime Display. Growth in revenues from Yahoo! Premium ID, game-related services and data center-related services also contributed to higher overall sales.

Operating income increased by ¥21,290 million (13.6%) year on year to ¥178,112 million. This was primarily the result of the increase in net sales, as well as efforts to reduce costs such as sales commissions and sales promotion costs.

17 Text-based or graphic advertisements charged on a cost-per-click basis. Name changed from "listing advertising" from January 2013.

18 Graphical and flash advertising that appears next to content on the Internet. Brand Panel advertising is shown on Yahoo! JAPAN's top page Prime Display advertising is shown on pages other than Yahoo! JAPAN's top page. Name changed from "display advertising" from January 2013.

## (Reference 1: Principal Operational Data)

### (a) Mobile Communications

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| (Thousands) Net additions[19] | 730 | 760 | 937 | 1,114 | 3,540 | 753 | 759 | 861 | **1,158** | **3,531** |
| (Postpaid) | 698 | 745 | 944 | 1,131 | 3,517 | 772 | 771 | 872 | **1,170** | **3,585** |
| (Prepaid) | 33 | 15 | (7) | (17) | 24 | (19) | (12) | (11) | **(12)** | **(55)** |
| Market share[20] among 4 operators (%) | 42.7 | 40.4 | - | - | - | - | - | - | - | - |
| Market share[20] among 3 operators (%) | 49.1 | 46.2 | 42.4 | 45.8 | 45.6 | 47.5 | 47.9 | 48.7 | **44.6** | **46.8** |
| (Thousands) Cumulative subscribers[19] | 26,139 | 26,898 | 27,835 | | 28,949 | 29,702 | 30,461 | 31,322 | | **32,480** |
| Market share[20] among 4 operators (%) | 21.6 | 21.8 | - | | - | - | - | - | | - |
| Market share[20] among 3 operators (%) | 22.2 | 22.5 | 22.9 | | 23.3 | 23.6 | 23.9 | 24.3 | | **24.7** |
| (Thousands) Number of handsets shipped[21] | 2,493 | 2,395 | 3,770 | 3,025 | 11,682 | 2,359 | 2,631 | 3,486 | **3,082** | **11,558** |
| (Thousands) Units sold[22] | 2,550 | 2,665 | 3,787 | 3,300 | 12,301 | 2,586 | 2,997 | 3,843 | **3,686** | **13,113** |
| (New subscriptions) | 1,564 | 1,624 | 1,848 | 2,127 | 7,163 | 1,663 | 1,718 | 1,894 | **2,243** | **7,519** |
| (Handset upgrades) | 987 | 1,040 | 1,938 | 1,173 | 5,138 | 923 | 1,279 | 1,949 | **1,443** | **5,594** |
| (Yen per month) ARPU[23] | 4,210 | 4,310 | 4,230 | 3,890 | 4,150 | 4,020 | 4,070 | 4,050 | **3,800** | **3,990** |
| (Voice)[24] | 1,780 | 1,780 | 1,700 | 1,350 | 1,650 | 1,480 | 1,490 | 1,450 | **1,190** | **1,400** |
| (Data) | 2,440 | 2,520 | 2,530 | 2,530 | 2,510 | 2,540 | 2,580 | 2,610 | **2,620** | **2,590** |
| (Yen) Average acquisition cost per subscriber[25] | 36,200 | 30,800 | 25,700 | 29,400 | 30,300 | 26,500 | 23,000 | 24,900 | **29,100** | **26,100** |
| (Yen) Average upgrade cost per subscriber[26] | 29,000 | 28,600 | 25,800 | 26,300 | 27,100 | 27,000 | 26,400 | 30,300 | **28,000** | **28,300** |
| (% per month) Churn rate[27] | 1.08 | 1.09 | 1.11 | 1.20 | 1.12 | 1.03 | 1.06 | 1.12 | **1.14** | **1.09** |
| (Postpaid) | 1.03 | 1.02 | 1.04 | 1.10 | 1.05 | 0.96 | 1.00 | 1.06 | **1.09** | **1.03** |
| (% per month) Upgrade rate[27] | 1.28 | 1.31 | 2.36 | 1.38 | 1.59 | 1.05 | 1.42 | 2.10 | **1.51** | **1.53** |

19 Includes the number of prepaid mobile phones and communication module service subscribers (rounded to the nearest thousand).

20 Calculated by the Company based on Telecommunications Carriers Association statistical data.
4 operators: NTT DOCOMO, INC., KDDI CORPORATION, eAccess Ltd. and SoftBank Mobile Corp.
3 operators: NTT DOCOMO, INC., KDDI CORPORATION, and SoftBank Mobile Corp.
From December 2011, net additions and cumulative subscribers of eAccess Ltd. are no longer disclosed to the Telecommunications Carriers Association. Therefore, from the third quarter of the fiscal year ended March 2012, the market share among 4 operators has not been calculated.

21 Handsets shipped: the number of handsets shipped (sold) to handset dealers

22 Units sold: the total number of new subscriptions and handset upgrades

23 For definition and calculation method of ARPU, refer to page 12 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

24 Calculated including basic monthly charge.

25 The average commission paid to handset dealers per new subscription. New subscriptions include prepaid mobile phones and communication modules.

26 The average commission paid to handset dealers per handset upgrade. Upgrades include communication modules.

27 For definition and calculation of the churn and upgrade rates, see page 12 "(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)."

(Reference)

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| (Yen per month) ARPU[23] (excluding communication modules) | 4,430 | 4,550 | 4,490 | 4,140 | 4,400 | 4,300 | 4,370 | 4,370 | **4,120** | **4,290** |
| (Voice)[24] | 1,880 | 1,900 | 1,820 | 1,450 | 1,760 | 1,590 | 1,610 | 1,570 | **1,300** | **1,520** |
| (Data) | 2,550 | 2,660 | 2,670 | 2,690 | 2,640 | 2,710 | 2,760 | 2,800 | **2,820** | **2,770** |

### (b) Broadband Infrastructure

*Yahoo! BB*

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| (Thousands) *Yahoo! BB* cumulative subscribers[28] | 4,118 | 4,145 | 4,175 | | 4,209 | 4,238 | 4,227 | 4,222 | | **4,253** |
| *Yahoo! BB ADSL* | | | | | | | | | | |
| (Thousands) Cumulative subscribers | 3,009 | 2,873 | 2,737 | | 2,600 | 2,467 | 2,364 | 2,271 | | **2,172** |
| (Yen per month) ARPU[29] | 3,710 | 3,650 | 3,580 | 3,510 | | 3,450 | 3,390 | 3,330 | **3,270** | |
| (% per month) Churn rate | 2.56 | 2.43 | 2.35 | 2.44 | 2.45 | 2.60 | 2.12 | 2.16 | **2.25** | **2.28** |
| *Yahoo! BB hikari with FLET'S* | | | | | | | | | | |
| (Thousands) Cumulative subscribers[30] | 1,109 | 1,272 | 1,437 | | 1,608 | 1,771 | 1,863 | 1,951 | | **2,081** |
| (Yen per month) ARPU[29] | 1,620 | 1,660 | 1,670 | 1,680 | | 1,670 | 1,710 | 1,720 | **1,730** | |

### (c) Fixed-line Telecommunications

*OTOKU Line*

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| (Thousands) Cumulative lines | 1,669 | 1,679 | 1,678 | | 1,685 | 1,684 | 1,692 | 1,688 | | **1,703** |
| (Yen per month) ARPU[29] | 6,650 | 6,570 | 6,550 | 6,790 | | 6,530 | 6,390 | 6,510 | **6,560** | |

28 Total of the cumulative number of *Yahoo! BB ADSL* subscribers and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers.

29 Average Revenue Per User: average revenue per contract (rounded to the nearest ¥10)

30 Number of users for which connection construction for *FLET'S HIKARI* line at the central offices of NTT East or NTT West is complete and who are provided with services.

**(Reference 2: Definition and Calculation Method of ARPU, etc., in the Mobile Communications Business)**

**1. Definition and calculation method of ARPU**

ARPU（Average Revenue Per User per month）(rounded to the nearest ¥10)

ARPU = (voice-related revenue + data-related revenue) / number of active subscribers

= voice ARPU + data ARPU

ARPU (excluding communication modules) = (voice-related revenue + data-related revenue - communication modules-related revenue) / number of active subscribers (excluding communication modules)

Voice ARPU = voice-related revenue (such as voice call charges, revenues from incoming calls, basic monthly charges) / number of active subscribers

Data ARPU = data-related revenue (such as packet communication charges) / number of active subscribers

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month)/2). The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.
Number of active subscribers used in the calculation of ARPU (excluding communication modules) excludes 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 Corp. service area.

**2. Definition and calculation method of churn rate**

Churn rate ＝ churn / number of active subscribers（rounded to the nearest 0.01%）

Churn ＝ 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). The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

**3. Definition and calculation method of upgrade rate**

Upgrade rate in Mobile Communications ＝ number of upgrades / number of active subscribers (rounded to the nearest 0.01%)

Number of upgrades ＝ total number of upgrades 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). The number of active subscribers is based on SoftBank Mobile Corp.'s cumulative subscribers including prepaid mobile phones, communication modules, and devices that do not have voice communication functionalities.

**(Reference 3: Capital Expenditure and Depreciation)**

**(a) Capital Expenditure (acceptance basis)**

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| Mobile Communications | 84,076 | 98,399 | 93,675 | 146,613 | 422,766 | 82,464 | 134,003 | 164,660 | **211,788** | **592,917** |
| Broadband Infrastructure | 5,739 | 3,861 | 4,638 | 12,523 | 26,762 | 2,671 | 4,819 | 6,192 | **11,254** | **24,937** |
| Fixed-line Telecommunications | 6,320 | 8,281 | 10,654 | 14,621 | 39,877 | 8,236 | 8,280 | 10,586 | **14,542** | **41,646** |
| Internet Culture | 3,349 | 4,609 | 3,743 | 4,218 | 15,921 | 4,942 | 3,194 | 6,310 | **8,537** | **22,985** |
| Others | 1,710 | 5,338 | 2,041 | 1,958 | 11,047 | 94,970 | 1,942 | 2,179 | **3,644** | **102,736** |
| Consolidated total | 101,196 | 120,490 | 114,753 | 179,935 | 516,375 | 193,286 | 152,240 | 189,929 | **249,768** | **785,224** |

**(b) Depreciation and Amortization (excluding amortization of goodwill)**

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | | | | | **Fiscal Year Ended March 31, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year |
| Mobile Communications | 46,202 | 48,691 | 49,266 | 59,295 | 203,455 | 58,467 | 62,267 | 66,319 | **76,786** | **263,840** |
| Broadband Infrastructure | 3,540 | 3,452 | 3,507 | 3,894 | 14,395 | 3,441 | 3,475 | 3,545 | **4,278** | **14,741** |
| Fixed-line Telecommunications | 9,188 | 9,684 | 9,957 | 10,969 | 39,800 | 9,749 | 9,777 | 9,845 | **10,594** | **39,967** |
| Internet Culture | 2,291 | 2,395 | 2,703 | 2,896 | 10,288 | 2,636 | 3,134 | 3,170 | **3,796** | **12,738** |
| Others | 1,521 | 1,592 | 2,350 | 2,421 | 7,886 | 2,185 | 2,349 | 2,349 | **2,524** | **9,408** |
| Consolidated total | 62,744 | 65,816 | 67,785 | 79,478 | 275,825 | 76,480 | 81,004 | 85,230 | **97,980** | **340,696** |

## 3. Forecasts on the Consolidated Operation Results for the Fiscal Year Ending March 2014 (April 1, 2013 – March 31, 2014)

The Company has adopted the International Financial Reporting Standards (IFRS) in place of the Japanese-GAAP standards from the fiscal year ending March 31, 2014 (transition date: April 1, 2012). Under IFRS the Company is projecting consolidated operating income from its domestic business of at least ¥1 trillion in the fiscal year ending March 31, 2014. This includes an expected gain of approximately ¥150.0 billion resulting from the re-evaluation of the existing interests held in GungHo Online Entertainment, Inc. at fair value as GungHo Online Entertainment, Inc., which was an affiliate under the equity method, became a consolidated subsidiary on April 1, 2013.

## (2) Qualitative Information Regarding Consolidated Financial Position

### 1. Assets, Liabilities, and Equity

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

(Millions of yen)

| | As of March 31, 2012 | **As of March 31, 2013** | Change | Change % |
|---|---|---|---|---|
| Total assets | 4,899,705 | **6,524,886** | 1,625,181 | 33.2% |
| Total liabilities | 3,464,065 | **4,418,427** | 954,361 | 27.6% |
| Total equity | 1,435,640 | **2,106,459** | 670,819 | 46.7% |

#### (a) Current Assets

Current assets at the end of the fiscal year totaled ¥2,591,196 million, for a ¥680,744 million (35.6%) increase from March 31, 2012, (hereafter "the previous fiscal year-end"). The primary components of the change were as follows:

・Cash and deposits increased by ¥352,882 million from the previous fiscal year-end.

・Other current assets increased by ¥322,700 million from the previous fiscal year-end, primarily because of an increase of ¥193,591 million in derivative assets included in other current assets. This increase in derivative assets was mainly due to a foreign currency forward contract for approximately US$17 billion for the proposed acquisition of Sprint being marked to market at the end of the fiscal year. Please refer to page 40 "(7) Additional Information (5) Foreign currency forward contracts" under "4. Consolidated Financial Statements" and to page 54 "(8) Notes (Derivative Transactions)" for details about the foreign currency forward contract.

#### (b) Fixed Assets

Fixed assets totaled ¥3,924,809 million at the end of the fiscal year, for a ¥941,256 million (31.5%) increase from the previous fiscal year-end. The primary components of the change were as follows:

・Property and equipment increased by ¥361,246 million from the previous fiscal year-end. The main increases were ¥205,392 million in telecommunications equipment, ¥50,753 million in land, and ¥44,533 million in buildings and structures. The increase in telecommunications equipment was primarily due to new acquisitions of equipment such as base stations in order to strengthen the communications network in the Mobile Communications segment. The increases in land and buildings and structures were due primarily to recording the lease asset relating to the FUKUOKA YAFUOKU! DOME (hereafter the "YAFUOKU! DOME") on the consolidated balance sheet for the first quarter (the three-month period from April 1, 2012 to June 30, 2012). In accordance with transitional measures, after the revision of the accounting standard for leases effective from April 1, 2008, the lease contract relating to the YAFUOKU! DOME continued to be accounted for as an operating lease transaction. In March 2012, Fukuoka SOFTBANK HAWKS Marketing Corp. entered into a purchase contract to acquire a trust beneficiary interest in the YAFUOKU! DOME in July 2015 and also concluded a new lease contract relating to the YAFUOKU! DOME. Since lease assets and liabilities relating to finance lease transactions concluded after April 1, 2008 are recorded on the consolidated balance sheet this leased asset is also recorded on the balance sheet. Although Fukuoka SOFTBANK

HAWKS Marketing Corp. entered into this contract in March 2012, since Fukuoka SOFTBANK HAWKS Marketing Corp.'s fiscal year ends in February its financial statements are reflected in the consolidated financial statements with a one-month lag. Therefore, this is reflected in the consolidated financial statements for the fiscal year.

- Total intangible assets increased by ¥28,430 million from the previous fiscal year-end. This was mainly because software increased by ¥73,581 million as a result of new acquisitions of telecommunications equipment, while goodwill decreased by ¥45,835 million. The decrease in goodwill resulted from regular amortization of the goodwill recorded when the Company acquired SoftBank Mobile Corp., SoftBank Telecom Corp., and others, although new goodwill was recorded on Yahoo Japan Corporation's acquisition of the shares of CyberAgent FX Inc. and other items.
- Investments and other assets increased by ¥551,579 million from the previous fiscal year-end. This was mainly due to a ¥532,410 million increase in investment securities. The primary components of the increase were an increase of ¥291,837 million due to the acquisition by the Company's subsidiary Starburst II, Inc. of a US$3.1 billion convertible bond issued by Sprint, the Company's acquisition of the shares of eAccess Ltd. of ¥269,694, and Yahoo Japan Corporation's acquisition of 42.6% of the shares (voting rights at the time of acquisition) of ASKUL Corporation for ¥33,038 million. The acquisition of the shares of eAccess Ltd. reflected an increase of ¥219,395 million due to the issue of new shares in connection with the share exchange with eAccess Ltd. and the Company undertaking the full amount of a capital increase amounting to ¥49,000 million. These increases were partially offset by a decrease of ¥51,207 million as a result of Alibaba Group Holding Limited, a Company equity method affiliate, acquiring the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through a privatization completed in June 2012. Also a decrease of ¥19,197 million, mainly associated with the drop in the stock price of Zynga Inc., was recorded. Please refer to page 36 "(7) Additional Information" and to page 47 "(8) Notes (Consolidated Statements of Changes in Equity) 5. Changes in foreign affiliate's interests in its subsidiary" under "4. Consolidated Financial Statements" for details about the Sprint transaction and Alibaba.com privatization, respectively.

**(c) Current Liabilities**

Current liabilities at the end of the fiscal year totaled ¥2,590,183 million, for a ¥666,458 million (34.6%) increase from the previous fiscal year-end. The primary components of the change were as follows:

- Short- term borrowings increased by ¥410,323 million from the previous fiscal year-end. This was mainly attributable to the initial draw-down in December 2012 of ¥250,000 million under the bridge loan facility of up to an aggregate of ¥1.65 trillion concluded with financial institutions in the same month in connection with funding the proposed acquisition of Sprint. In addition, borrowings on the Company's credit line facility increased by ¥100,000 million. Please refer to page 39 "(7) Additional Information (4) Financing" under "4. Consolidated Financial Statements" for details about the bridge loan.
- Accounts payable – other and accrued expenses decreased by ¥83,362 million from the previous fiscal year-end. This was mainly the result of the payment of an accounts payable – other of ¥200,000 million in April 2012 relating to a transaction with the Vodafone Group executed in April 2010 by the Company, while SoftBank Mobile Corp. recorded an increase in accounts payable relating to capital expenditures.

・Short-term deferred tax liabilities increased by ¥71,974 million from the previous fiscal year-end. This was mainly deferred tax liabilities relating to derivative assets.
・The current portion of corporate bonds increased by ¥60,012 million from the previous fiscal year-end. This was mainly due to reclassifications from long-term liabilities to current liabilities of unsecured straight corporate bonds in the amount of ¥205,000 million, along with the redemption of unsecured straight corporate bonds in the amount ¥95,000 million and a reduction of ¥49,988 million in the Convertible Bond due 2013 due to its conversion into common stock of the Company. For further details regarding the issuance and redemption of corporate bonds please refer to page 20 "(Reference: Major Financing Activities)"

**(d) Long-term Liabilities**

Long-term liabilities totaled ¥1,828,243 million at the end of the fiscal year, for a ¥287,903 million (18.7%) increase from the previous fiscal year-end. The primary components of the change were as follows:

・Corporate bonds increased by ¥275,000 million from the previous fiscal year-end. This was due to the Company issuing unsecured straight corporate bonds in the total amount of ¥480,000 million. Meanwhile, the total amount of ¥205,000 million of unsecured straight corporate bonds was reclassified from long-term to current liabilities, as the redemption dates came to be within one year.
・Long-term debt decreased by ¥205,779 million from the previous fiscal year-end.
・Lease obligations increased by ¥179,038 million from the previous fiscal year-end. This was mainly due to an increase in telecommunications equipment through lease transactions, as well as the lease contract related to the YAFUOKU! DOME concluded by Fukuoka SOFTBANK HAWKS Marketing Corp. (please refer to page 14 "(b) Fixed Assets" for details).

**(e) Equity**

Equity totaled ¥2,106,459 million at the end of the fiscal year, for a ¥670,819 million (46.7%) increase from the previous fiscal year-end. The equity ratio increased by 4.9 percentage points from the previous fiscal year-end to 24.0%. The primary components of the change were as follows:

**(Shareholders' equity)**

Shareholders' equity increased by ¥441,296 million from the previous fiscal year-end to ¥1,399,244 million.

・Common stock increased by ¥24,974 million from the previous fiscal year-end. This was the result of the conversion of the Convertible Bond due 2013 into common stock of the Company.
・Additional paid-in capital increased by ¥193,126 million from the previous fiscal year-end. This primarily reflected an increase of ¥219,395 million due to the issue of new shares in connection with the share exchange conducted with eAccess Ltd. in January 2013, and an increase of ¥24,939 million due to the conversion of the Convertible Bond due 2013 into common stock of the Company. On the other hand, a decrease of ¥51,207 million was recorded as a result of Alibaba Group Holding Limited, a Company equity method affiliate, acquiring the shares of Alibaba.com Limited, a subsidiary of Alibaba Group Holding Limited, through a privatization completed in June 2012. Please refer to page 47 "(8) Notes (Consolidated Statements of Changes in Equity) 5. Changes in foreign affiliate's interests in its subsidiary" under "4. Consolidated

Financial Statements" for details about Alibaba.com privatization.

・Retained earnings increased by ¥223,082 million from the previous fiscal year-end. This was primarily because net income of ¥289,403 million was recorded, although this was partially offset by a year-end dividend for the year ended March 31, 2012 of ¥43,940 million, and an interim dividend for the year ended March 31, 2013 of ¥22,104 million, resulting in a combined decrease of ¥66,044 million in retained earnings.

**(Accumulated other comprehensive income)**

Accumulated other comprehensive income of ¥169,841 million were recorded as credit at the end of the fiscal year, a ¥191,094 million increase from the previous fiscal year-end.

・Net unrealized gain on available-for-sale securities was ¥4,163 million at the end of the fiscal year, a ¥6,403 million decrease from the previous fiscal year-end. This decrease was mainly associated with the drop in the stock price of Zynga Inc.

・Deferred gain on derivatives under hedge accounting improved by ¥115,151 million from the previous fiscal year-end to ¥114,157 million and recorded as credit. Please refer to page 54 "(8) Notes (Derivative Transactions)" under "4. Consolidated Financial Statements" for details.

・Foreign currency translation adjustments improved by ¥82,346 million from the previous fiscal year-end to ¥51,519 million and were recorded as credit at the end of the fiscal year. This was due to the yen's depreciation.

**(Minority interests)**

・Minority interests totaled ¥536,637 million at the end of the fiscal year, for a ¥38,590 million increase from the previous fiscal year-end.

## 2. Cash Flows

Cash flows during the fiscal year were as follows:

Cash and cash equivalents at the end of the fiscal year totaled ¥1,364,629 million, for a ¥350,071 million increase from the previous fiscal year-end.

(Millions of yen)

| | Fiscal Year Ended March 31, 2012 | **Fiscal Year Ended March 31, 2013** | Change |
|---|---|---|---|
| Cash flows from operating activities | 740,227 | **894,459** | 154,232 |
| Cash flows from investing activities | (375,655) | **(919,769)** | (544,114) |
| (Reference) Free cash flow | 364,571 | **(25,310)** | (389,881) |
| Cash flows from financing activities | (196,667) | **365,494** | 562,161 |

### (a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥894,459 million (compared with ¥740,227 million provided in the previous fiscal year). The primary components of the change were as follows:

・Income before income taxes and minority interests totaled ¥650,494 million.

・The main items added to income before income taxes and minority interests were ¥340,696 million in

depreciation and amortization, ¥64,113 million in amortization of goodwill, and ¥33,523 million in equity in losses of affiliated companies.

・Income taxes paid was ¥216,215 million.

**(b) Cash Flows from Investing Activities**

Net cash used in investing activities was ¥919,769 million (compared with ¥375,655 million used in the previous fiscal year). The primary components of the change were as follows:

・Outlays for purchase of property and equipment, and intangibles amounted to ¥548,602 million. The main factor was capital expenditures in the telecommunications-related businesses.

・Outlays for purchase of marketable and investment securities were ¥368,511 million. This was mainly due to the acquisition by the Company's subsidiary Starburst II, Inc. of a US$3.1 billion convertible bond issued by Sprint, the Company's undertaking of the full amount of a capital increase of ¥49,000 million conducted by its equity method affiliate eAccess Ltd., and Yahoo Japan Corporation's acquisition of 42.6% of the shares (voting rights at the time of acquisition) of ASKUL Corporation for ¥33,038 million.

As a result, free cash flow (the combined net cash flows from operating activities and investing activities) for the fiscal year was a negative ¥25,310 million (compared with a positive ¥364,571 million in the previous fiscal year), for a year-on-year decrease of ¥389,881 million.

**(c) Cash Flows from Financing Activities**

Net cash provided by financing activities was ¥365,494 million (compared with ¥196,667 million used in the previous fiscal year). The primary components of the change were as follows:

(Items increasing cash flows)

・Proceeds included ¥474,607 million from issuance of bonds, ¥350,131 million from an increase in short-term borrowings, net, ¥330,145 million from the sale and leaseback of equipment newly acquired, and ¥153,314 million from long-term debt.

(Items decreasing cash flows)

・Outlays included ¥299,234 million for the repayment of long-term debt, ¥206,096 million for the repayment of lease obligations, ¥200,444 million for payments for repurchase of minority interests and long-term debt, ¥95,074 million for the redemption of bonds, and ¥65,843 million for the payment of dividends. The payments for repurchase of minority interests and long-term debt are the amount paid to the Vodafone Group in April 2012, and various related fees. Please refer to page 48 "(8) Notes (Consolidated Statements of Cash Flows) 7. Payments for repurchase of minority interests and long-term debt" under "4. Consolidated Financial Statements" for details.

**(d) Trends in Cash Flow-related Indicators**

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

| | Fiscal year ended March 31, 2011 | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|---|
| Equity ratio | 13.3% | 19.1% | **24.0%** |
| Equity ratio (Market cap.) | 77.2% | 54.9% | **79.3%** |
| Debt repayment period | 2.2 years | 1.5 years | **1.8 years** |
| Interest coverage ratio | 8.9 | 16.3 | **31.3** |

Notes:

1. The above indicators are calculated using the following formulas based on consolidated figures:
   Equity ratio: shareholders' equity divided by total assets.
   Equity ratio (market cap.): market capitalization divided by total assets.
   Debt repayment period: interest-bearing debt divided by EBITDA.
   Interest coverage ratio: EBITDA divided by interest expenses.
2. EBITDA: operating income (loss) + depreciation and amortization + including amortization of goodwill
3. Market capitalization is calculated based on the number of shares outstanding, net of treasury stock.
4. Interest-bearing debt: short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term debt. Lease obligations are excluded.
   Interest-bearing debt for the fiscal year ended March 31, 2011 excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27,000 million acquired by the Company during the fiscal year ended March 31, 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.
5. Interest expense is the corresponding figure on the Consolidated Statements of Income.

**(Reference: Major Financing Activities)**

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

| Item | Company Name | Details | Summary |
|---|---|---|---|
| Bond issuances | SoftBank Corp. | 39th Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond) | Issue date: September 24, 2012<br>Redemption date: September 22, 2017<br>Total amount of issue: ¥100 billion<br>Interest rate: 0.74%/year |
| | | 40th Unsecured Straight Corporate Bond | Issue date: September 14, 2012<br>Redemption date: September 14, 2017<br>Total amount of issue: ¥10 billion<br>Interest rate: 0.732%/year |
| | | 41st Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond) | Issue date: March 12, 2013<br>Redemption date: March 10, 2017<br>Total amount of issue: ¥300 billion<br>Interest rate: 1.47%/year |
| | | 42nd Unsecured Straight Corporate Bond | Issue date: March 1, 2013<br>Redemption date: March 1, 2017<br>Total amount of issue: ¥70 billion<br>Interest rate: 1.467%/year |
| Bond redemption | SoftBank Corp. | 28th Unsecured Straight Corporate Bond | Redemption date: July 24, 2012<br>Redemption amount: ¥30 billion |
| | | 29th Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond) | Redemption date: September 18, 2012<br>Redemption amount: ¥65 billion |
| Increase or decrease in debt | SoftBank Corp. | Increase of ¥203,600 million | Mainly bridge loan concluded for the proposed acquisition of Sprint.<br>For further details of the bridge loan please refer to page 39 "(7) Additional Information (4) Financing" under "4. Consolidated Financial Statements." |
| Execute sale and lease back | SoftBank Mobile Corp. etc. | Procurement of ¥330,145 million | Capital expenditure via finance leases |

## (3) Fundamental Policy for Distribution of Profit, and Dividend for the Fiscal Year

SoftBank Corp.'s basic policy is to maintain a sound financial status while both investing 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 Board of Directors' meeting resolved to propose a year-end dividend for the fiscal year of ¥20.00 per share. Together with the interim dividend of ¥20.00 per share paid in December 2012, this brings the annual dividend for the fiscal year to ¥40.00 per share, the same as the previous fiscal year.

## 2. The SoftBank Group

As of March 31, 2013, the Group's business segments were comprised of the following consolidated subsidiaries and equity method companies. The segments' main businesses were as follows.

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

| Business Segments | | Consolidated Subsidiaries | Equity Method Non-consolidated Subsidiaries and Affiliates | Main Business of Segment and Name of Business |
|---|---|---|---|---|
| Reportable segments | Mobile Communications | 3 | 1 | Provision of mobile communication services and sale of mobile handsets accompanying the services, etc. (Core company: SoftBank Mobile Corp.) |
| | Broadband Infrastructure | 3 | — | Provision of high-speed Internet connection service, IP telephony service, and provision of content, etc. (Core company: SoftBank BB Corp.[31]) |
| | Fixed-line Telecommunications | 2 | — | Provision of fixed-line telecommunications, etc. (Core company: SoftBank Telecom Corp.[31]) |
| | Internet Culture | 22 | 12 | Internet-based advertising operations, e-commerce site operations such as *YAFUOKU!* and *Yahoo! Shopping*, membership services, etc. (Core company: Yahoo Japan Corporation[31]) |
| Others | | 120 | 70 | Distribution of PC software and peripherals, Fukuoka SoftBank HAWKS related businesses, etc. |
| Total | | 150 | 83 | |

［Listed Companies］

The Company's six following consolidated subsidiaries were listed on domestic stock exchanges as of March 31, 2013:

| Company Name | Listed Exchange |
|---|---|
| Yahoo Japan Corporation | Tokyo Stock Exchange First section<br>Osaka Stock Exchange JASDAQ (Standard) |
| SoftBank Technology Corp. | Tokyo Stock Exchange First section |
| Vector Inc. | Osaka Stock Exchange JASDAQ (Standard) |
| ITmedia Inc. | Tokyo Stock Exchange Mothers |
| Carview Corporation | Tokyo Stock Exchange Mothers |
| ValueCommerce Co., Ltd. | Tokyo Stock Exchange First section |

31 Although SoftBank BB Corp., SoftBank Telecom Corp., and Yahoo Japan Corporation are included as consolidated subsidiaries in the Broadband Infrastructure, Fixed-line Telecommunications, and Internet Culture segments, respectively, SoftBank BB Corp., SoftBank Telecom Corp., and Yahoo Japan Corporation operate multiple businesses and therefore their operating results are allocated to multiple business segments.

# 3. Management Policies

## (1) Basic Management Approach

The SoftBank Group is guided by a corporate philosophy of "Information Revolution – Happiness for everyone." The Group aims to be a provider of the most essential technologies and services to people around the world through its endeavors in various businesses in the information industry, while maximizing its enterprise value.

## (2) Medium- to Long-term Strategies

### 1. Focus on Mobile Internet

In the ICT market the rapid penetration[32] of smartphones and tablets will cause a shift from PCs to mobile devices as the preferred means of accessing the Internet. One of the Group's strategies is to concentrate on business development in the field of mobile Internet, which is projected to grow in line with these changes.

In line with this strategy, the Group is currently working to strengthen its network and provide high-speed data communication services, enhance its lineup of smartphones and tablets, expand its mobile content, optimize services such as e-commerce for mobile devices, and enhance its cloud services, among other initiatives. By promoting mobile Internet usage, the entire SoftBank Group plans to increase revenues from use of data communication services and other services and content.

### 2. Forming and Expanding a Strategic Synergy Group

The information industry is characterized by rapid changes in technology, business models, and market needs. To become a provider of the most essential technologies and services to people around the world, it is imperative that the Group be flexible regarding any specific technologies or business models, and continue transforming itself repeatedly in line with the changes in the times, expanding and changing its lines of business.

The Group launches new services and businesses from within the Group, and also invests in companies possessing outstanding technologies or business models, or establishes joint ventures with them to form and expand a "strategic synergy group" on a global scale.

Each company in the strategic synergy group conducts business and makes decisions autonomously, organically combining their respective strengths to create synergies. In this way, the entire group will realize sustainable growth.

### 3. Expand Business Scale through Entry into the U.S.

The U.S. market holds great potential for rapid expansion in the mobile Internet field. It has approximately 350 million cumulative mobile phone subscribers[33] –more than twice the number in Japan– and the number of active smartphones has reached 220 million.[34] The SoftBank Group expects to complete its acquisition of U.S. company Sprint On July 1, 2013.[35] Through this acquisition the Group aims to establish an operating base in

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32 Yano Research Institute Ltd., Mobile Phones/Smart Devices Market 2012-2013

33 As of December 31, 2012. Wireless Intelligence, 2013.

34 As of January 31, 2013. Flurry Analytics, Active Devices during January 2013.

35 A shareholder class action petition against Sprint, Sprint's board of directors, the Company and certain of its subsidiaries has been filed in the U.S., demanding to enjoin the acquisition and unspecified monetary damages. The class action petition is against the members of the board of directors of Sprint for breaching their fiduciary duties, and against the Company for aiding and abetting the same.

the U.S. market, thereby expanding its business scale and allowing it to capture the growth of this market going forward.

After the acquisition is complete, the SoftBank Group is expected to have one of the largest combined subscriber bases[36] in the Japanese and U.S. markets as a mobile network operator. This will enable the Group to leverage benefits of scale to the fullest extent in developing its business, including procurement of mobile handsets and network equipment and provision of content and services such as games and video by Group companies.

## (3) Important Management Issues for the Company

### 1. Mobile Communications Network Enhancement in Japan

The Group recognizes the need to enhance its network for the mobile communications services provided by SoftBank Mobile Corp. As in the fiscal year ended March 31, 2013, the Group will continue measures to expand the telecommunications service area, cope with network traffic increase, and prepare the network for high-speed data communication services.

The Group will take measures to disperse the load of increased network traffic by working ahead of schedule to construct base stations compatible with the 900 MHz band that can efficiently cover wide areas, as well as increasing the number of Wi-Fi spot installations and utilizing the AXGP network of its consolidated subsidiary Wireless City Planning Inc. Furthermore, to make high-speed data communication services more accessible, the Group will install more LTE-compatible base stations and make active use of the 1.7 GHz band LTE network of eAccess Ltd., which became a Group company in January 2013.

### 2. Strengthen the Operating base in the Japanese and U.S. Markets

Following the completion of the acquisition of Sprint, which is expected to close on July 1, 2013, the Group expects to become a mobile operator with one of the largest subscriber bases[36] in the Japanese and U.S. markets. Looking ahead, the Group will need to strengthen its operating base across both markets and consolidate its position as one of the world's largest mobile Internet companies.

In the Japanese market, SoftBank Mobile Corp. and other Group companies will build a solid foundation for the operating base through measures such as strengthening the network, bolstering sales activities, improving customer satisfaction, and enhancing content.

Meanwhile, in the U.S. market the Group will enhance Sprint's competitive capabilities and establish a strong operating base. To this end, it will leverage the knowledge it has cultivated in Japan with regard to smartphones and communications networks, and its experience in executing measures boldly and swiftly in a way unheard of among its Japanese competitors.

36 Figures for the U.S. are as of December 31, 2012. Wireless Intelligence, 2013. Telecommunication Carriers Association data and corporate public disclosures.

### 3. Swiftly Reduce Net Interest-bearing Debt[37]

The Group's net interest-bearing debt on March 31, 2013 stood at ¥733,843 million. For the year ending March 31, 2014 the Group expects this amount to increase significantly due to the procurement of funds for the acquisition of Sprint.

The Group will work to reduce net interest-bearing debt swiftly. To achieve this, the Group will leverage the abundant cash flows generated by its strong business in Japan, particularly in the Mobile Communications segment.

37 Net interest-bearing debt: interest-bearing debt - cash position
Interest-bearing debt: short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term borrowings. Lease obligations are not included
Cash position: cash and cash deposits + marketable securities recorded as current assets

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2012 | **As of March 31, 2013** |
|---|---|---|
| | Amount | **Amount** |
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and deposits | ¥1,016,251 | **¥1,369,134** |
| Notes and accounts receivable - trade | 661,287 | **662,186** |
| Marketable securities | 4,575 | **4,703** |
| Merchandise and finished products | 42,618 | **43,845** |
| Deferred tax assets | 56,469 | **50,580** |
| Other current assets | 168,264 | **490,965** |
| Less: Allowance for doubtful accounts | (39,014) | **(30,219)** |
| Total current assets | 1,910,452 | **2,591,196** |
| **Fixed assets:** | | |
| **Property and equipment, net:** | | |
| Buildings and structures | 77,404 | **121,938** |
| Telecommunications equipment | 988,541 | **1,193,934** |
| Telecommunications service lines | 65,213 | **59,973** |
| Land | 23,175 | **73,929** |
| Construction in progress | 80,501 | **137,078** |
| Other property and equipment | 61,555 | **70,784** |
| Total property and equipment | 1,296,393 | **1,657,640** |
| **Intangible assets, net:** | | |
| Goodwill | 780,242 | **734,407** |
| Software | 310,151 | **383,732** |
| Other intangibles | 36,120 | **36,805** |
| Total intangible assets | 1,126,514 | **1,154,945** |
| **Investments and other assets:** | | |
| Investment securities | 338,198 | **870,608** |
| Deferred tax assets | 104,327 | **99,966** |
| Other assets | 134,076 | **158,558** |
| Less: Allowance for doubtful accounts | (15,957) | **(16,909)** |
| Total investments and other assets | 560,644 | **1,112,224** |
| Total fixed assets | 2,983,553 | **3,924,809** |
| **Deferred charges** | 5,699 | **8,879** |
| **Total assets** | ¥4,899,705 | **¥6,524,886** |

**Consolidated Balance Sheets**

(Millions of yen)

| | As of March 31, 2012 | **As of March 31, 2013** |
|---|---|---|
| | Amount | **Amount** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable - trade | ¥190,532 | **¥194,653** |
| Short-term borrowings | 403,167 | **813,490** |
| Current portion of corporate bonds | 144,988 | **205,000** |
| Accounts payable - other and accrued expenses | 835,053 | **751,690** |
| Income taxes payable | 125,116 | **179,558** |
| Deferred tax liabilities | 0 | **71,974** |
| Current portion of lease obligations | 152,682 | **192,603** |
| Other current liabilities | 72,184 | **181,212** |
| Total current liabilities | 1,923,725 | **2,590,183** |
| **Long-term liabilities:** | | |
| Corporate bonds | 459,900 | **734,900** |
| Long-term debt | 560,070 | **354,290** |
| Deferred tax liabilities | 20,370 | **17,939** |
| Liability for retirement benefits | 14,953 | **14,505** |
| Allowance for point mileage | 32,074 | **22,548** |
| Lease obligations | 347,699 | **526,738** |
| Other liabilities | 105,272 | **157,319** |
| Total long-term liabilities | 1,540,339 | **1,828,243** |
| **Total liabilities** | 3,464,065 | **4,418,427** |
| **Equity:** | | |
| Common stock | 213,797 | **238,772** |
| Additional paid-in capital | 236,562 | **429,689** |
| Retained earnings | 530,534 | **753,616** |
| Less: Treasury stock | (22,947) | **(22,833)** |
| Total shareholders' equity | 957,947 | **1,399,244** |
| Unrealized gain on available-for-sale securities | 10,566 | **4,163** |
| Deferred gain (loss) on derivatives under hedge accounting | (993) | **114,157** |
| Foreign currency translation adjustments | (30,826) | **51,519** |
| Total accumulated other comprehensive income (loss) | (21,253) | **169,841** |
| Stock acquisition rights | 898 | **735** |
| Minority interests | 498,047 | **536,637** |
| **Total equity** | 1,435,640 | **2,106,459** |
| **Total liabilities and equity** | ¥4,899,705 | **¥6,524,886** |

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

**Consolidated Statements of Income**

(Millions of yen)

| | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| | April 1, 2011 to March 31, 2012 | **April 1, 2012 to March 31, 2013** |
| | Amount | **Amount** |
| **Net sales** | ¥3,202,435 | **¥3,378,365** |
| **Cost of sales** | 1,485,750 | **1,590,740** |
| **Gross profit** | 1,716,685 | **1,787,625** |
| **Selling, general and administrative expenses** | 1,041,401 | **1,042,625** |
| **Operating income** | 675,283 | **745,000** |
| Interest income | 1,829 | **3,310** |
| Dividends income | 2,570 | **3,215** |
| Gain on investments in partnership | - | **2,054** |
| Other non-operating income | 6,908 | **11,199** |
| **Non-operating income** | 11,308 | **19,779** |
| Interest expense | 62,206 | **36,736** |
| Equity in losses of affiliated companies | 2,947 | **33,523** |
| Financing related expenses | - | **19,048** |
| Refinancing related expenses | 24,956 | **-** |
| Other non-operating expenses | 22,831 | **22,256** |
| **Non-operating expenses** | 112,940 | **111,565** |
| **Ordinary income** | 573,651 | **653,214** |
| Gain on sale of investment securities | 88,368 | **5,196** |
| Dilution gain from changes in equity interest | 20,185 | **4,006** |
| Gain on step acquisitions | - | **1,778** |
| Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S.,net | 1,985 | **-** |
| Other special income | 7,225 | **402** |
| **Special income** | 117,765 | **11,383** |
| Valuation loss on investment securities | 13,971 | **9,772** |
| Unrealized loss on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net | - | **1,524** |
| Premium expense on advanced repayment of long-term debt | 21,875 | **-** |
| Loss on liquidation of subsidiaries and affiliates | 19,071 | **-** |
| Other special losses | 4,242 | **2,805** |
| **Special loss** | 59,160 | **14,102** |
| **Income before income taxes and minority interests** | 632,256 | **650,494** |
| **Income taxes:** | | |
| Current | 196,509 | **278,663** |
| Deferred | 58,203 | **8,511** |
| **Total income taxes** | 254,712 | **287,174** |
| **Income before minority interests** | 377,543 | **363,319** |
| **Minority interests in net income** | 63,790 | **73,916** |
| **Net income** | ¥313,752 | **¥289,403** |

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

| | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| | April 1, 2011 to March 31, 2012 | **April 1, 2012 to March 31, 2013** |
| | Amount | **Amount** |
| **Income before minority interests** | ¥377,543 | **¥363,319** |
| **Other comprehensive income (loss)** | | |
| Unrealized loss on available-for-sale securities | (25,780) | **(8,120)** |
| Deferred gain (loss) on derivatives under hedge accounting | (12,661) | **117,858** |
| Foreign currency translation adjustment | 21,328 | **65,906** |
| Share of other comprehensive income (loss) of affiliated companies accounted for using equity method | (3,442) | **15,269** |
| **Total other comprehensive income (loss)** | (20,554) | **190,914** |
| **Comprehensive income** | 356,988 | **554,233** |
| **Comprehensive income attributable to** | | |
| Owners of the parent | 296,543 | **480,498** |
| Minority interests | 60,445 | **73,735** |

## (3)Consolidated Statements of Changes in Equity

Fiscal year from April 1, 2011 to March 31, 2012:

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income (loss) | | | | Stock acquisition rights | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivatives under hedge accounting | Foreign currency translation adjustments | Total | | | |
| **Balance at April 1, 2011** | ¥188,775 | ¥212,510 | ¥222,277 | ¥(240) | ¥623,321 | ¥34,920 | ¥ 11,224 | ¥(50,213) | ¥(4,068) | ¥703 | ¥259,661 | ¥879,618 |
| **Changes of items during the year** | | | | | | | | | | | | |
| Exercise of warrants | 25,022 | 24,979 | - | - | 50,002 | - | - | - | - | - | - | 50,002 |
| Cash dividends | - | - | (5,411) | - | (5,411) | - | - | - | - | - | - | (5,411) |
| Net income | - | - | 313,752 | - | 313,752 | - | - | - | - | - | - | 313,752 |
| Purchase of treasury stock | - | - | - | (22,706) | (22,706) | - | - | - | - | - | - | (22,706) |
| Adjustments of retained earnings due to change in scope of consolidation | - | - | (83) | - | (83) | - | - | - | - | - | - | (83) |
| Changes in foreign affiliate's interests in its subsidiary | - | (927) | - | - | (927) | - | - | - | - | - | - | (927) |
| Items other than changes in shareholders' equity, net | - | - | - | - | - | (24,354) | (12,217) | 19,387 | (17,184) | 195 | 238,385 | 221,396 |
| **Total changes in the year** | 25,022 | 24,052 | 308,257 | (22,706) | 334,625 | (24,354) | (12,217) | 19,387 | (17,184) | 195 | 238,385 | 556,021 |
| **Balance at March 31, 2012** | ¥213,797 | ¥236,562 | ¥530,534 | ¥(22,947) | ¥957,947 | ¥10,566 | ¥ (993) | ¥(30,826) | ¥(21,253) | ¥898 | ¥498,047 | ¥1,435,640 |

Fiscal year from April 1, 2012 to March 31, 2013:

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income (loss) | | | | Stock acquisition rights | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total | Unrealized gain(loss) on available-for-sale securities | Deferred gain(loss) on derivatives under hedge accounting | Foreign currency translation adjustments | Total | | | |
| **Balance at April 1, 2012** | ¥213,797 | ¥236,562 | ¥530,534 | ¥(22,947) | ¥957,947 | ¥10,566 | ¥ (993) | ¥(30,826) | ¥(21,253) | ¥898 | ¥498,047 | ¥1,435,640 |
| **Changes of items during the year** | | | | | | | | | | | | |
| Exercise of warrants | 24,974 | 24,939 | - | - | 49,914 | - | - | - | - | - | - | 49,914 |
| Cash dividends | - | - | (66,044) | - | (66,044) | - | - | - | - | - | - | (66,044) |
| Net income | - | - | 289,403 | - | 289,403 | - | - | - | - | - | - | 289,403 |
| Purchase of treasury stock | - | - | - | (85) | (85) | - | - | - | - | - | - | (85) |
| Disposal of treasury stock | - | 13 | - | 199 | 212 | - | - | - | - | - | - | 212 |
| Increase by share exchanges | | 219,395 | - | - | 219,395 | | | | | | | 219,395 |
| Adjustments of retained earnings due to change in scope of consolidation | - | - | (276) | - | (276) | - | - | - | - | - | - | (276) |
| Changes in foreign affiliate's interests in its subsidiary | - | (51,222) | - | - | (51,222) | - | - | - | - | - | - | (51,222) |
| Items other than changes in shareholders' equity, net | - | - | - | - | - | (6,403) | 115,151 | 82,346 | 191,094 | (162) | 38,590 | 229,522 |
| **Total changes in the year** | 24,974 | 193,126 | 223,082 | 113 | 441,296 | (6,403) | 115,151 | 82,346 | 191,094 | (162) | 38,590 | 670,819 |
| **Balance at March 31, 2013** | ¥238,772 | ¥429,689 | ¥753,616 | ¥(22,833) | ¥1,399,244 | ¥4,163 | ¥ 114,157 | ¥51,519 | ¥169,841 | ¥735 | ¥536,637 | ¥2,106,459 |

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

| | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| | April 1, 2011 to March 31, 2012 | **April 1, 2012 to March 31, 2013** |
| **Cash flows from operating activities:** | | |
| Income before income taxes and minority interests | ¥632,256 | **¥650,494** |
| Adjustments for: | | |
| Depreciation and amortization | 275,825 | **340,696** |
| Amortization of goodwill | 62,606 | **64,113** |
| Equity in losses of affiliated companies | 2,947 | **33,523** |
| Dilution gain from changes in equity interest, net | (19,685) | **(3,559)** |
| Valuation loss on investment securities | 13,971 | **9,772** |
| Unrealized (appreciation) loss on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net | (1,985) | **1,524** |
| Gain on sale of marketable and investment securities, net | (88,278) | **(4,093)** |
| Foreign exchange gain, net | (255) | **(2,322)** |
| Interest and dividend income | (4,399) | **(6,526)** |
| Interest expense | 62,206 | **36,736** |
| Changes in operating assets, and liabilities | | |
| (Increase) decrease in receivables - trade | (5,031) | **2,656** |
| (Decrease) increase in payables - trade | (3,004) | **2,656** |
| Other, net | 66,958 | **14,740** |
| Sub-total | 994,130 | **1,140,414** |
| Interest and dividends received | 4,222 | **5,359** |
| Interest paid | (62,485) | **(35,098)** |
| Income taxes paid | (195,640) | **(216,215)** |
| Net cash provided by operating activities | 740,227 | **894,459** |

- Continued -

**Consolidated Statements of Cash Flows (Continued)**

(Millions of yen)

| | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| | April 1, 2011 to March 31, 2012 | **April 1, 2012 to March 31, 2013** |
| **Cash flows from investing activities:** | | |
| Purchase of property and equipment, and intangibles | ¥ (455,023) | **¥ (548,602)** |
| Purchase of marketable and investment securities | (33,323) | **(368,511)** |
| Proceeds from sale of marketable and investment securities | 87,985 | **25,799** |
| Proceeds from advanced redemption of debt security | 30,375 | **-** |
| Acquisition of interests in subsidiaries newly consolidated, net of cash acquired | (4,007) | **(18,669)** |
| Other, net | (1,661) | **(9,785)** |
| Net cash used in investing activities | (375,655) | **(919,769)** |
| **Cash flows from financing activities:** | | |
| (Decrease) increase in short-term borrowings, net | (124,291) | **350,131** |
| Decrease in commercial paper, net | (25,000) | **-** |
| Proceeds from long-term debt | 600,819 | **153,314** |
| Repayment of long-term debt | (919,696) | **(299,234)** |
| Proceeds from issuance of bonds | 179,159 | **474,607** |
| Redemption of bonds | (163,437) | **(95,074)** |
| Proceeds from issuance of shares to minority shareholders | 322 | **564** |
| Proceeds from issuance of preferred securities by a subsidiary | 200,000 | **-** |
| Cash dividends paid | (5,420) | **(65,843)** |
| Cash dividends paid to minority shareholders | (20,346) | **(24,745)** |
| Proceeds from sale and lease back of equipment newly acquired | 338,705 | **330,145** |
| Repayment of lease obligations | (166,290) | **(206,096)** |
| Payments for repurchase of minority interests and long-term debt | - | **(200,444)** |
| Other, net | (91,192) | **(51,829)** |
| Net cash (used in) provided by financing activities | (196,667) | **365,494** |
| **Effect of exchange rate changes on cash and cash equivalents** | 165 | **7,927** |
| **Net increase in cash and cash equivalents** | 168,069 | **348,111** |
| **Increase in cash and cash equivalents due to newly consolidated subsidiaries** | 68 | **3,781** |
| **Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries** | (734) | **(1,822)** |
| **Cash and cash equivalents, beginning of the year** | 847,155 | **1,014,558** |
| **Cash and cash equivalents, end of the year** | ¥1,014,558 | **¥1,364,629** |

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Basis of Presentation of Consolidated Financial Statements

### 1. Changes in scope of consolidation

As of March 31, 2013, SoftBank Corp. (the "Company") consolidated 150 subsidiaries (together, the "Group"). 85 subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income, and retained earnings of the SoftBank consolidated financial statements.

Changes in scope of consolidation are as follows:

<Increase>

24 companies

Significant changes:

Starburst Ⅰ, Inc.

Starburst Ⅱ, Inc.

<Decrease>

7 companies

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

### 2. Changes in scope of equity method

As of March 31, 2013, the Company held 3 non-consolidated subsidiaries and 80 affiliates, all of which were accounted for under the equity method. 82 non-consolidated subsidiaries and 28 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income and retained earnings of the SoftBank consolidated financial statements.

Changes in scope of equity method are as follows:

<Increase>

16 companies

Significant changes:

eAccess Ltd.

<Decrease>

7 companies

### 3. Fiscal year end

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

| <Fiscal year end> | <Domestic> | <Overseas> |
|---|---|---|
| March end | | |
| (same as the consolidated balance sheet date) | 52 | 58 |
| June end | 1 | - |
| July end | - | 11 |
| November end | - | 1 |
| December end | 3 | 21 |
| February end | 3 | - |

**4. Summary of significant accounting policies**

(1) Evaluation standards and methods for major assets

[1] Marketable securities and investment securities

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

Available-for-sale securities:

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

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

Foreign subsidiaries of the Company applying IFRS (International Financial Reporting Standards) evaluate "available-for-sale securities" by fair value and record unrealized gain (loss) as "Unrealized gain (loss) on available-for-sale securities." Embedded derivatives that should be accounted for separately are accounted for according to the accounting treatment of derivative. Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification (ASC) Topic 946 and account for the investment securities in accordance with the ASC 946. The investment securities are carried at fair value, and net changes in fair value are recorded in the consolidated statements of income under the application of the ASC 946.

[2] Derivative instruments: Stated at fair value

[3] Inventories (merchandise): Carried at cost, primarily net selling value determined by the moving-average method

(2) Depreciation and amortization

[1] Property and equipment:

Buildings and structures: Computed primarily using the straight-line method

Telecommunications equipment: Computed using the straight-line method

Telecommunications service lines: Computed using the straight-line method

Others: Computed primarily using the straight-line method

[2] Intangible assets: Computed using the straight-line method

Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods are computed using the straight-line method over the period of the finance leases. Finance lease transactions in which the ownership of leased assets was not transferred to lessees and contracted before April 1, 2008, are accounted for as operating lease transactions.

(3) Accounting principles for major allowances and accruals

<Allowance for doubtful accounts>

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

<Accrued retirement benefits>

SoftBank Mobile Corp., SoftBank Telecom Corp., and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations at the end of the fiscal year. SoftBank Mobile Corp. and SoftBank Telecom Corp. amended the pension plans by suspending the defined benefit pension plans at the end of March 2007 and March 2006, respectively, and implementing defined contribution pension plans. The retirement benefits existed and calculated under the benefit pension plan were fixed and will be paid at the retirement of applicable employees, and the projected benefit obligations are calculated based on these fixed retirement benefits. As a result, there is no service cost under the defined benefit pension plans at SoftBank Mobile Corp. and SoftBank Telecom Corp.

<Allowance for point mileage >

SoftBank Mobile Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

(4) Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign currency exchange rates prevailing at the respective balance sheet dates. Foreign currency exchange gains or losses are charged to net income when incurred.

The translation of foreign currency-denominated revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of "Equity," and the portion pertaining to minority shareholders is included in "Minority interests."

(5) Accounting for significant hedge transactions

[1] Foreign currency forward contract

(a) <Hedge accounting>

Receivables and obligations denominated in foreign currencies for which foreign currency forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting. For forecasted transactions denominated in foreign currencies, recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

(b) <Derivative instruments for hedging and hedged items>

| | |
|---|---|
| Derivative instruments for hedging: | Foreign currency forward contract |
| Hedged items: | Foreign currency-denominated receivables, obligations, and forecasted transactions |

(c) <Hedging policy>

In accordance with the Group's policy, derivative financial instruments are used to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

(d) < Effectiveness of hedge transactions >

For receivables and obligations denominated in foreign currencies, effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting. For forecasted transaction denominated in foreign currencies, the effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the foreign currency fluctuation of hedged items and variability of cash flows of hedge instruments.

[2] Interest rate swap

(a) <Hedge accounting>

Recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

(b) <Derivative instruments for hedging and hedged items>

| | |
|---|---|
| Derivative instruments for hedging: | Interest rate swap contracts |
| Hedged items: | Interest expense on borrowings |

(c) <Hedging policy>

In accordance with the Group's policy, derivative financial instruments are used to hedge the risk of exposures to fluctuations in interest rates in accordance with its internal policies, regarding the authorization and credit limit amount.

(d) < Effectiveness of hedge transactions >

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

(6) Amortization of goodwill

"Goodwill" is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred. The goodwill resulted from acquisition of Vodafone K.K. (currently SoftBank Mobile Corp.) is amortized over a 20-year-period.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

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

(8) Other

[1] Accounting method for consumption taxes

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

[2] Application of consolidated taxation system

BB Mobile Corp., as a parent company of the consolidated tax return, SoftBank Mobile Corp., and other two companies, adopted the consolidated taxation system.

## (7) Additional information

For the fiscal year ended March 31, 2013

**Acquisition of Sprint Nextel Corporation**

On October 15, 2012, the Company and Sprint Nextel Corporation ("Sprint") in the U.S. entered into a series of definitive agreements under which the Company will invest approximately $20.1 billion (the "transaction") in Sprint, consisting of approximately $12.1 billion to be paid to Sprint shareholders and $8.0 billion of new capital to be used, amongst other purposes, to strengthen Sprint's balance sheet.

The transaction, which has been approved by the Boards of Directors of both the Company and Sprint, is subject to approval at a meeting of the Sprint shareholders (to be held on June 12, 2013 in Kansas, U.S.), customary antitrust, Federal Communications Commission and other regulatory approvals and the satisfaction or waiver of other closing conditions, including accuracy of representations and warranties. The Company expects the closing of the transaction to occur on July 1, 2013. As a result of the transaction the Company will own approximately 70% of the fully-diluted (as used herein, not giving effect to out-of-the-money options) shares of New Sprint (as defined below), which will own 100% of the shares of Sprint.

(1) Purposes of acquisition

[1] 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[1] between the U.S. and Japan, and the combined mobile telecom service revenue will rank third[2] amongst global operators.

[2] 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 Sprint's competitiveness in the U.S.

[3] Provides Sprint $8.0 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.

Notes:

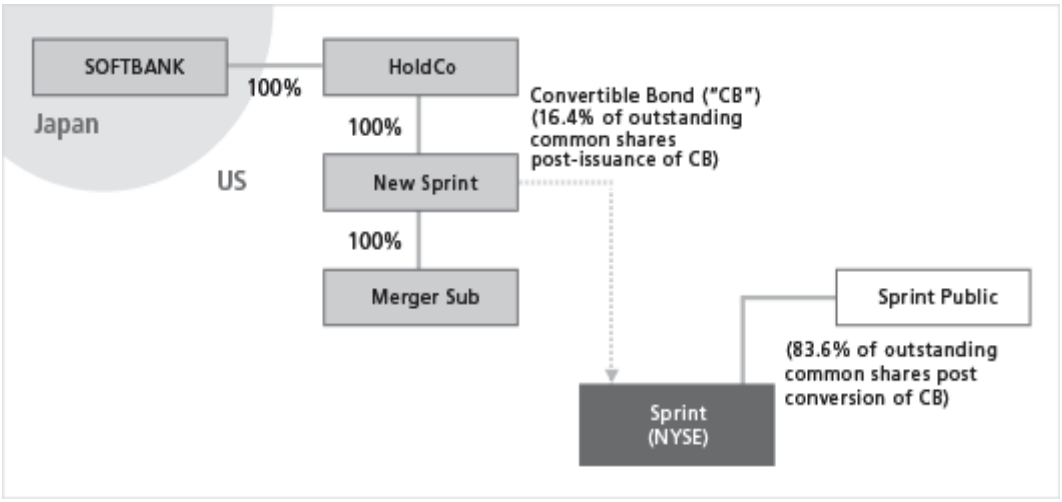
1. Based on Wireless Intelligence data, TCA data, and disclosed material by relevant companies. U.S. as of June 2012, and Japan as of September (eAccess Ltd. data as of August 2012).
2. Based on disclosures by global mobile operators such as China Mobile and Verizon Wireless (January to June 2012).

(2) Outline of acquisition

[1] Establishment of subsidiaries

The Company has formed a new U.S. holding company, Starburst I, Inc. (HoldCo), and two further subsidiaries, Starburst II, Inc. (New Sprint), which is owned directly by HoldCo, and Starburst III, Inc. (Merger Sub), which is owned directly by New Sprint and indirectly by HoldCo.

Via New Sprint, the Company invested $3.1 billion in Sprint in the form of a newly-issued convertible bond (Bond) on October 22, 2012 (EST). The Bond has a 1.0% coupon rate with a seven-year maturity and, if the merger agreement is terminated prior to completion of the merger (as defined in [2] below), subject to regulatory approval, will be convertible, or if the merger (as defined in [2] below) is completed, will be converted, at $5.25 per share into 16.4% of outstanding Sprint common shares on a post-issuance basis (subject to customary adjustments).




[2] Merger

Following receipt of Sprint shareholders and regulatory approvals and the satisfaction or waiver of the other closing conditions to the transaction, the Company will capitalize, through HoldCo, New Sprint with an additional approximately $17.0 billion. Approximately $12.1 billion will be distributed to Sprint shareholders as merger consideration. Merger Sub will merge with and into Sprint as a result of which:

(a) Sprint will become a wholly-owned subsidiary of New Sprint.

(b) In aggregate, Sprint shareholders will receive, in exchange for their Sprint shares approximately 30% of the fully-diluted equity of New Sprint and approximately $12.1 billion cash.

(c) Individual Sprint shareholders will have the right to elect to receive, for each share of Sprint that they own, either (i) $7.30 in cash or (ii) one share of New Sprint stock, subject to proration if shareholders in the aggregate elect more than the total amount of cash or stock consideration, as applicable (which would result in the receipt of a mix of cash and stock).

(d) Holders of Sprint stock options will receive stock options in the New Sprint.

(e) The Bond will be converted into shares of Sprint, with the value of such shares reflected (together with the Company's additional investment) in the approximately 70% of the fully-diluted equity of New Sprint which HoldCo will hold after consummation of the merger.

(f) New Sprint will issue a 5 year warrant for approximately 55 million shares of New Sprint with an exercise price of U$5.25 per share (Warrant) to HoldCo.

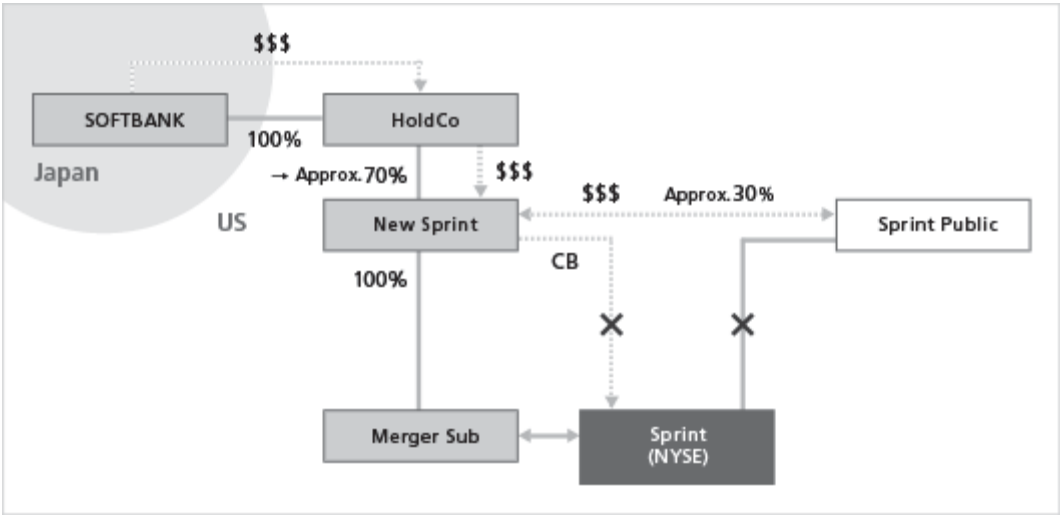
(g) New Sprint is expected to succeed Sprint's New York Stock Exchange listing as a publicly traded company in the US.

Other key terms include:

(a) The Company must pay Sprint a termination fee of $600 million if the merger does not close because the Company does not obtain financing.

(b) Sprint must pay the Company a termination fee of $600 million if the merger does not close because Sprint accepts a superior offer by a third party.

(c) Sprint must pay up to $75 million of the Company's expenses if Sprint's shareholders do not approve the transaction at their shareholder meeting.




[3] Post-transaction (fully-diluted basis)

Post-transaction:

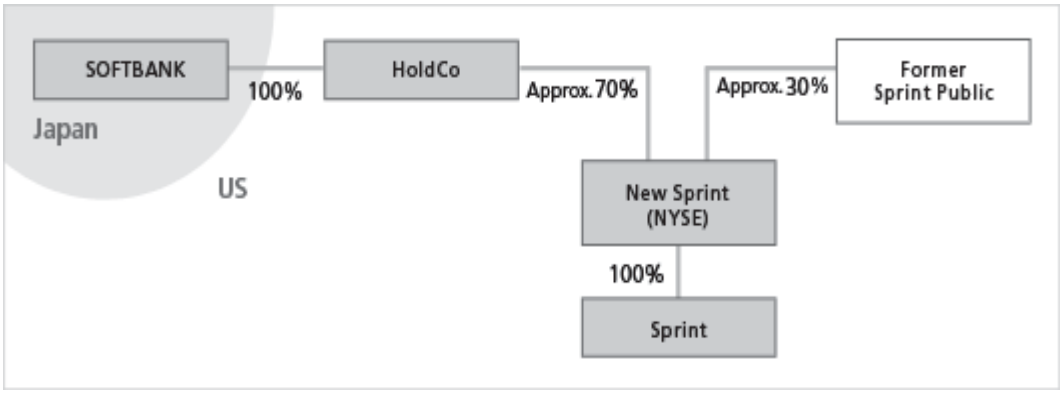
(a) The Company will own, through HoldCo, approximately 70% of New Sprint shares and Sprint shareholders will own approximately 30% of New Sprint shares in aggregate on a fully-diluted basis.

(b) New Sprint will retain $4.9 billion of the $17.0 billion contribution by the Company, which, in combination with the $3.1 billion purchase price for the Bond, represents an $8.0 billion dollar contribution to the New Sprint balance sheet.

(c) Sprint's current CEO Dan Hesse will be the CEO of New Sprint.

(d) New Sprint will have a 10-member board of directors, including three members from the current Sprint Board of Directors as well as the CEO.

(e) Sprint's headquarters will continue to be in Overland Park, Kansas.




(3) New Sprint's number of shares to be acquired, acquisition price and state of share ownership before and after acquisition

| | |
|---|---|
| [1] Number of shares held before transfer | 0 shares<br>(number of voting rights: 0)<br>(voting rights holding ratio: 0.0%) |
| [2] Number of shares to be acquired | 3,241,403,146 shares* |
| [3] Acquisition price | Total amount invested: approximately $20.1 billion<br>Advisory fees and others: to be determined |
| [4] Number of shares held after transfer | 3,241,403,146 shares*<br>(number of voting rights: 3,241,403,146 )<br>(voting rights holding ratio: 70.0%) |

Note:

* Based on Sprint's fully-diluted shares (as of October 15, 2012, calculated not giving effect to out-of-the-money options) and giving effect to full exercise of the warrant.

(4) Financing

In order to raise necessary funds for the transaction, on December 18, 2012, the Company entered into a bridge loan agreement (hereafter "the bridge loan") for the maximum amount of ¥1.65 trillion with financial institutions. The Company raised the total amount of ¥370.0 billion by issuing the 42nd Unsecured Straight Corporate Bond on March 1, 2013 and the 41st Unsecured Straight Corporate Bond on March 12, 2013. Funds procured by the issuance of those corporate bonds of ¥365.1 billion, excluding the related approximate issuance cost, are planned to be used as part of the investment of the transaction.

With the issuances of the 41st and the 42nd Unsecured Straight Corporate Bonds, the Company reduced the maximum amount of the bridge loan from ¥1.65 trillion to ¥1 trillion 284.9 billion, decreasing the maximum amount by ¥69.7 billion on March 19, 2013 and by ¥295.4 billion on March 27, 2013 respectively. The loan procured by the bridge loan is planned to be refinanced by medium and long term loans.

The Company also raised $2,485 million and €625 million by issuing USD-denominated Senior Notes due year 2020 and Euro-denominated Senior Notes due year 2020 respectively on April 23, 2013. The funds are planned to be used for refinancing the Company's loans and operating capital, as well as for part of the investment for the transaction.

The summaries of the bridge loan, the 41st and the 42nd Unsecured Straight Corporate Bonds, USD-denominated Senior Notes due year 2020 and Euro-denominated Senior Notes due year 2020 are as follows:

Summary of the bridge loan

| | |
|---|---|
| [1] Borrower | The Company |
| [2] Mandated lead arrangers (MLAs) | Mizuho Corporate Bank, Ltd.<br>Sumitomo Mitsui Banking Corporation<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd.<br>Deutsche Bank AG, Tokyo Branch |
| [3] Date of contract | December 18, 2012 (last date of amendment March 27, 2013) |
| [4] Maximum total amount of borrowing | ¥1 trillion 284.9 billion (after the reduction of maximum total amount of borrowing)<br>(Breakdown)<br>Facility A: ¥250 billion (cash already borrowed)<br>Facility B: ¥1 trillion 34.9 billion (after the reduction of maximum total amount of borrowing) |
| [5] Loan drawdown date | Facility A:December 21, 2012<br>Facility B: At the time of the Sprint acquisition |
| [6] Use of loan proceeds | Facility A: Investment in Sprint in the form of newly-issued convertible bonds (restore balance of cash on hand used for the investment in Sprint in the form of newly-issued convertible bonds in October 2012)<br>Facility B: Investment in and resulting acquisition of Sprint |
| [7] Maturity | December 17, 2013 |
| [8] Collateral | (a) Shares of Starburst Ⅰ, Inc. held by the Company<br>(b) Shares of Starburst Ⅱ, Inc. and all other assets held by Starburst Ⅰ, Inc.<br>(c) Sprint convertible bonds and all other assets held by Starburst Ⅱ, Inc.* |
| [9] Guarantors | (a) Pre-transaction: Starburst Ⅰ, Inc. and Starburst Ⅱ, Inc.<br>(b) Post-transaction: Starburst Ⅰ, Inc., SoftBank Mobile Corp., SoftBank BB Corp. and SoftBank Telecom Corp. |

Note:

* Until immediately prior to, but subject to the occurrence of, the Company's acquisition of Sprint.

Summary of the 41st and the 42nd Unsecured Straight Corporate Bonds

| | The 41st Unsecured Straight Corporate Bonds | The 42nd Unsecured Straight Corporate Bonds |
|---|---|---|
| [1] Total amount of issue | ¥300.0 billion | ¥70.0 billion |
| [2] Payment amount | ¥100 per ¥100 in each corporate bond | |
| [3] Coupon rate | 1.47% per annum | 1.467% per annum |
| [4] Redemption | The bonds will be redeemed in full upon maturity. The bonds may also be repurchased and redeemed at any time commencing from the first day following the closing date, subject to requirements of the book-entry transfer institution. | |
| [5] Maturity date | March 10, 2017 | March 1, 2017 |
| [6] Issue date | March 12, 2013 | March 1, 2013 |
| [7] Collateral | None | |
| [8] Guarantors | None | |
| [9] Use of proceeds | Planned to use for part of the investment for the acquisition of Sprint. | |

Summary of USD-denominated Senior Notes due year 2020 and Euro-denominated Senior Notes due year 2020

| | USD-denominated Senior Notes due year 2020 | Euro-denominated Senior Notes due year 2020 |
|---|---|---|
| [1] Total amount of issue | $2,485 million (¥244.1 billion) | €625 million (¥80.2 billion) |
| [2] Issue price | 100% of the par value | |
| [3] Interest rate | 4.500% per annum | 4.625% per annum |
| [4] Redemption | Lump-sum redemption at maturity | |
| [5] Maturity date | April 15, 2020 | |
| [6] Issue date | April 23, 2013 | |
| [7] Collateral | None | |
| [8] Guarantors | SoftBank Mobile Corp., SoftBank Telecom Corp. | |
| [9] Use of proceeds | Planned to use for the investment for the acquisition of Sprint, refinancing loan or operating capital. | |

Note:
With regards to above USD-denominated Senior Notes and Euro-denominated Senior Notes, the Company has entered into currency swap contracts with financial institutions and the amount of principal by redemption and interest payments in JPY is fixed. The amount of redemption after the currency swap contracts are ¥244.1 billion for USD-denominated Senior Notes due year 2020 and ¥80.2 billion for Euro-denominated Senior Notes due year 2020.

(5) Foreign currency forward contracts

Following receipt of Sprint shareholders and regulatory approvals and the satisfaction or waiver of the other closing conditions to the transaction, in addition to a $3.1 billion convertible bond subscribed on October 22, 2012, the Company will capitalize, through HoldCo, New Sprint with an additional approximately $17.0 billion. The Company entered into foreign currency forward contracts to hedge the foreign exchange risk related to the additional investment and hedge accounting is applied to the contracts. Please refer to page 54 “Derivative Transaction” for details.

(6) Outline of Sprint

| | |
|---|---|
| [1] Name | Sprint Nextel Corporation |
| [2] Address | 6200 Sprint Parkway, Overland Park, Kansas |
| [3] Name and title of representative | Daniel R. Hesse, Chief Executive Officer and President |
| [4] Business description | Telecommunications |
| [5] Common shares | $6,019 million（as of December 31, 2012） |
| [6] Date of foundation | November 15, 1938 |

## (8) Notes

## (Consolidated Balance Sheets)

### 1. Accumulated depreciation of property and equipment

| As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|
| 1,205,104 | million yen | **1,304,478** | **million yen** |

### 2. Investments in non-consolidated subsidiaries and affiliates

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Investment securities and investments in partnerships | 209,484 | million yen | **468,186** | **million yen** |

### 3. Secured loans

(1) Assets pledged as collateral for secured liabilities

[1] For short-term borrowings and long-term debt

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

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Assets pledged as collateral: | | | | |
| Cash and deposits | 99 | | **2,656** | |
| Accounts receivable - other | - | | **1,579** | |
| Buildings and structures | - | | **229** | |
| Investment securities | - | | **291,871** | |
| Total | 99 | million yen | **296,336** | **million yen** |

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Secured liabilities: | | | | |
| Accounts payable - trade | 935 | | - | |
| Short-term borrowings* | 27 | | **250,030** | |
| Long- term debt | 64 | | **95** | |
| Total | 1,027 | million yen | **250,125** | **million yen** |

Note:

*With regard to ¥250,000 million of the short-term bridge loan for the acquisition of Sprint, shares of Starburst I, Inc. owned by the Company and the shares of Starburst II, Inc. owned by Starburst I, Inc. are pledged as collateral in addition to the above assets. Starburst I, Inc. and Starburst II, Inc. are both consolidated subsidiaries.

(2) Borrowings by security lending agreements

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

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Short-term borrowings | 93,000 | million yen | **93,000** | **million yen** |

(3) Others

A consolidated subsidiary purchased assets by installments, and the assets of which ownership was not transferred to the consolidated subsidiary and its installment payables are as follows:

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Assets of which ownership is not transferred: | | | | |
| Buildings and structures | 59 | | **72** | |
| Telecommunications equipment | 54,927 | | **96,200** | |
| Construction in progress | 210 | | **277** | |
| Other property and equipment | 6 | | **5** | |
| Software | 17,006 | | **34,601** | |
| Other intangibles | 36 | | **38** | |
| Investments and other assets - Other assets | 246 | | **234** | |
| Total | 72,494 | million yen | **131,430** | **million yen** |

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Installment payables: | | | | |
| Accounts payable - other and accrued expenses | 16,208 | | **31,958** | |
| Long-term liabilities - Other liabilities | 58,037 | | **104,828** | |
| Total | 74,245 | million yen | **136,787** | **million yen** |

**4. Guarantee obligation**

The Company has entered into a sponsor agreement with WILLCOM, Inc. Under the sponsor agreement, the Company provides necessary financial support to WILLCOM, Inc. for business operation and execution of the rehabilitation plan. The agreement is effective until WILLCOM, Inc. completes the payment of its reorganization claims and reorganization security interests (total amount ¥41,000 million) amounting to ¥ 34,151 million as of March 31, 2012, and ¥ 27,373 million as of March 31, 2013, respectively.

**5. Line of credit as a creditor (not used)**

| As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|
| 14,785 | million yen | **32,289** | **million yen** |

**6. Financial covenants**

As of March 31, 2013

The Group's interest-bearing debt includes financial covenants, with which the Group is in compliance. The major financial covenants are as follows. If the Group fails to comply with the following covenants, creditors may require repayment of all debt. (Where the covenants set several conditions, the strictest condition is presented below.)

As of March 31, 2013, there is no infringement of the debt covenants.

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

(2) The consolidated balance sheets of the Company and BB Mobile Corp. at the end of the year and the first half of the year must not show a net capital deficiency. The balance sheets of SoftBank Mobile Corp., SoftBank BB Corp. and SoftBank Telecom Corp. at the end of the year and the first half of the year, must not show a net capital deficiency.

## (Consolidated Statements of Income)

### 1. Selling, general and administrative expenses

| | Fiscal year ended March 31, 2012 | | **Fiscal year ended March 31, 2013** | |
|---|---|---|---|---|
| Sales commission and sales promotion expense | 541,807 | million yen | **529,918** | **million yen** |
| Payroll and bonuses | 124,024 | | **137,847** | |

### 2. Financing related expenses

For the fiscal year ended March 31, 2013

It is primarily associated with a bridge loan agreement for a maximum amount of ¥1.65 trillion, which was entered into on December 18, 2012, in order to raise the necessary funds for the acquisition of Sprint. The Company reduced the maximum amount of the bridge loan to ¥1 trillion 284.9 billion, decreasing the maximum amount by ¥365.1 billion.

### 3. Refinancing related expense

For the fiscal year ended March 31, 2012

It is primarily ¥23,957 million of procurement expense related to the total amount of ¥550.0 billion financing based on the resolution of the directors' meeting held on July 21, 2011 and cancellation expense of interest-rate swap to hedge interest rate risks along with the repayment of SBM loan*.

Note:

*¥1,366.0 billion loan to SoftBank Mobile Corp. procured in November 2006 by Mizuho Trust & Banking Co., Ltd., the "Tokutei Kingai Trust Trustee" under the whole business securitization scheme. The SBM loan was associated with the series of financing transactions for the Company to acquire Vodafone K.K. (currently SoftBank Mobile Corp.). This loan was paid off on October 27, 2011.

### 4. Gain on sale of investment securities

For the fiscal year ended March 31, 2012

The gain on sale of investment securities for the current period is primarily attributable to a ¥76,430 million gain on sale of Yahoo! Inc. shares. In connection with the Company's financing of approximately $1,135 million from CITIBANK, N.A. through its U.S. subsidiary in February 2004, certain forward contracts ("collar transaction") were entered into, which allowed the obligation to be settled at maturity by delivering Yahoo! Inc. shares held by the Company's subsidiary. The forward contracts were to effectively hedge the variability of cash flows associated with the future market price of the underlying securities.

During the fiscal year ended March 31, 2012, the obligation under the forward contracts was settled at maturity by effectively delivering the shares of Yahoo! Inc. (book basis of $142 million) to CITIBANK, N.A. The cash proceeds received by the Company's subsidiary from delivering the shares of Yahoo! Inc. to CITIBANK, N.A. were then remitted to repay the related obligation. "Gain on sale of investment securities" of ¥76,430 million ($993 million) was recorded as a result of settling the forward contracts.

**5. Unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the United States of America, net**

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in the ASC 946 and account for investment securities in accordance with ASC 946.

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

| | Fiscal year ended March 31, 2012 | | **Fiscal year ended March 31, 2013** | |
|---|---|---|---|---|
| Unrealized appreciation (loss) on valuation of investment at subsidiaries in the U.S., net | 3,584 | | **(167)** | |
| Loss on sale of investments at subsidiaries in the U.S., net | (1,598) | | **(1,356)** | |
| Total | 1,985 | million yen | **(1,524)** | **million yen** |

**6. Premium expense on advanced repayment of long-term debt**

For the fiscal year ended March 31, 2012

As a result of the refinancing of SBM loan, a premium expense occurred for the advanced repayment of the entire loan on October 27, 2011.

## (Consolidated Statements of Changes in Equity)

**Fiscal year from April 1, 2011 to March 31, 2012**

### 1. Class and number of outstanding shares

(shares in thousands)

| | March 31, 2011 | Increase | Decrease | March 31, 2012 |
|---|---|---|---|---|
| Number of common stocks | 1,082,530 | 25,198 | - | 1,107,728 |

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

### 2. Class and number of treasury stocks

(shares in thousands)

| | March 31, 2011 | Increase | Decrease | March 31, 2012 |
|---|---|---|---|---|
| Number of common stocks | 180 | 9,033 | - | 9,213 |

Note:
Increase resulted from the acquisition of 9,028 thousand shares based on Companies Act Article 156 with Companies Act 165 (3) and the acquisition of the fractional shares (4 thousand shares).

### 3. Stock acquisition rights

(1) Stock acquisition rights as stock options

| Type | Detail of stock acquisition rights | Class of shares | Number of shares for stock acquisition rights (in thousands) | | | | Millions of yen |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2011 | Increase | Decrease | March 31, 2012 | March 31, 2012 |
| The Company | - | - | | | | | 98 |
| Consolidated subsidiaries | - | - | | | | | 782 |
| Total | | - | | | | | 880 |

(2) Stock acquisition rights other than above

| Type | Detail of stock acquisition rights | Class of shares | Number of shares for stock acquisition rights (in thousands) | | | | Millions of yen |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2011 | Increase | Decrease | March 31, 2012 | March 31, 2012 |
| Consolidated subsidiaries | - | - | | | | | 18 |
| Total | | - | | | | | 18 |

### 4. Dividends

(1) Dividend paid

| Resolution | Class of shares | Amount of dividend (Millions of yen) | Dividend per share | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders, June 24, 2011 | Common stocks | 5,411 | ¥5.00 | March 31, 2011 | June 27, 2011 |

(2) Dividends of which record date is in the fiscal year ended March 31, 2012 and effective date for payment is in the fiscal year ended March 31, 2013

| Resolution | Class of shares | Amount of dividend (Millions of yen) | Source of dividend | Dividend per share | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders, June 22, 2012 | Common stocks | 43,940 | Retained earnings | ¥40.00 | March 31, 2012 | June 25, 2012 |

**Fiscal year from April 1, 2012 to March 31, 2013**

## 1. Class and number of outstanding shares

(shares in thousands)

| | March 31, 2012 | Increase | Decrease | March 31, 2013 |
|---|---|---|---|---|
| Number of common stocks | 1,107,728 | 92,931 | - | 1,200,660 |

Note:
Increase resulted from the issuance of 69,871 thousand shares from the share exchange with eAccess Ltd. conducted on January 1, 2013 and the issuance of 23,060 thousand shares from the exercise of stock acquisition rights.

## 2. Class and number of treasury stocks

(shares in thousands)

| | March 31, 2012 | Increase | Decrease | March 31, 2013 |
|---|---|---|---|---|
| Number of common stocks | 9,213 | 26 | (80) | 9,160 |

Note:
Increase resulted from the acquisition of the fractional shares. Decrease resulted from the allocation of treasury stocks for the exercise of stock option rights.

## 3. Stock acquisition rights

(1) Stock acquisition rights as stock options

| Type | Detail of stock acquisition rights | Class of shares | Number of shares for stock acquisition rights (in thousands) | | | | Millions of yen |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2012 | Increase | Decrease | March 31, 2013 | March 31, 2013 |
| The Company | - | - | | | | | 95 |
| Consolidated subsidiaries | - | - | | | | | 622 |
| Total | | - | | | | | 717 |

(2) Stock acquisition rights other than above

| Type | Detail of stock acquisition rights | Class of shares | Number of shares for stock acquisition rights (in thousands) | | | | Millions of yen |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2012 | Increase | Decrease | March 31, 2013 | March 31, 2013 |
| Consolidated subsidiaries | - | - | | | | | 18 |
| Total | | - | | | | | 18 |

## 4. Dividends

(1) Dividend paid

| Resolution | Class of shares | Amount of dividend (Millions of yen) | Dividend per share | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders, June 22, 2012 | Common stocks | 43,940 | ¥40.00 | March 31, 2012 | June 25, 2012 |
| Directors' meeting, November 15, 2012 | Common stocks | 22,104 | ¥20.00 | September 30, 2012 | December 14, 2012 |

(2) Dividends of which record date is in the fiscal year ended March 31, 2013 and effective date for payment is in the fiscal year ending March 31, 2014

| Resolution | Class of shares | Amount of dividend (Millions of yen) | Source of dividend | Dividend per share | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders, June 21, 2013 | Common stocks | 23,829 | Retained earnings | ¥20.0 | March 31, 2013 | June 24, 2013 |

**5. Changes in foreign affiliate's interests in its subsidiary**

Alibaba Group Holding Limited, the Company's affiliate company under 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. Financial statements of Alibaba Group Holding Limited were prepared in accordance with accounting principles generally accepted in the U.S., and Alibaba Group Holding Limited recorded the change in the interests in its controlled subsidiary as a decrease in additional paid-in capital.

The Company applied "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No.24)" for the transaction, and as a result, additional paid-in capital decreased by ¥51,207 million.

## (Consolidated Statements of Cash Flows)

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

| | As of March 31, 2012 | | **As of March 31, 2013** | |
|---|---|---|---|---|
| Cash and deposits | 1,016,251 | million yen | **1,369,134** | **million yen** |
| Marketable securities | 4,575 | | **4,703** | |
| Time deposits with original maturity over three months | (2,473) | | **(4,835)** | |
| Stocks and bonds with original maturity over three months | (3,794) | | **(4,373)** | |
| Cash and cash equivalents | 1,014,558 | million yen | **1,364,629** | **million yen** |

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

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

**3. Proceeds from sale of marketable and investment securities and Repayment of long-term debt**

For the fiscal year ended March 31, 2012

As described in "4. Gain on sale of investment securities under (Consolidated Statements of Income)," the shares of Yahoo! Inc. held by the Company's U.S. subsidiary were delivered to CITIBANK, N.A. in connection with the settlement of the obligation under the forward contracts ("collar transaction"). The cash receipts of ¥57,191 million ($743 million) equaled the fair value of the shares delivered and were recorded as "Proceeds from sale of marketable and investment securities." The proceeds received of ¥57,191 million were then remitted to repay the obligation and recorded as "Repayment of long-term debt."

The difference between the obligation balance of $1,135 million at maturity and the $743 million of proceeds from delivering the shares of Yahoo! Inc. that were remitted to CITIBANK, N.A. in full settlement of the obligation was recognized as a realized gain on the forward contracts. Therefore, the balance of the obligation after deduction of the realized gain on the forward contracts, which was equal to the fair value of Yahoo! Inc. shares, was recorded under "Repayment of long-term debt."

**4. Proceeds from advanced redemption of debt security**

For the fiscal year ended March 31, 2012

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

**5. Proceeds from issuance of preferred securities by a subsidiary**

For the fiscal year ended March 31, 2012

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

**6. Proceeds from sale and lease back of equipment newly acquired**

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

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

**7. Payments for repurchase of minority interests and long-term debt**

For the fiscal year ended March 31, 2011

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 Group'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 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 the total amount of ¥412,500 million. Amounting to ¥212,500 million out of the total amount and the remaining amount of ¥200,000 million were paid with the related expenses associated with the acquisition (¥63 million in December 2010 and ¥444 million in April 2012) in December 2010 and in April 2012, respectively.

**8. Non-cash investing and financing transaction**

| | For the fiscal year ended March 31, 2012 | **For the fiscal year ended March 31, 2013** |
|---|---|---|
| Increase of additional paid-in capital due to the issuance of new shares on the share exchange* | - million yen | **219,395 million yen** |
| Assets and obligation for finance lease transactions | 23,074 | **124,056** |
| Increase of common stock by the exercise of stock acquisition rights | 25,022 | **24,974** |
| Increase of additional paid-in capital by the exercise of stock acquisition rights | 24,979 | **24,939** |
| Decrease of convertible bond with stock acquisition rights by the exercise of stock acquisition rights | 50,002 | **49,914** |
| Acquisitions of fixed assets by installments | 11,717 | **75,000** |

Note:

* Due to the share exchange with eAccess Ltd. conducted on January 1, 2013.

## (Financial Instruments)

### 1. Conditions of financial instruments

(1) Management policy

The Group utilizes diversified financing methods of raising funds through both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and borrowings through securitization, taking market conditions and current/non-current debts ratio into consideration. The Group makes short-term deposits for fund management purposes. The Group also utilizes derivative financial instruments to hedge various risks as described in detail below and does not enter into derivatives for trading or speculative purposes.

(2) Financial instruments, risks, and risk management

The notes and accounts receivable-trade are exposed to credit risk of customers. To minimize the credit risk, the Group performs due date controls and balance controls for each customer in accordance with internal customer credit management rules, and regularly screens major customers' credit status. For credit risk associated with installment sales receivables of mobile handsets, SoftBank Mobile Corp. screens customers' credit in accordance with internal screening standards for new subscriber contracts as well as refers to an external institution for customers' credit status.

Maturities of accounts payable-trade and accounts payable-other are mostly within one year. Loan payables with variable interest rate are exposed to interest rate risk and interest rate swaps are used for certain loan payables in order to hedge this risk.

Interest rate swap transactions and foreign currency forward contracts are used with regards to derivative transactions. Interest rate swap transactions are used to hedge interest rate risks associated with financial liabilities. Foreign currency forward contracts are used to hedge foreign exchange risk associated with assets, liabilities and scheduled transactions denominated in foreign currencies. The scheduled transaction is mainly the investment denominated in foreign currencies associated with the acquisition of Sprint.

Hedge accounting is applied for certain derivative transactions. Hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are described in "Basis of Presentation of Consolidated Financial Statements 4. Summary of significant accounting policies (5) Accounting for significant hedge transactions." Derivative transactions entered into by the Company are implemented and controlled based on the Company's internal polices and are limited to the extent of actual demand. Balance and fair value of derivative transactions are reported regularly to the board of directors. Consolidated subsidiaries also manage the derivative transactions based on the Company's policies.

(3) Supplemental explanation regarding fair value of financial instruments

Fair values of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in "(Derivative Transactions)" does not represent the market risk of the derivative transactions.

**2. Fair value of financial instruments**

The carrying amounts on the consolidated balance sheets, fair value, and differences are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please see "Notes 2. Financial instruments of which the fair value is extremely difficult to measure.")

As of March 31, 2012

(Millions of yen)

| | As of March 31, 2012 | | |
|---|---|---|---|
| | Carrying amount | Fair value | Differences |
| Assets | | | |
| (1) Cash and deposit | ¥1,016,251 | ¥1,016,251 | ¥ - |
| (2) Notes and accounts receivable-trade | 661,287 | | |
| Allowance for doubtful accounts[1] | (36,882) | | |
| Notes and accounts receivable-trade, net | 624,405 | 624,405 | - |
| (3) Marketable securities and investment securities | | | |
| [1]Held-to-maturity debt securities | 691 | 580 | (110) |
| [2]Investments in unconsolidated subsidiaries and affiliated companies | 60,599 | 82,041 | 21,442 |
| [3]Available-for-sale securities | 83,123 | 83,123 | - |
| Total | 1,785,071 | 1,806,402 | 21,331 |
| Liabilities | | | |
| (1) Accounts payable-trade | 190,532 | 190,532 | - |
| (2) Short-term borrowings | 403,167 | 403,167 | - |
| (3) Current portion of corporate bonds | 144,988 | 144,988 | - |
| (4) Accounts payable-other and accrued expenses | 835,053 | 835,053 | - |
| (5) Income taxes payable | 125,116 | 125,116 | - |
| (6) Current portion of lease obligations | 152,682 | 152,682 | - |
| (7) Corporate bonds | 459,900 | 466,836 | 6,936 |
| (8) Long-term debt | 560,070 | 568,472 | 8,402 |
| (9) Lease obligations | 347,699 | 351,831 | 4,132 |
| Total | 3,219,210 | 3,238,681 | 19,470 |
| Derivative transactions[2] | | | |
| [1]Hedge accounting is not applied | 1,683 | 1,683 | - |
| [2]Hedge accounting is applied | (993) | (993) | - |
| Total | ¥689 | ¥689 | ¥ - |

Notes:

1. Allowance for doubtful accounts associated with notes and accounts receivable-trade are deducted.
2. Derivative assets and liabilities are disclosed on a net basis. Net liabilities are disclosed in brackets.

As of March 31, 2013

(Millions of yen)

| | As of March 31, 2013 | | |
|---|---|---|---|
| | Carrying amount | Fair value | Differences |
| Assets | | | |
| (1) Cash and deposit | ¥1,369,134 | ¥1,369,134 | ¥ - |
| (2) Notes and accounts receivable-trade | 662,186 | | |
| Allowance for doubtful accounts[1] | (28,330) | | |
| Notes and accounts receivable-trade, net | 633,856 | 633,856 | - |
| (3) Marketable securities and investment securities | | | |
| [1]Held-to-maturity debt securities | 400 | 400 | - |
| [2]Investments in unconsolidated subsidiaries and affiliated companies | 97,945 | 245,480 | 147,535 |
| [3]Available-for-sale securities | 360,984 | 360,984 | - |
| Total | 2,462,322 | 2,609,857 | 147,535 |
| Liabilities | | | |
| (1) Accounts payable-trade | 194,653 | 194,653 | - |
| (2) Short-term borrowings | 813,490 | 813,490 | - |
| (3) Current portion of corporate bonds | 205,000 | 205,000 | - |
| (4) Accounts payable-other and accrued expenses | 751,690 | 751,690 | - |
| (5) Income taxes payable | 179,558 | 179,558 | - |
| (6) Current portion of lease obligations | 192,603 | 192,603 | - |
| (7) Corporate bonds | 734,900 | 733,164 | (1,736) |
| (8) Long-term debt | 354,290 | 353,334 | (955) |
| (9) Lease obligations | 526,738 | 527,620 | 881 |
| Total | 3,952,926 | 3,951,116 | (1,809) |
| Derivative transactions[2] | | | |
| [1]Hedge accounting is not applied | 5,900 | 5,900 | - |
| [2]Hedge accounting is applied | 188,838 | 188,838 | - |
| Total | ¥194,739 | ¥194,739 | ¥ - |

Notes:

1. Allowance for doubtful accounts associated with notes and accounts receivable-trade are deducted.
2. Derivative assets and liabilities are disclosed on a net basis. Net liabilities are disclosed in brackets.

**Notes 1. Fair value measurement of financial instruments**

Assets

(1) Cash and deposits

The carrying amount approximates fair value because of the short maturity of these instruments.

(2) Notes and accounts receivable-trade

The carrying amount of installment sales receivables approximates fair value, which is based on the present value of future cash flows through maturity discounted using an estimated credit-risk-adjusted interest rate. The carrying amount of notes and accounts receivable-trade other than installment sales receivables approximates fair value because of the short maturity of these instruments.

(3) Marketable and investment securities

The fair value of equity securities equals quoted market price, if available. The fair value of debt securities equals quoted market price or provided price by financial institutions. The investment securities held by foreign subsidiaries applying IFRS (International Financial Reporting Standards) and subsidiaries in the United States of America applying ASC 946 are evaluated at fair value.

Liabilities

(1) Accounts payable-trade, (4) Accounts payable-other and accrued expenses, and (5) Income taxes payable

The carrying amount approximates fair value because of the short maturity of these instruments.

(2) Short-term borrowings

The carrying amount of the current portion of long-term debt approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity. Borrowings other than the current portion of long-term debt, the carrying amount approximates fair value because of the short maturity of these instruments.

(3) Current portion of corporate bonds

The carrying amount approximates fair value because the carrying amount was equivalent to the quoted market price.

(6) Current portion of lease obligations

The carrying amount approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

(7) Corporate bonds

Fair value equals the quoted market price.

(8) Long-term debt

Fair value of long-term debts is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

(9) Lease obligations

Fair value equals to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

Derivative Transactions

Contract amount, fair value, unrealized gain or loss, and others are described in "(Derivative Transactions)."

**Notes 2. Financial instruments of which the fair value is extremely difficult to measure**

(Millions of yen)

| Classification | Carrying Amounts | |
|---|---|---|
| | As of March 31, 2012 | **As of March 31, 2013** |
| Unlisted investment securities of unconsolidated subsidiaries and affiliated companies | ¥148,884 | **¥370,240** |
| Unlisted equity securities | 42,805 | **37,717** |
| Investments in partnerships | 6,666 | **8,023** |
| Total | ¥198,357 | **¥415,981** |

Above are not included in "Assets (3) Marketable securities and investment securities" because there is no market value and it is extremely difficult to measure the fair value.

**Notes 3. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date.**

As of March 31, 2012

(Millions of yen)

| Classification | April 1, 2012 to March 31, 2013 | April 1, 2013 to March 31, 2017 | April 1, 2017 to March 31, 2022 | April 1, 2022 and thereafter |
|---|---|---|---|---|
| Cash and deposits | ¥1,016,251 | ¥ - | ¥ - | ¥ - |
| Notes and accounts receivable-trade | 587,958 | 73,328 | - | - |
| Marketable and investment securities | | | | |
| Held-to-maturity debt securities (corporate bonds) | 200 | - | - | 600 |
| Available-for-sale securities with maturity date (corporate bonds) | 630 | 200 | 200 | - |
| Available-for-sale securities with maturity date (other) | 400 | 101 | - | - |
| Sub-total | 1,230 | 301 | 200 | 600 |
| Total | ¥1,605,440 | ¥73,630 | ¥200 | ¥600 |

As of March 31, 2013

(Millions of yen)

| Classification | April 1, 2013 to March 31, 2014 | April 1, 2014 to March 31, 2018 | April 1, 2018 to March 31, 2023 | April 1, 2023 and thereafter |
|---|---|---|---|---|
| Cash and deposits | ¥1,369,134 | ¥ - | ¥ - | ¥ - |
| Notes and accounts receivable-trade | 601,129 | 61,057 | - | - |
| Marketable and investment securities | | | | |
| Held-to-maturity debt securities (corporate bonds) | 400 | - | - | - |
| Available-for-sale securities with maturity date (corporate bonds) | 500 | 5,432 | 291,955 | - |
| Available-for-sale securities with maturity date (other) | 630 | - | - | - |
| Sub-total | 1,530 | 5,432 | 291,955 | - |
| Total | ¥1,971,794 | ¥66,489 | ¥291,955 | ¥ - |

**Notes 4. The redemption schedule for corporate bonds, long-term debt, and lease obligations subsequent to the consolidated balance sheets date.**

As of March 31, 2012

(Millions of yen)

| Classification | April 1, 2012 to March 31, 2013 | April 1, 2013 to March 31, 2014 | April 1, 2014 to March 31, 2015 | April 1, 2015 to March 31, 2016 |
|---|---|---|---|---|
| Corporate bonds | ¥144,988 | ¥205,000 | ¥74,900 | ¥70,000 |
| Long-term debt | 299,209 | 359,290 | 200,310 | 72 |
| Lease obligations | 152,682 | 120,372 | 101,289 | 80,644 |
| Total | ¥596,880 | ¥684,663 | ¥376,500 | ¥150,716 |

| Classification | April 1, 2016 to March 31, 2017 | April 1, 2017 to March 31, 2022 | April 1, 2022 and thereafter |
|---|---|---|---|
| Corporate bonds | ¥100,000 | ¥10,000 | ¥- |
| Long-term debt | 388 | 7 | - |
| Lease obligations | 45,389 | 3 | - |
| Total | ¥145,778 | ¥10,011 | ¥ - |

As of March 31, 2013

(Millions of yen)

| Classification | April 1, 2013 to March 31, 2014 | April 1, 2014 to March 31, 2015 | April 1, 2015 to March 31, 2016 | April 1, 2016 to March 31, 2017 |
|---|---|---|---|---|
| Corporate bonds | ¥205,000 | ¥74,900 | ¥70,000 | ¥470,000 |
| Long-term debt | 359,322 | 267,125 | 64,278 | 22,886 |
| Lease obligations | 192,603 | 170,204 | 213,582 | 105,438 |
| Total | ¥756,926 | ¥512,230 | ¥347,861 | ¥598,324 |

| Classification | April 1, 2017 to March 31, 2018 | April 1, 2018 to March 31, 2023 | April 1, 2023 and thereafter |
|---|---|---|---|
| Corporate bonds | ¥120,000 | ¥ - | ¥ - |
| Long-term debt | - | - | - |
| Lease obligations | 37,512 | 0 | - |
| Total | ¥157,512 | ¥ 0 | ¥ - |

## (Derivative Transactions)

### (1) Derivative transactions to which the Company did not apply hedge accounting

### 1. Currency related

As of March 31, 2012

(Millions of yen)

| | Nature of transaction | March 31, 2012 | | | |
|---|---|---|---|---|---|
| | | Contract amounts | | Fair value | Unrealized gain(loss) |
| | | | Over 1 year | | |
| Off-market transactions | Foreign currency forward contracts to: | | | | |
| | – Purchase U.S. dollars and sell Japanese yen | ¥53,099 | ¥ - | ¥1,683 | ¥1,683 |
| | – Purchase U.S. dollars and sell Korean won | 480 | - | (0) | (0) |
| | – Purchase Euro and sell Japanese yen | 18 | - | (0) | (0) |
| | Total | ¥53,599 | ¥ - | ¥1,683 | ¥1,683 |

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

As of March 31, 2013

(Millions of yen)

| | Nature of transaction | March 31, 2013 | | | |
|---|---|---|---|---|---|
| | | Contract amounts | | Fair value | Unrealized gain(loss) |
| | | | Over 1 year | | |
| Off-market transactions | Foreign currency forward contracts to: | | | | |
| | – Purchase U.S. dollars and sell Japanese yen | ¥51,963 | ¥ - | ¥5,900 | ¥5,900 |
| | – Purchase Euro and sell Japanese yen | 10 | - | (0) | (0) |
| | Total | ¥51,973 | ¥ - | ¥5,900 | ¥5,900 |

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

**2. Interest related**

There are no applicable items.

**3. Securities related**

There are no applicable items.

**(2) Derivative transactions to which the Company applied hedge accounting**

**1. Currency related**

As of March 31, 2012

(Millions of yen)

| Hedge accounting method | Nature of transaction | Hedged items | Contract amount | Over 1 year | Fair value |
|---|---|---|---|---|---|
| Deferral hedge accounting | Foreign currency forward contracts: to buy: | | | | |
| | U.S. dollars | Accounts payable - other | ¥148 | ¥ - | ¥ - |
| | Euro | Accounts payable - trade | 1,020 | - | - |
| | Foreign currency forward contracts: to sell: | | | | |
| | U.S. dollars | Accounts receivable - trade | 86 | - | - |
| Total | | | ¥1,254 | ¥ - | ¥ - |

Note:
For certain accounts payable-other, accounts payable-trade, and accounts receivable-trade denominated in foreign currencies for which foreign currency forward contracts are used to hedge the foreign currency fluctuations, fair value of the derivative financial instrument is included in fair value of the accounts payable-other, accounts payable-trade, and accounts receivable - trade as hedged items.

As of March 31, 2013

(Millions of yen)

| Hedge accounting method | Nature of transaction | Hedged items | Contract amount | Over 1 year | Fair value |
|---|---|---|---|---|---|
| Deferral hedge accounting | Foreign currency forward contracts : to buy: | | | | |
| | U.S. dollars | Scheduled transactions for investment denominated in foreign currencies[1] | ¥1,411,990 | ¥ - | ¥189,357 |
| | U.S. dollars | Scheduled transactions for expenses denominated in foreign currencies | 239 | - | (6) |
| | Foreign currency forward contracts: to sell: | | | | |
| | U.S. dollars | Scheduled transactions for sales denominated in foreign currencies | 108 | - | 3 |
| Alternative method | Foreign currency forward contracts: to buy: | | | | |
| | U.S. dollars | Accounts payable - other[3] | 175 | - | - |
| | Euro | Accounts payable - trade[3] | 1,154 | - | - |
| | Foreign currency forward contracts: to sell: | | | | |
| | U.S. dollars | Accounts receivable - trade[3] | 88 | - | - |
| Total | | | ¥1,413,756 | ¥ - | ¥189,353 |

Notes:

1. Foreign currency forward contract is for a scheduled additional investment of $17.0 billion in New Sprint through HoldCo in the U.S. regarding the acquisition of Sprint.
2. Fair value is based on information provided by financial institutions.
3. For certain accounts payable - other, accounts payable - trade, and accounts receivable - trade denominated in foreign currencies for which foreign currency forward contracts are used to hedge the foreign currency fluctuations, fair value of the derivative financial instrument is included in fair value of the accounts payable - other, accounts payable - trade, and accounts receivable - trade as hedged items.

## 2. Interest related

As of March 31, 2012

(Millions of yen)

| Hedge accounting method | Nature of transaction | Hedged items | Contract amount | | Fair value |
|---|---|---|---|---|---|
| | | | | Over 1 year | |
| Deferral hedge accounting | Interest swap: Receiving floating rate and paying fix rate | Interest for loan | ¥99,000 | ¥84,000 | ¥(993) |

Note:

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

As of March 31, 2013

(Millions of yen)

| Hedge accounting method | Nature of transaction | Hedged items | Contract amount | | Fair value |
|---|---|---|---|---|---|
| | | | | Over 1 year | |
| Deferral hedge accounting | Interest swap: Receiving floating rate and paying fix rate | Interest for loan | ¥94,000 | ¥10,000 | ¥(514) |

Note:

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

## 3. Securities related

There are no applicable items.

## (Income Taxes)

### 1. Significant components of deferred tax assets and liabilities

Deferred tax assets (Millions of yen)

| | Amounts | |
|---|---|---|
| | As of March 31, 2012 | **As of March 31, 2013** |
| Depreciation / Amortization | ¥49,458 | **¥55,830** |
| Loss carryforwards | 43,553 | **38,107** |
| Investment securities | 19,975 | **26,069** |
| Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value | 30,280 | **24,285** |
| Enterprise tax payable | 9,808 | **14,682** |
| Accounts payable-other and accrued expenses | 10,774 | **12,235** |
| Provision for bonuses | 7,778 | **10,250** |
| Allowances for point mileage | 12,191 | **8,437** |
| Allowances for doubtful accounts | 12,297 | **7,851** |
| Others | 51,381 | **52,881** |
| Gross deferred tax assets | 247,500 | **250,630** |
| Less: valuation allowance | (79,412) | **(88,016)** |
| Total deferred tax assets | 168,087 | **162,614** |

Deferred tax liabilities (Millions of yen)

| | Amounts | |
|---|---|---|
| | As of March 31, 2012 | **As of March 31, 2013** |
| Deferred gain on derivatives under hedge accounting | - | **(71,974)** |
| Deferred taxable gain on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime | (11,644) | **(11,660)** |
| Unrealized gain on available-for-sale securities | (4,941) | **(4,141)** |
| Others | (11,075) | **(14,204)** |
| Total deferred tax liabilities | (27,661) | **(101,981)** |
| Net deferred tax assets | ¥140,426 | **¥60,632** |

### 2. Reconciliation between the statutory income tax rate and effective income tax rate

| | For the fiscal year ended March 31, 2012 | **For the fiscal year ended March 31, 2013** |
|---|---|---|
| Statutory tax rate | 40.69 | **38.01 %** |
| (Reconciliation) | | |
| Amortization of goodwill | 3.84 | **3.58** |
| Change in valuation allowance | (5.81) | **1.97** |
| Dilution gain from changes in equity interest | (1.27) | **(0.20)** |
| Decrease of deferred tax assets･liabilities at fiscal year-end by the change of tax rate | 1.97 | **-** |
| Others | 0.87 | **0.79** |
| Income tax rate per statements of income | 40.29 | **44.15 %** |

## (Segment Information)

### 1. Segment information

(1) Overview of reportable segments

Reportable segments of the Company are components of an entity about which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance. The Company as a pure holding company assigns core operating companies to primary businesses. The core operating companies develop comprehensive business strategies for the products and services and perform business activities.

Accordingly, the Company's segments are separated based on the products and services provided by the core operating companies, and 4 segments, "Mobile Communications," "Broadband Infrastructure," "Fixed-line Telecommunications," and "Internet Culture" are treated as reportable segments. "Mobile Communications" business provides mobile communication services and sale of mobile phones accompanying the services. "Broadband Infrastructure" business provides high-speed Internet connection service, IP telephony service, and contents. "Fixed-line Telecommunications" business provides fixed-line telecommunication services. "Internet Culture" business provides Internet-based advertising operations, e-commerce site operations, such as Yahoo! Auctions and Yahoo! Shopping, and membership services, etc.

(2) Calculation for net sales, segment income or loss, and others of reportable segments

Accounting treatment for reportable segments is the same as the treatment described in "Basis of Presentation of Consolidated Financial Statements." Income of reportable segments is based on operating income. Internal net sales between segments are under general business conditions, which are applied for external customers. Assets are not allocated between the reportable segments.

(3) Net sales, segment income or loss, and others of reportable segments

For the fiscal year ended March 31, 2012

(Millions of yen)

| | Reportable segments | | | | | Other [1] | Total | Reconciliations to consolidated statement of income [2] | Amounts in consolidated statement of income [3] |
|---|---|---|---|---|---|---|---|---|---|
| | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | Subtotal | | | | |
| Net sales: | | | | | | | | | |
| Customers | ¥2,138,650 | ¥155,389 | ¥292,674 | ¥290,004 | ¥2,876,720 | ¥325,715 | ¥3,202,435 | ¥ - | ¥3,202,435 |
| Inter-segment | 6,248 | 16,515 | 74,971 | 3,630 | 101,365 | 35,282 | 136,647 | (136,647) | - |
| Total | 2,144,899 | 171,904 | 367,645 | 293,635 | 2,978,085 | 360,998 | 3,339,083 | (136,647) | 3,202,435 |
| Segment income | 429,236 | 34,327 | 57,950 | 156,821 | 678,336 | 8,800 | 687,136 | (11,853) | 675,283 |
| Others: Depreciation and amortization | 203,455 | 14,395 | 39,800 | 10,288 | 267,939 | 6,277 | 274,216 | 1,609 | 275,825 |

Notes:

1. The PC software and peripherals distribution business and Fukuoka SoftBank HAWKS Corp. related business are included in "Other."
2. Amounts in the column "Reconciliations to consolidated statement of income" of ¥(11,853) million represents elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥1,821 million and ¥(13,674) million, respectively.
3. Segment income is adjusted with operating income in the consolidated statements of income.

For the fiscal year ended March 31, 2013

(Millions of yen)

| | Reportable segments | | | | | Other [1] | Total | Reconciliations to consolidated statement of income [2] | Amounts in consolidated statement of income [3] |
|---|---|---|---|---|---|---|---|---|---|
| | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | Subtotal | | | | |
| Net sales: | | | | | | | | | |
| Customers | ¥2,270,670 | ¥136,598 | ¥298,140 | ¥332,516 | ¥3,037,925 | ¥340,439 | ¥3,378,365 | ¥ - | ¥3,378,365 |
| Inter-segment | 6,809 | 26,828 | 89,099 | 3,127 | 125,864 | 43,188 | 169,052 | (169,052) | - |
| Total | 2,277,479 | 163,427 | 387,239 | 335,643 | 3,163,790 | 383,628 | 3,547,418 | (169,052) | 3,378,365 |
| Segment income | 467,829 | 34,734 | 67,003 | 178,112 | 747,678 | 9,982 | 757,660 | (12,660) | 745,000 |
| Others: Depreciation and amortization | 263,840 | 14,741 | 39,967 | 12,738 | 331,287 | 7,508 | 338,796 | 1,900 | 340,696 |

Notes:

1. The PC software and peripherals distribution business and Fukuoka SoftBank HAWKS Corp. related business are included in "Other."
2. Amounts in the column "Reconciliations to consolidated statement of income" of ¥(12,660) million represents elimination of intersegment transactions and expenses of the corporate division of the Company, which totaled ¥1,806 million and ¥(14,467) million, respectively.
3. Segment income is adjusted with operating income in the consolidated statements of income.

## 2. Information on amortization of goodwill and balance of goodwill of reportable segments

Fiscal year ended March 31, 2012

(Millions of yen)

| | Reportable segments | | | | | Other | Elimination or corporate | Total |
|---|---|---|---|---|---|---|---|---|
| | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | Subtotal | | | |
| Amortization of goodwill | ¥51,427 | ¥1,559 | ¥7,283 | ¥1,903 | ¥62,174 | ¥432 | ¥ - | ¥62,606 |
| Balance of goodwill | 724,272 | 1,559 | 27,920 | 19,319 | 773,072 | 7,170 | - | 780,242 |

Note:

Negative goodwill, which occurred from a business combination before April 1, 2010, is offset by goodwill.

Fiscal year ended March 31, 2013

(Millions of yen)

| | Reportable segments | | | | | Other | Elimination or corporate | Total |
|---|---|---|---|---|---|---|---|---|
| | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | Subtotal | | | |
| Amortization of goodwill | ¥51,427 | ¥1,559 | ¥7,283 | ¥2,628 | ¥62,899 | ¥1,214 | ¥ - | ¥64,113 |
| Balance of goodwill | 672,844 | - | 20,637 | 35,207 | 728,689 | 5,717 | - | 734,407 |

Note:

Negative goodwill, which occurred from a business combination before April 1, 2010, is offset by goodwill.

**(Per Share Data)**

| | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| Shareholders' equity per share (yen) | ¥852.69 | **¥1,316.90** |
| Net income per share - primary (yen) | 285.78 | **258.35** |
| Net income per share - diluted (yen) | 278.75 | **254.12** |

| Basic data for computation of the per share data | Fiscal year ended March 31, 2012 | **Fiscal year ended March 31, 2013** |
|---|---|---|
| 1. Net income (in millions of yen) | 313,752 | **289,403** |
| 2. Net income allocated to common stock outstanding (in millions of yen) | 313,752 | **289,403** |
| 3. Amounts not allocated to shareholders (in millions of yen) | - | **-** |
| 4. Weighted average number of common stock outstanding during each year (unit: shares) | 1,097,880,178 | **1,120,200,622** |
| 5. Adjustment for net income used to calculate net income per share – diluted (in millions of yen) | | |
| – Interest expense (net of tax) | 444 | **165** |
| – Adjustments for net income used to calculate diluted net income per share in consolidated subsidiaries and affiliated companies | (136) | **(63)** |
| – Total | 308 | **101** |
| 6. Increase of common stock used to calculate net income per share– diluted (unit: shares) | | |
| – Corporate bonds with stock acquisition rights | 28,715,248 | **18,655,724** |
| – Stock acquisition rights | 65,691 | **374,346** |
| – Total | 28,780,939 | **19,030,070** |
| 7. Residual securities, which do not dilute net income per share | Stock acquisition rights agreement on June 22, 2005, in accordance with special resolution at general shareholders' meeting | - |

## (Significant Subsequent Events)

For the fiscal year ended March 31, 2013

**Consolidation of GungHo Online Entertainment, Inc. as a subsidiary**

GungHo Online Entertainment, Inc. ("GungHo"), an equity method affiliate of the Company, becomes a consolidated subsidiary of the Company on May 7, 2013 (deemed acquisition date: April 1, 2013). As GungHo becomes a subsidiary and the Company re-evaluates the ordinary shares of GungHo (the "shares of GungHo"), held by the SoftBank Group, at fair value based on paragraph 25 (2) of "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No.21), ¥150,119 million, which is the difference between the book value on a consolidation basis at the time of obtaining control and the fair value, will be recorded as special income in the first quarter of fiscal year ending March 31, 2014.

1. Overview of Consolidation

A subsidiary of the Company, SoftBank Mobile Corp. (the "SoftBank Mobile"), has resolved at its board of directors meeting on March 25, 2013, to acquire by tender offer (the "Tender Offer") the shares of GungHo by cash. Accordingly, SoftBank Mobile undertook the Tender Offer from April 1, 2013 to April 26, 2013 and expects to acquire the shares of GungHo on May 7, 2013 by this Tender Offer. In connection with the Tender Offer, SoftBank Mobile entered into an agreement to tender shares in the Tender Offer (the "Share Tender Agreement") on March 25, 2013, with ASIAN GROOVE GOUDOU GAISHA ("Asian Groove"; number of shares held: 166,710 shares[1]; percentage of voting interest: 14.47% [2]), which is the third largest shareholder of GungHo and of which Taizo Son, the chairman of GungHo, is the representative partner. Under the Share Tender Agreement, Asian Groove has agreed to tender 73,400 shares (percentage of voting interest: 6.37%) of the shares of GungHo, which are a portion of the shares of GungHo held by it.

In addition, the Company is notified that Masayoshi Son, chairman and CEO of the Company as well as chairman and CEO of SoftBank Mobile, 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 Inc. (the "Heartis"; number of shares held: 213,080 shares; 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. The Company is notified that, under the MOU, in order to have Son Holdings Inc. (the "Son Holdings"), 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. Consequently, GungHo becomes a consolidated subsidiary of the Company from an equity method affiliate.

Notes:

1. GungHo has resolved to execute a share split, effective April 1, 2013, at a ratio of ten shares for every one share ("GungHo Share Split"). As a result, the number of shares held is set out using the figure calculated by multiplying the number of shares before the GungHo Share Split by ten and converting that quotient to the number of shares after the GungHo Share Split (the "Number of Shares After GungHo's Share Split"), and the number of voting rights for the number of shares held is set out to that effect with respect to the Number of Shares After GungHo's Share Split.

2. Percentage of voting interest is calculated using the number of voting rights (1,152,010 rights) relating to the Number of Shares After GungHo's Share Split (1,152,010 shares) as the denominator, which is based on the number of shares (115,201 shares; the Number of Shares After GungHo's Share Split: 1,152,010 shares) calculated by adding (i) the total number of the GungHo's outstanding shares as of December 31, 2012 (114,981 shares; the Number of Shares After GungHo's Share Split: 1,149,810 shares) set out in the 16th Securities Report filed by GungHo on March 22, 2013, to (ii) the number of GungHo's Shares (220 shares; the Number of Shares After GungHo's Share Split: 2,200 shares) that are subject to the number of the Series 1 Options as of December 31, 2012 (44 options) that are set out in that Securities Report.

2. Purpose of the Tender Offer

The Company recognized the importance of enhancing mobile content by combining smartphone-focused development capability and infrastructure held by SoftBank Mobile and planning and creating capability in the smartphone game industry held by GungHo to further improve the efficiency in operation of the mobile communications business, profitability and competitiveness. As a result, the Company came to the conclusion that it is necessary to establish a direct capital relationship between SoftBank Mobile and GungHo. In addition, it is important not only for SoftBank Mobile but also for the SoftBank Group, which has based its business growth on the Internet, to address the environmental change caused by online devices, enhance the content lineup catering to the market's various needs, and strengthen the content distribution capability of the SoftBank Group. This also led to the decision to enhance the capital relationship with GungHo.

It is also expected that enhancing the capital relationship with GungHo and utilizing the global management resources held by the SoftBank Group will contribute to the revenue and the expansion of distribution channels of online and smartphone games, and allow GungHo, SoftBank Mobile and the SoftBank Group to enhance their revenue base and enterprise value.

3. Overview of the business combination

(1) Outline of GungHo

| | |
|---|---|
| [1] Name | GungHo Online Entertainment, Inc. |
| [2] Address | 3-8-1 Marunouchi, Chiyoda-ku, Tokyo |
| [3] Name and title of representative | Kazuki Morishita, Representative director, President and CEO |
| [4] Business description | Plan, development, operation and distribution of Internet online game<br>Plan and development of mobile content<br>Plan, development and sales of character goods<br>Plan, development and distribution of other entertainment content |
| [5] Common stock | ¥5,332,504,000 (as of December 31, 2012) |
| [6] Date of foundation | July 1, 1998 |

(2) Date of business combination

May 7, 2013 (deemed acquisition date: April 1, 2013)

(3) The number of shares held and percentage of voting interest

[1] Before the Tender Offer

| Shareholder | Number of shares held | Number of voting rights | Percentage of voting interest |
|---|---|---|---|
| SoftBank BB Corp. | 387,440 shares | 387,440 | 33.63% |

[2] Additional Shares acquired by the Tender Offer

| Shareholder | Number of shares held | Number of voting rights | Percentage of voting interest |
|---|---|---|---|
| SoftBank Mobile Corp. | 73,400 shares | 73,400 | 6.37% |

[3] After the Tender Offer

| Shareholder | Number of shares held | Number of voting rights | Percentage of voting interest |
|---|---|---|---|
| SoftBank BB Corp. | 387,440 shares | 387,440 | 33.63% |
| SoftBank Mobile Corp. | 73,400 shares | 73,400 | 6.37% |
| Total | 460,840 shares | 460,840 | 40.00% |

Note:

Combined with shares held by Heartis, which has agreed with Masayoshi Son, chairman and CEO of the Company, who has a close relationship with the Company 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, the number of shares held will be 673,920 shares (number of voting rights 673,920, percentage of voting interest 58.50%).

(4) Basis of acquisition cost

The breakdown of the acquisition cost is SoftBank Mobile's additional acquisition of ¥24,976 million (excluding the related expenses) by the Tender Offer and the fair value of shares of ¥153,619 million, held by SoftBank BB Corp. The total is ¥178,596 million.

(5) Purchase price allocation of acquisition cost

Purchase price allocation of acquisition cost is not determined yet.