SoftBank

The Promise of Mobile Internet in Driving American Innovation, the Economy and Education

March 11, 2014

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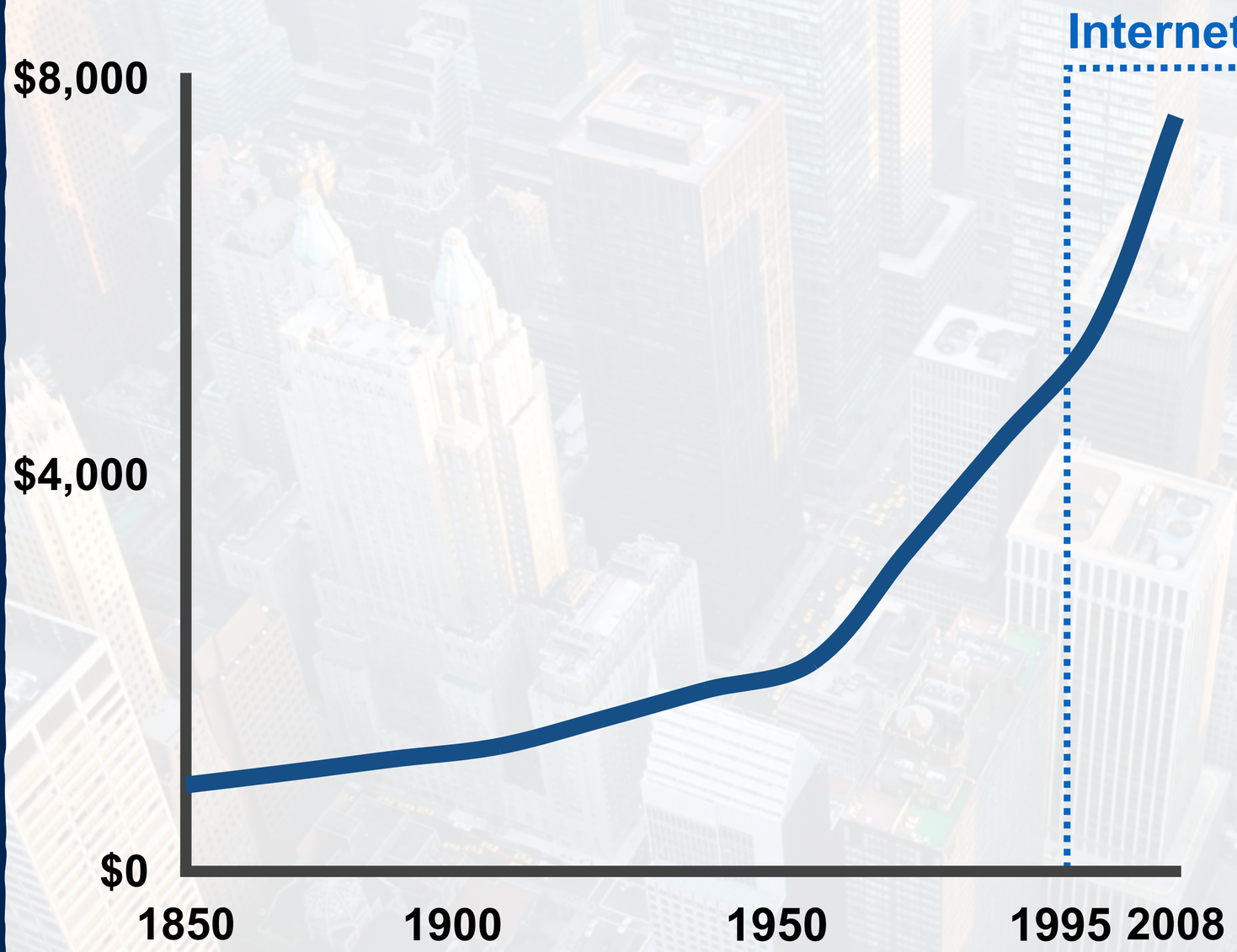
Mobile Broadband Opportunity

US Infrastructure Changes

1860s	1930s	1950s	1990s
Railroad	Electricity	Highways	Internet
			

Mobile Broadband Next?

Global GDP Per Capita

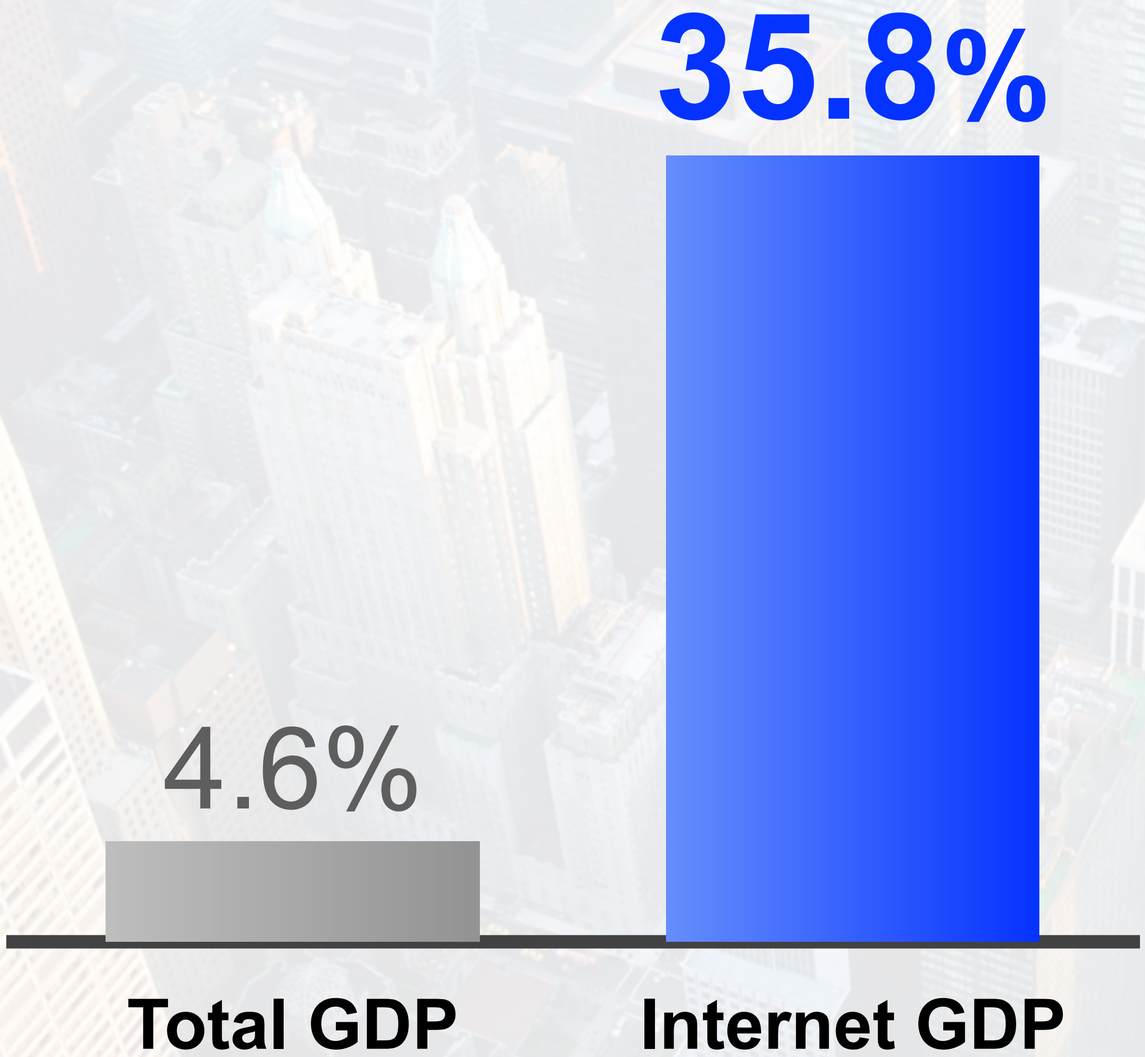


Internet accelerated GDP

facebook ebay amazon.com Google™ YAHOO!®

Source:
Angus Maddison, “Statistics on world population, GDP and per capita GDP, 1–2008 AD, ” the Maddison Project database. McKinsey Global Institute analysis.
Note: Global GDP per Capita measured in 1990 International Geary-Khamis dollars

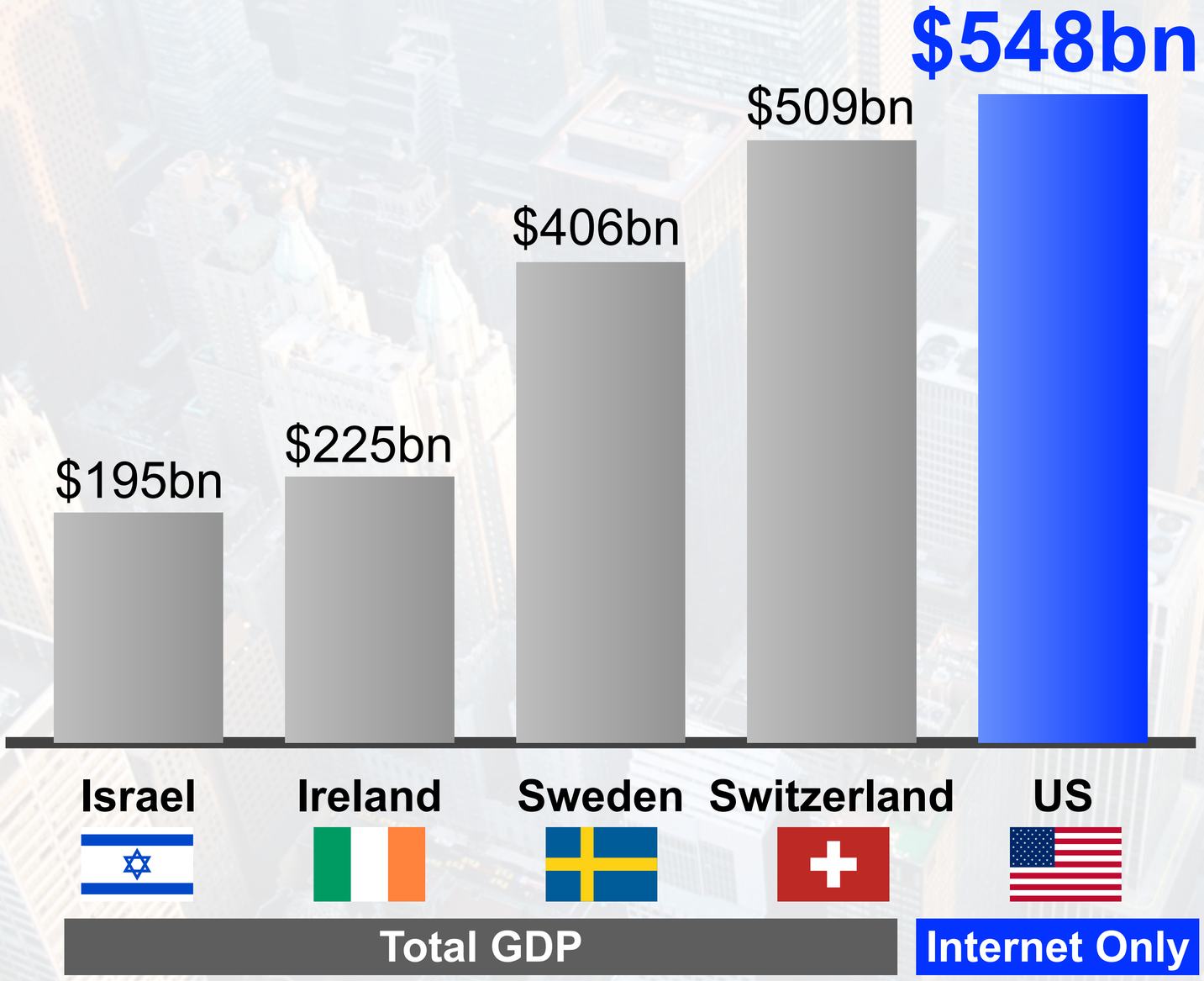
US GDP Growth (1995 to 2009)



8x

Source: National accounts, Organization for Economic Cooperation and Development; McKinsey, World Bank

GDP By Country (2009)



Larger than total GDP

Source: National accounts, Organization for Economic Cooperation and Development; McKinsey, World Bank

Global Device Shipments

(Forecast) Smartphone + Tablet

2.9bn

5x

1.3bn

PC

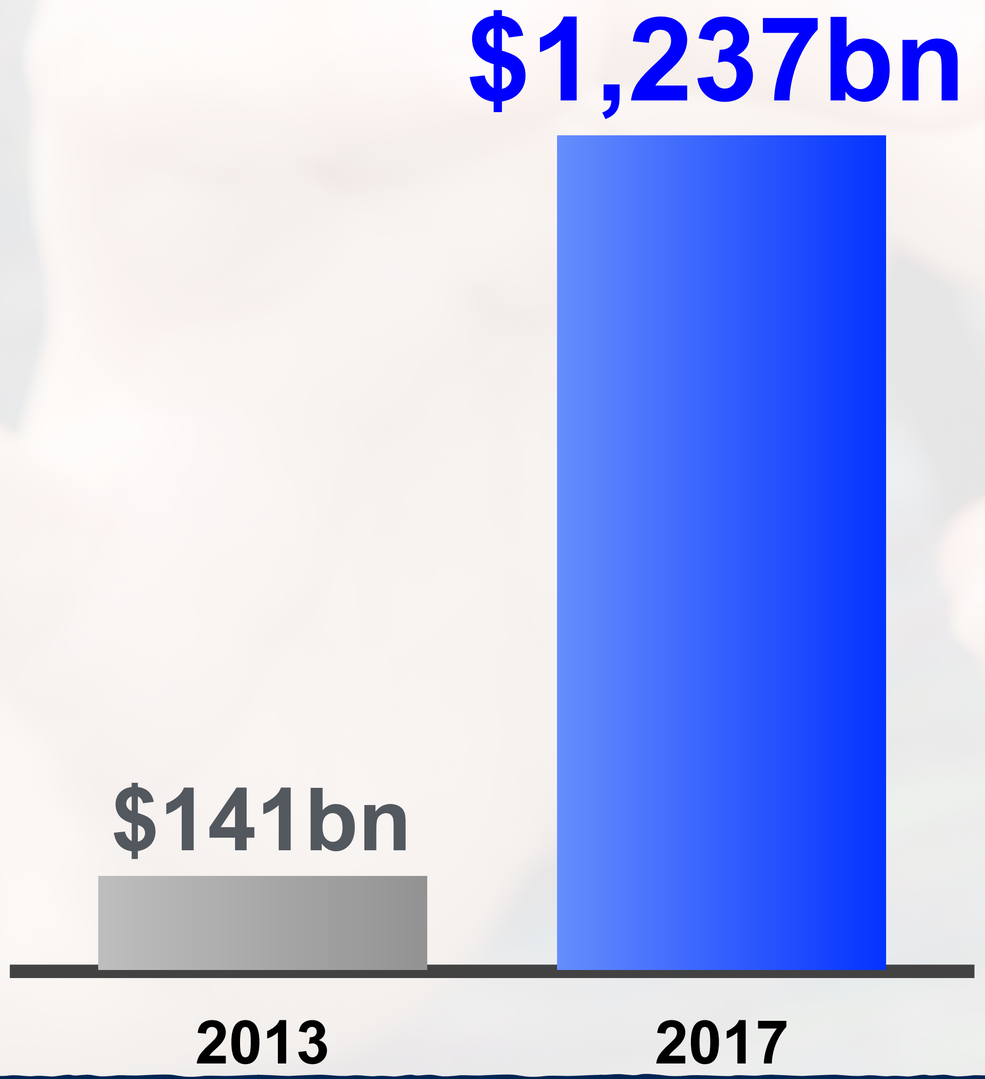
0.6bn

0.4bn

2000 '06 '13 '17

Source: Gartner, IDC, Strategy Analytics, Company Filings, BI Intelligence Estimates
Note: Smartphone + Tablet including mobile connected devices

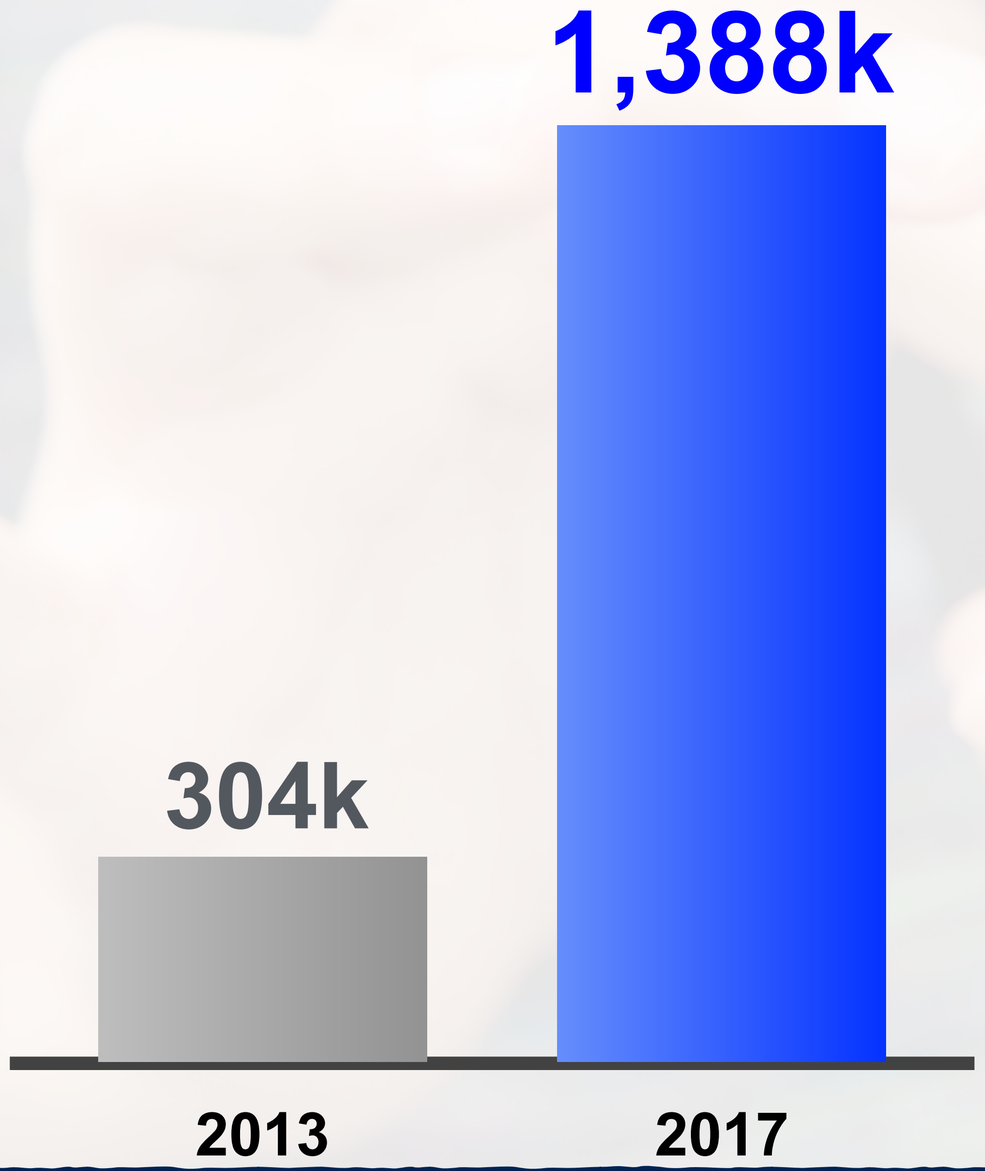
US Mobile Broadband Impact on GDP



$1 trillion+

Source: Wireless Broadband Infrastructure (IAE, 2013)

US Mobile Broadband Impact on Jobs



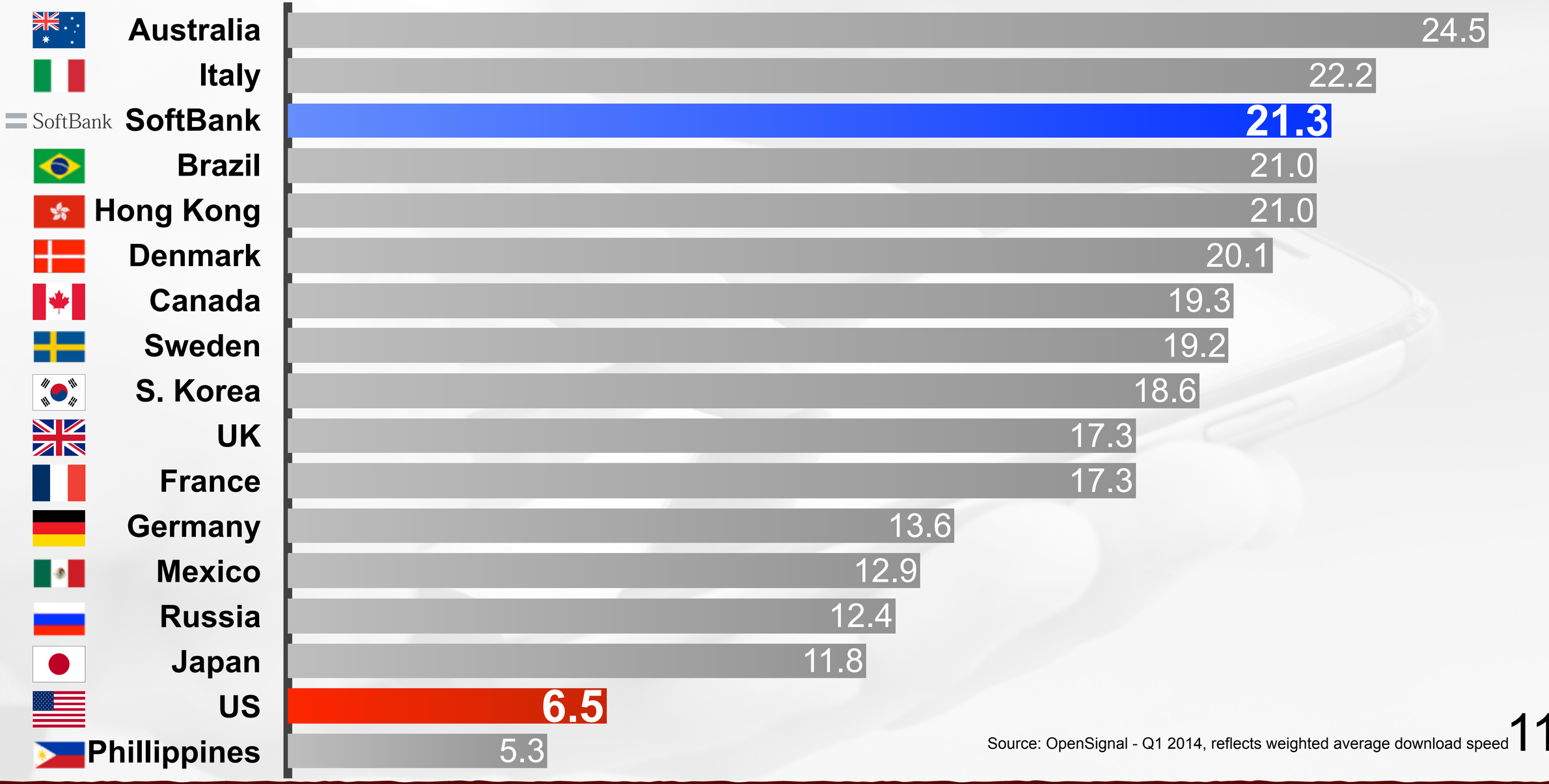
1 million+ new jobs

Source: Wireless Broadband Infrastructure (IAE, 2013)


But the US is Falling Behind…

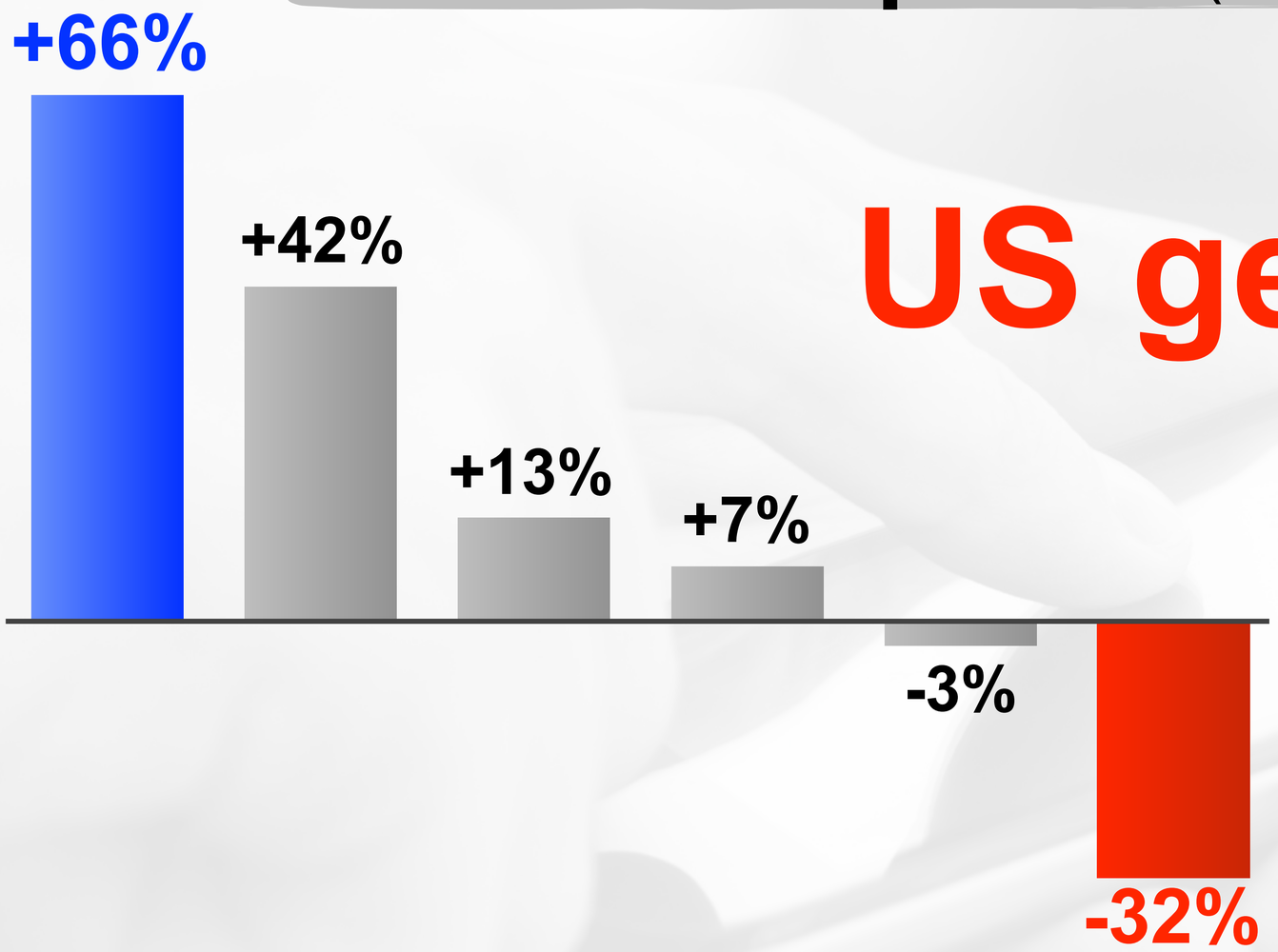
LTE Speeds

(Mbps)



Source: OpenSignal - Q1 2014, reflects weighted average download speed

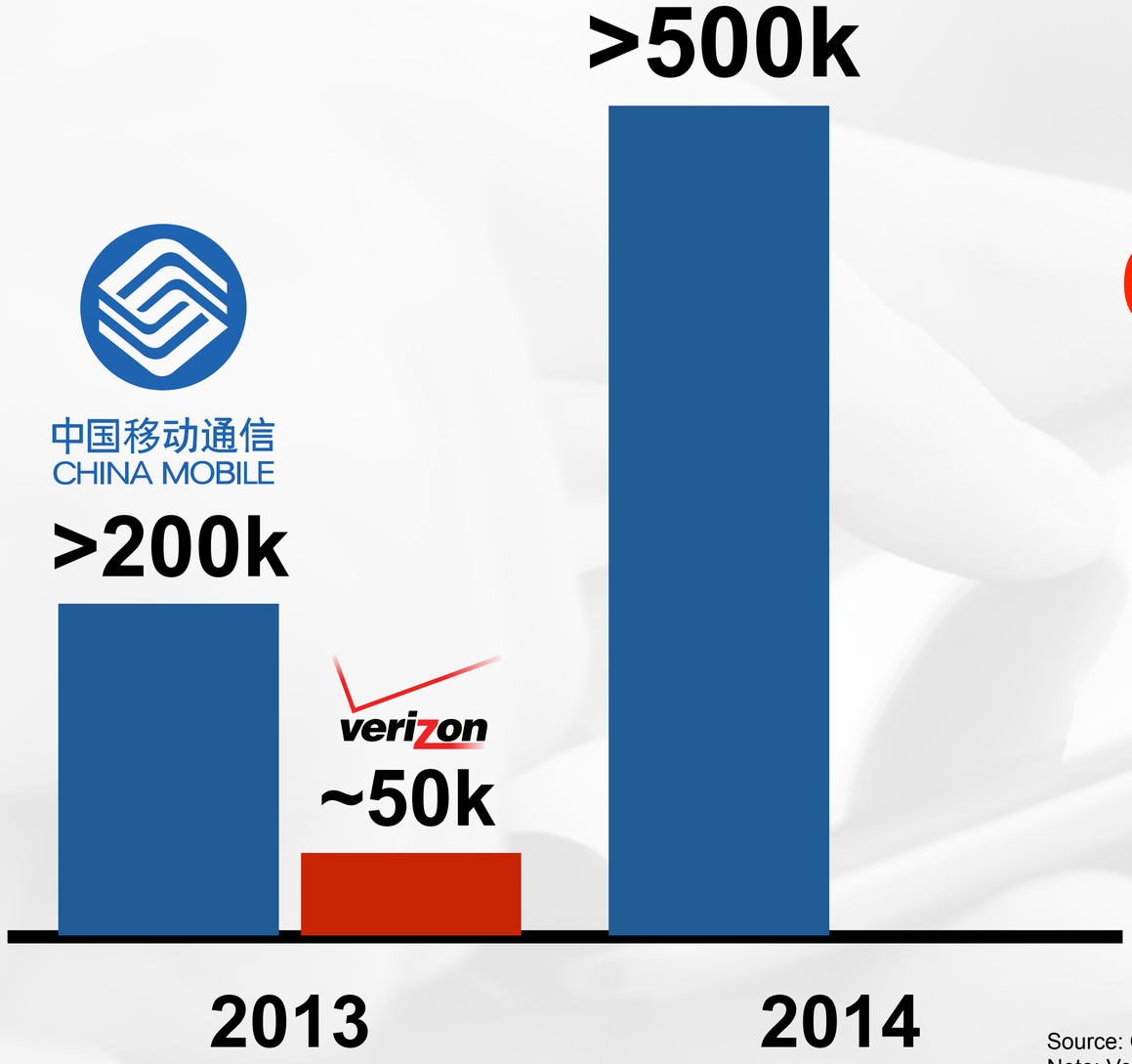
LTE Speeds (2013 vs 2014)



US getting worse

Source: OpenSignal - Weighted Average Download Speed Q1 2013 vs Q1 2014

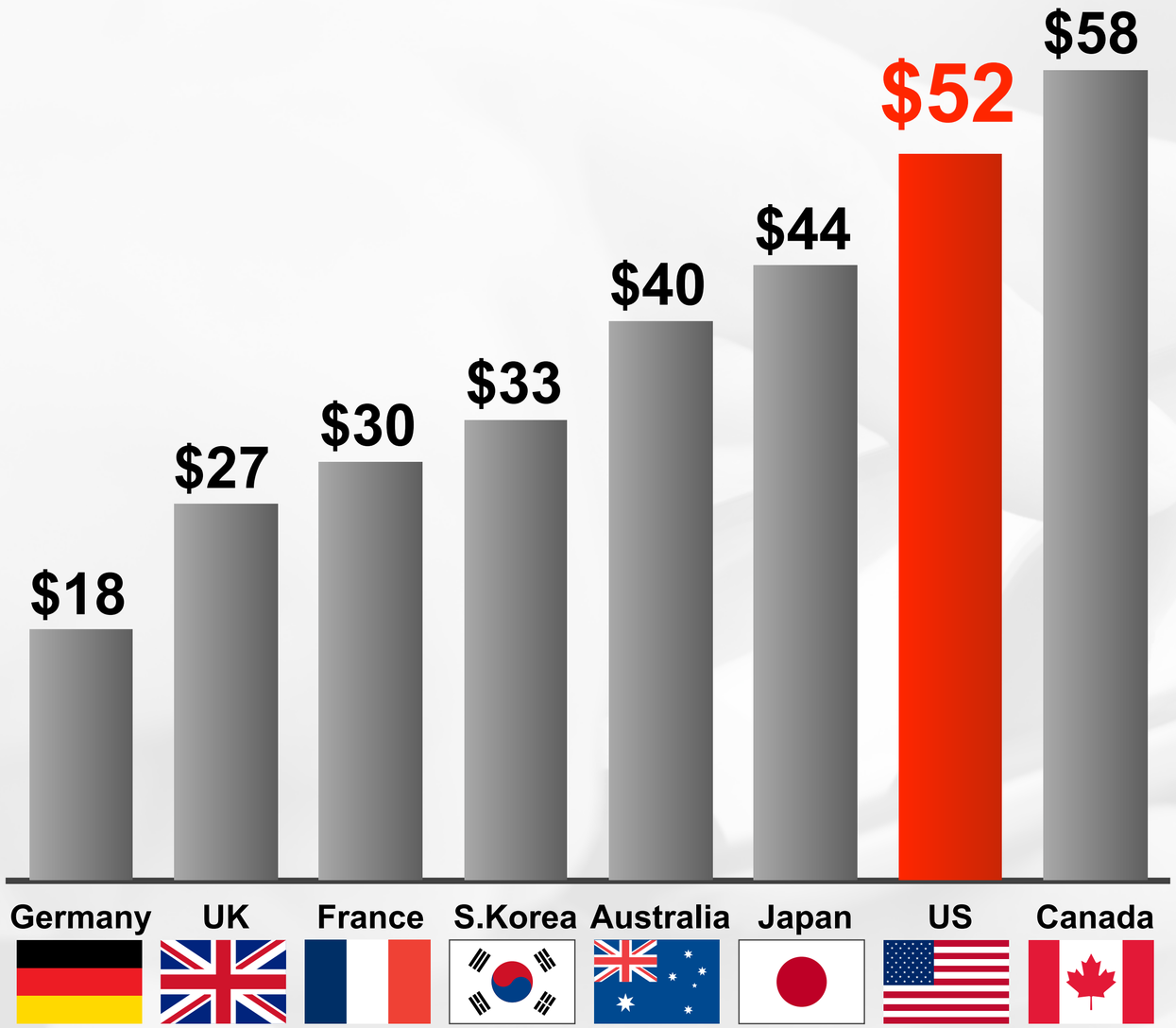
LTE Base Stations



Bigger deployment

Source: China Mobile Interim Results 2013 & Press Release December 2013
Note: Verizon base station count based on public estimates; China Mobile based on CEO public comments

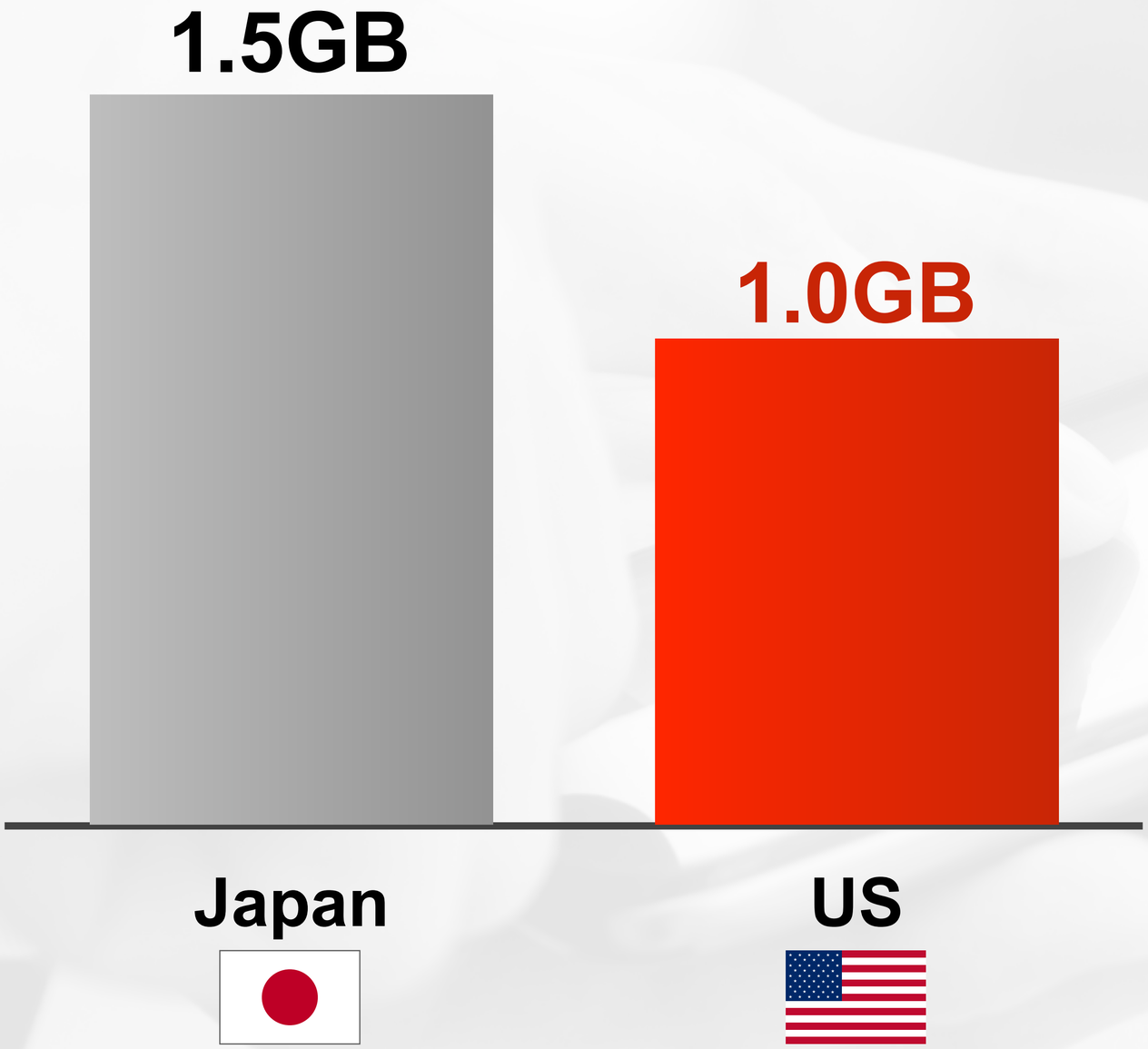
Average Revenue Per User (Q3 2013)



US among the highest

Source: BAML

Data Usage Per Device



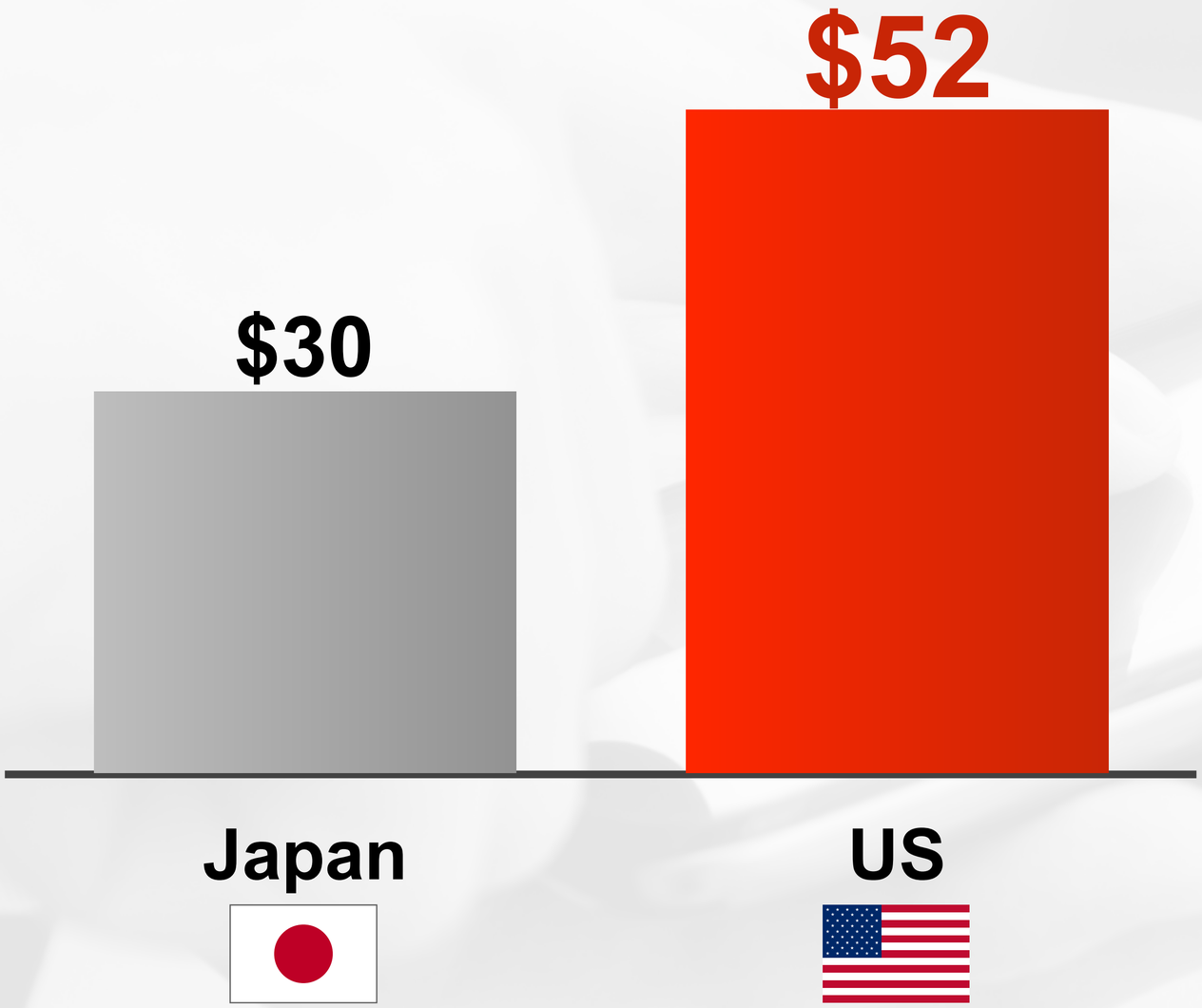
Japan

50%

more than US

Source: Cisco
Note: As of year end 2013 excluding M2M connections only

Price Per GB



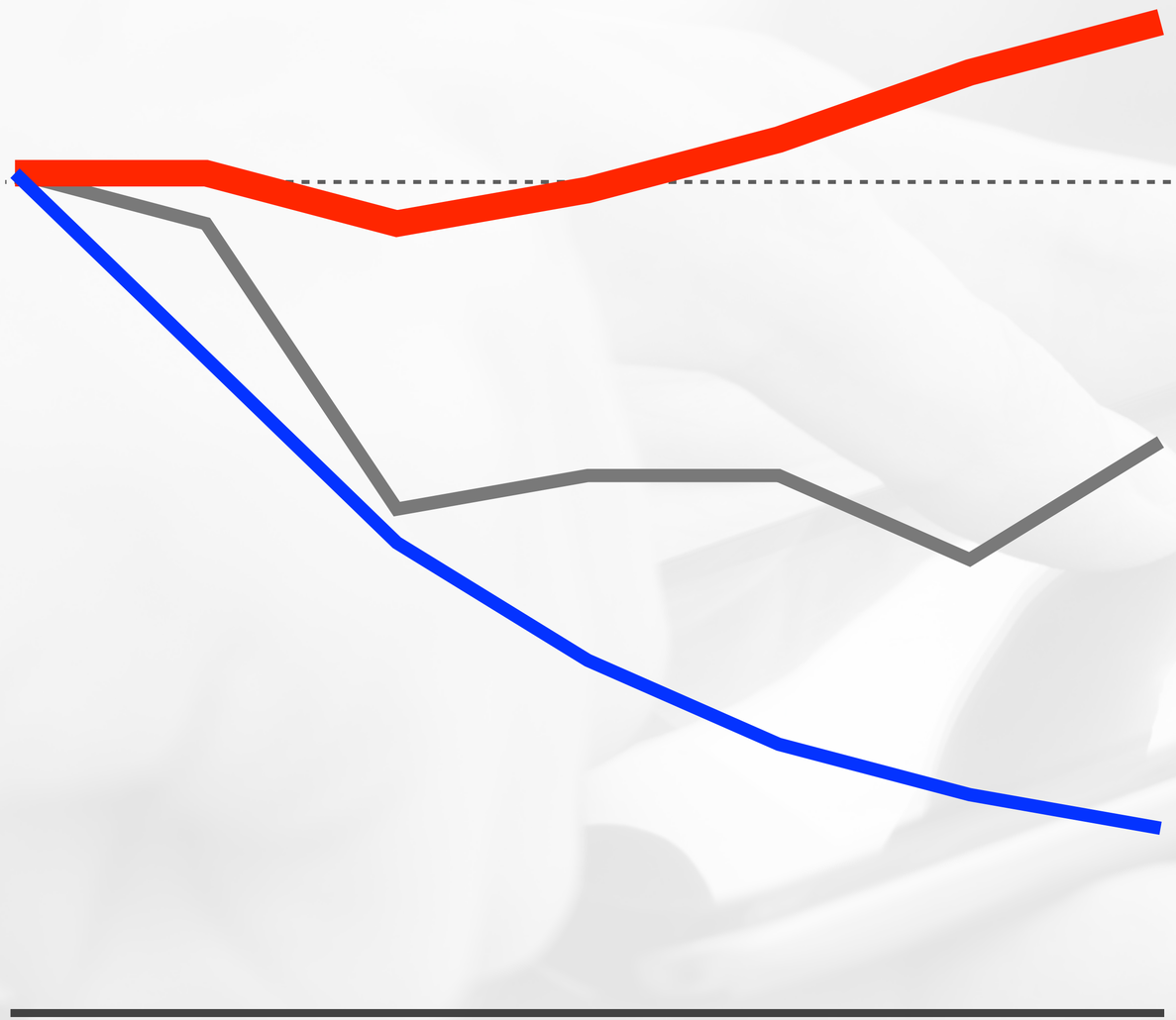
US

over 1.7x

higher than Japan

Source: BAML, Cisco

Average Revenue Per User



+9% US (postpaid ARPU)

Only increasing

-16% US (prepaid ARPU)

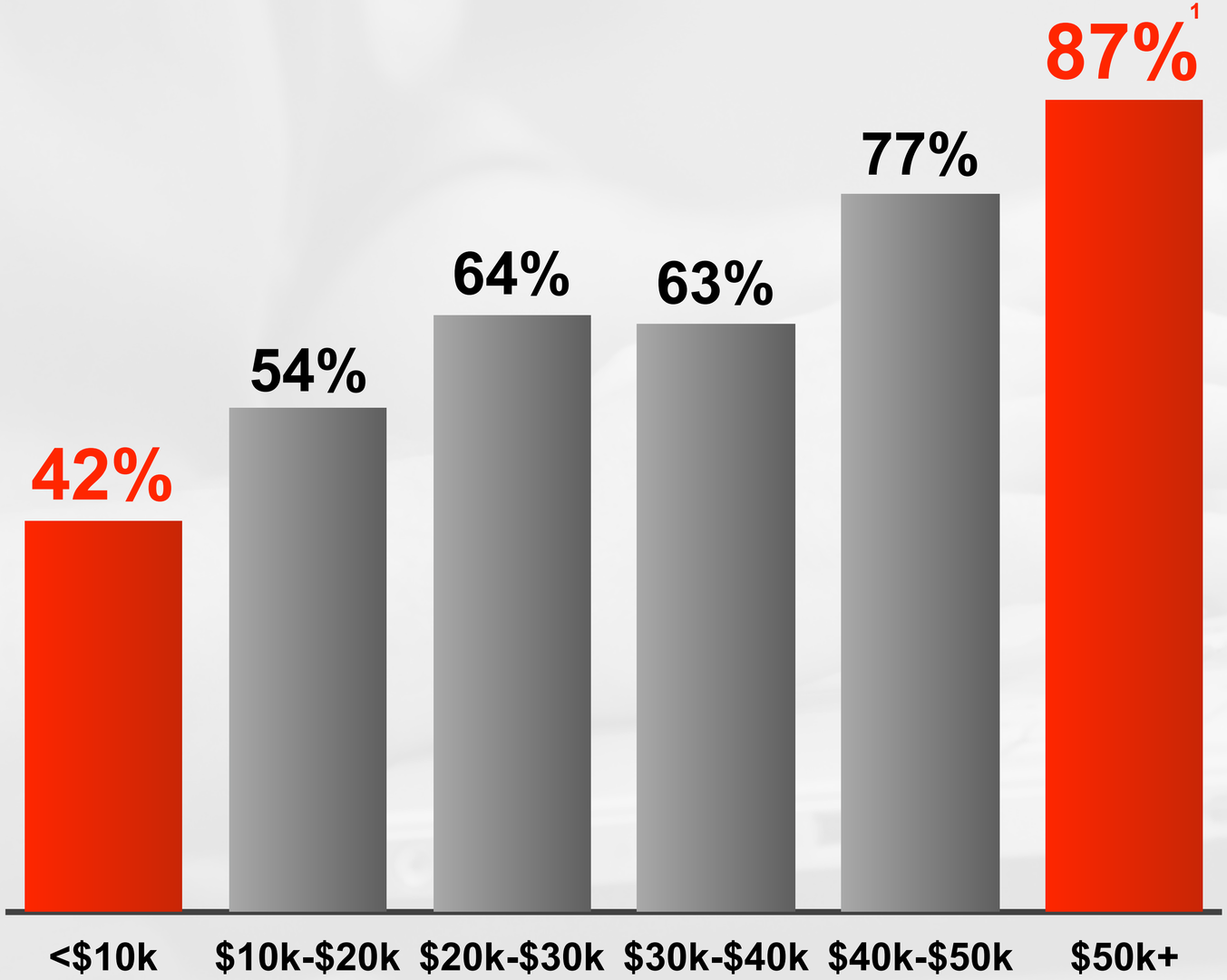
-39% World Average (total ARPU)

2007 2008 2009 2010 2011 2012 2013

Source: GSMA
Note: US Prepaid ARPU and World Average Total ARPU indexed to Q1 2008 due to lack of Q4 2007 figures in GSMA reporting


Digital Divide

Broadband Access By Income

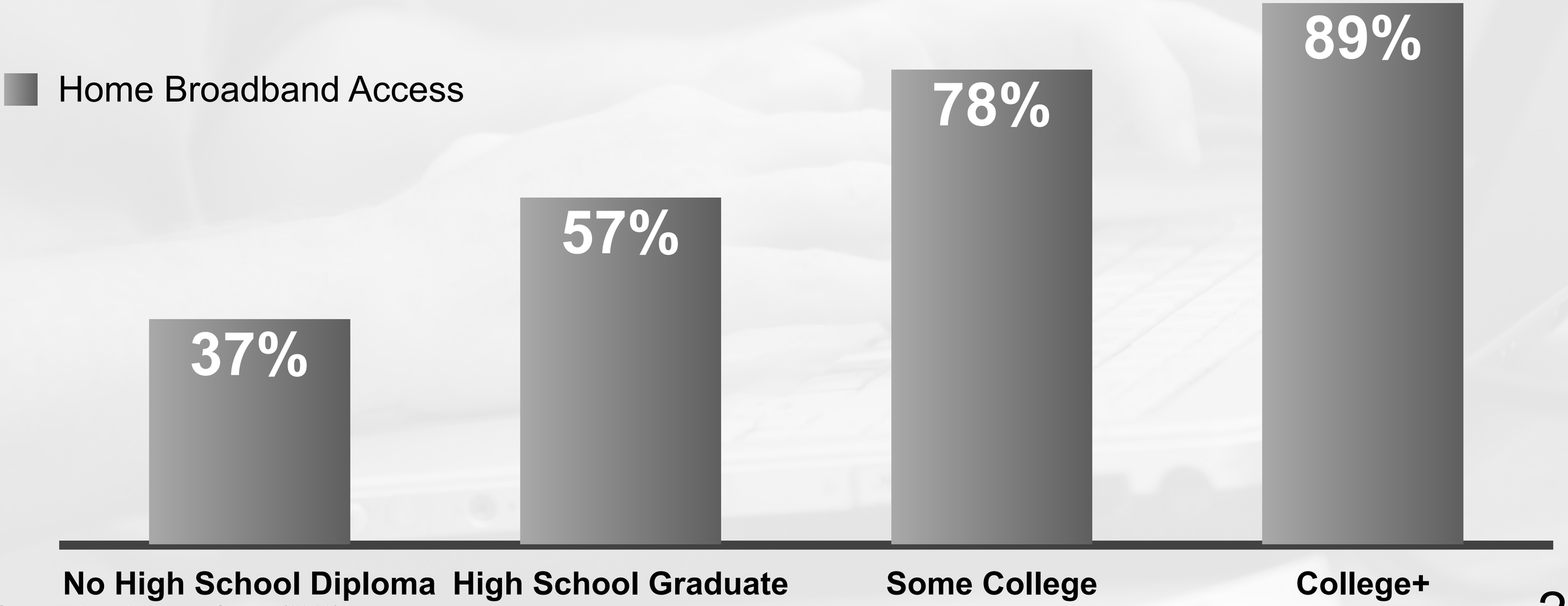


Limited at lower income

Source: Pew Research Center (2013)
Note: Based on home broadband; includes adults (18+) only.
87% is based on the average access of the $50-$75, $75-$100, $100-$150, and $150+ incomes buckets.

Broadband Access By Education

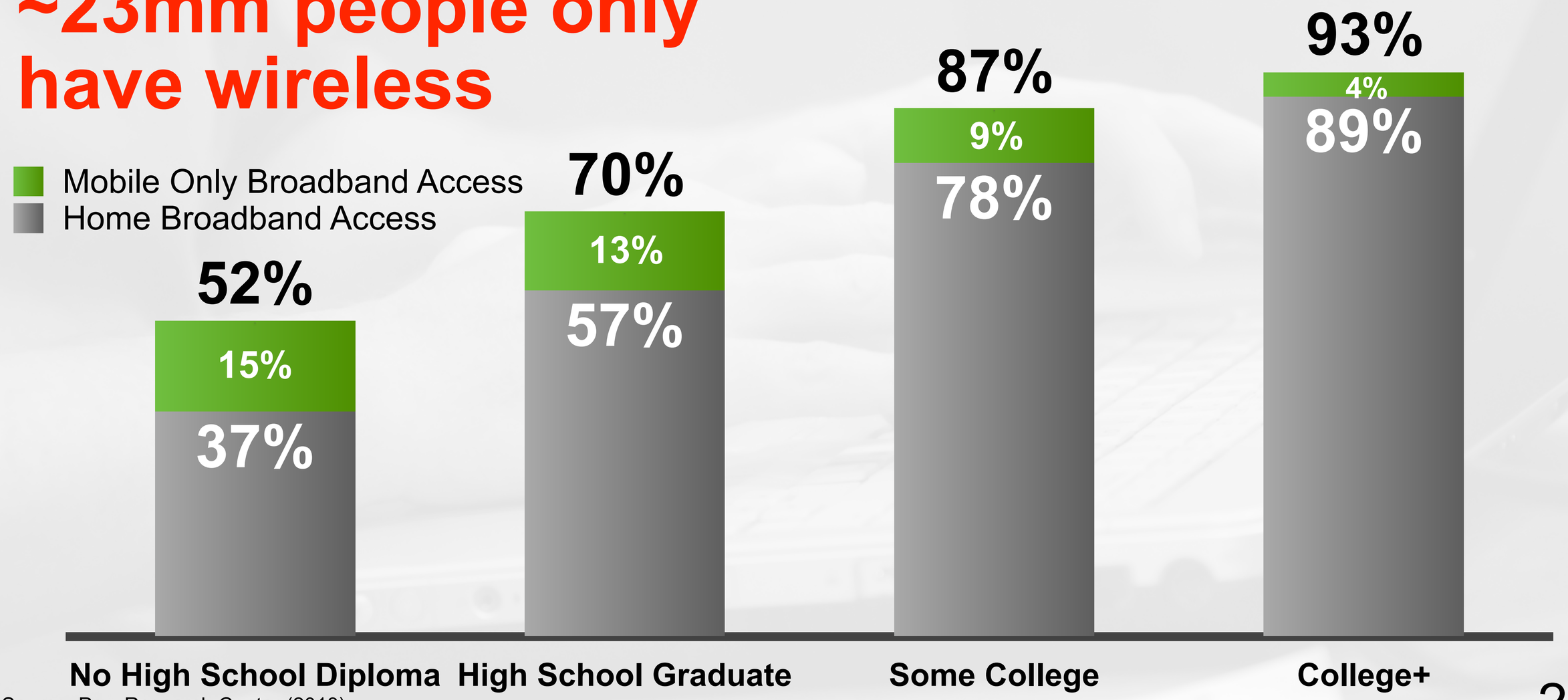
Limited at lower education levels



Source: Pew Research Center (2013)
Note: Includes adults (18+) only

Broadband Access By Education

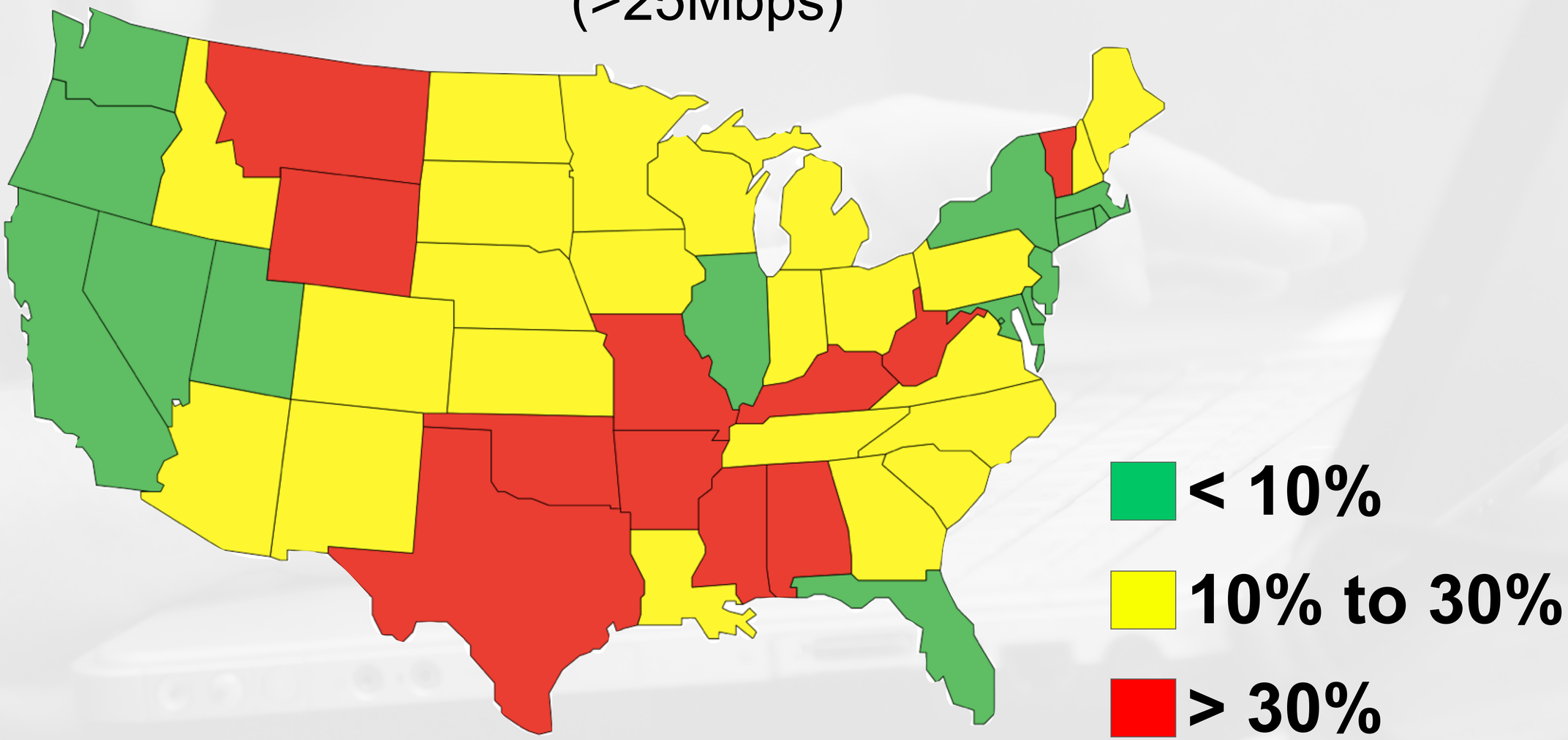
~23mm people only have wireless



Source: Pew Research Center (2013)
Note: Includes adults (18+) only

Households Without Broadband Availability

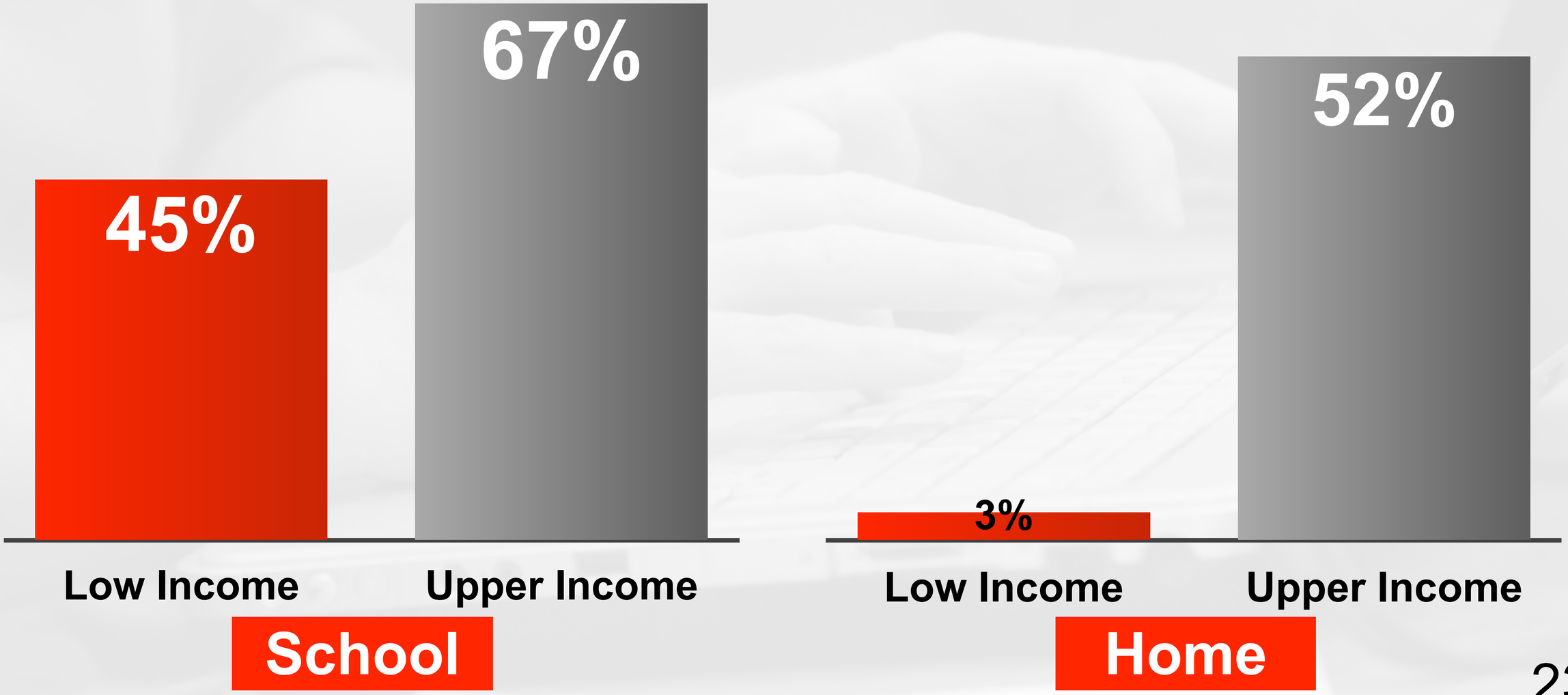
(>25Mbps)



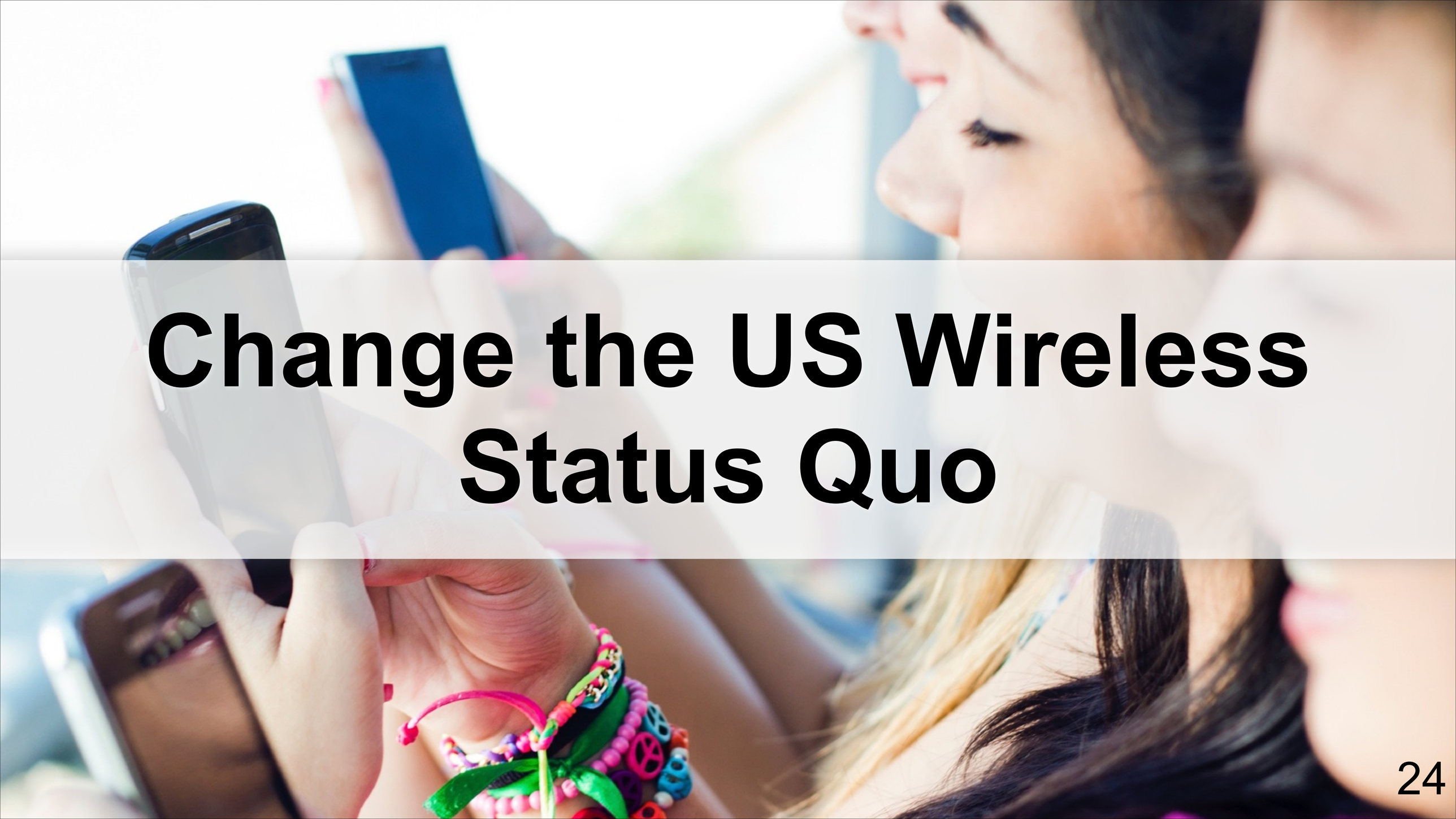
Source: National Broadband Map
Note: Broadband equals >25 Mbps advertised download speeds; refers to % of households within the state

Student Broadband Access

(By school income level)



Source: Pew Research Center (2013), % of Teachers Who Say Students Have Sufficient Digital Access



Change the US Wireless Status Quo

SoftBank Vision

Network × **Price**

Wireline Broadband

Price	
1	Japan
2	Netherlands
3	South Korea
3	Finland
3	Singapore
3	Italy
3	US
3	Sweden
3	France
10	UK

Speed	
1	Japan
2	Finland
3	South Korea
3	Sweden
3	France
3	Denmark
7	Netherlands
8	US
8	Germany
8	Spain

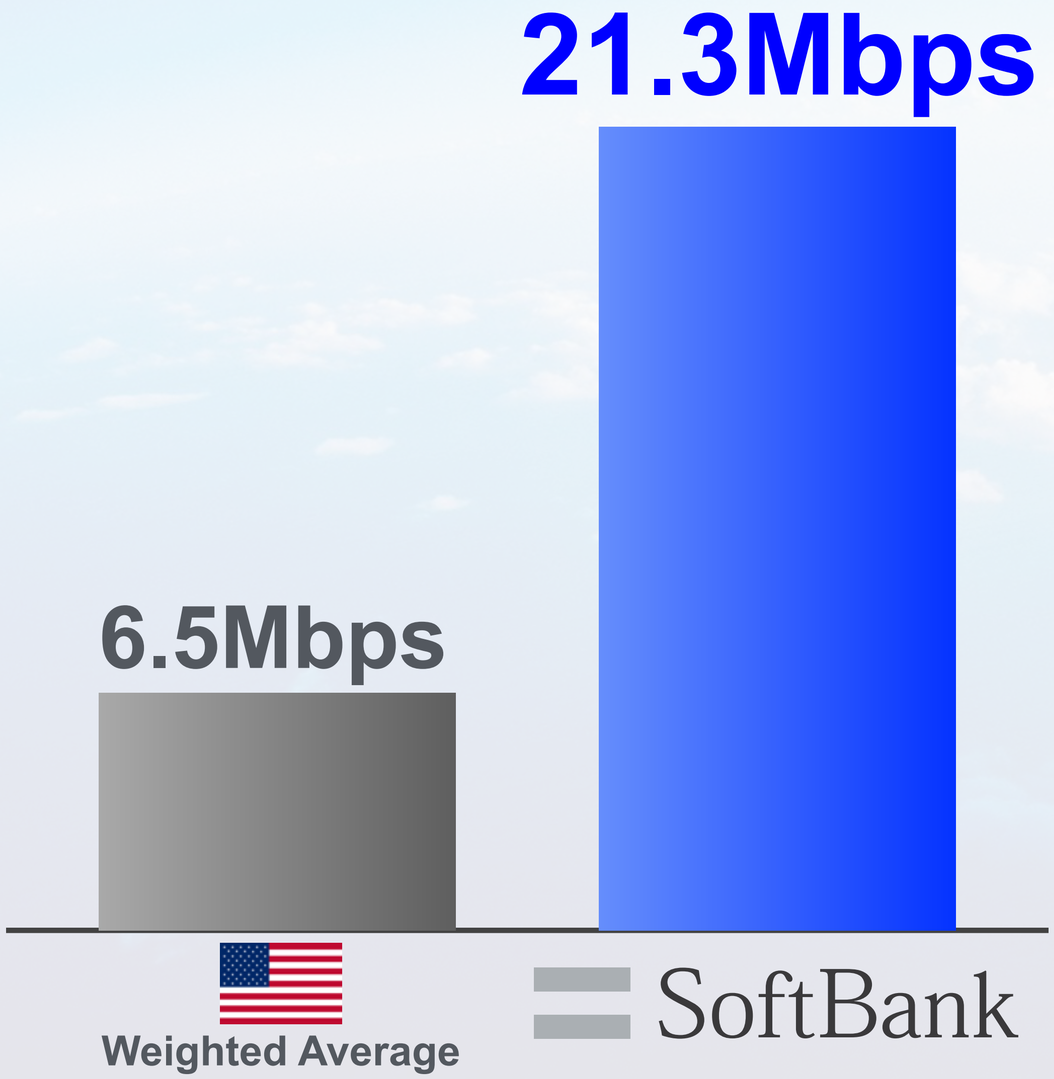
= SoftBank

×

NTT

Source: Ministry of Internal Affairs and Communications, “Report on the Comparison of Japan's ICT Infrastructure with International Infrastructures” (August 2009)

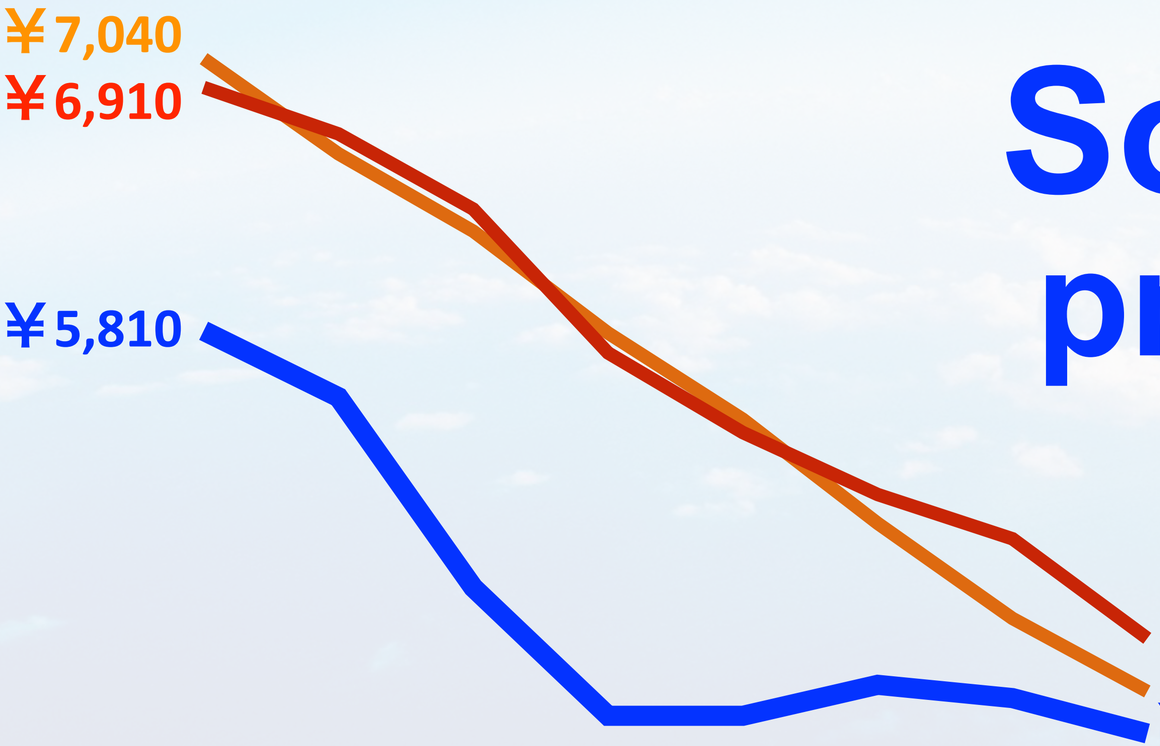
LTE Speeds



3.3x faster

Source: OpenSignal, Average Download Speed

Japan Wireless ARPU



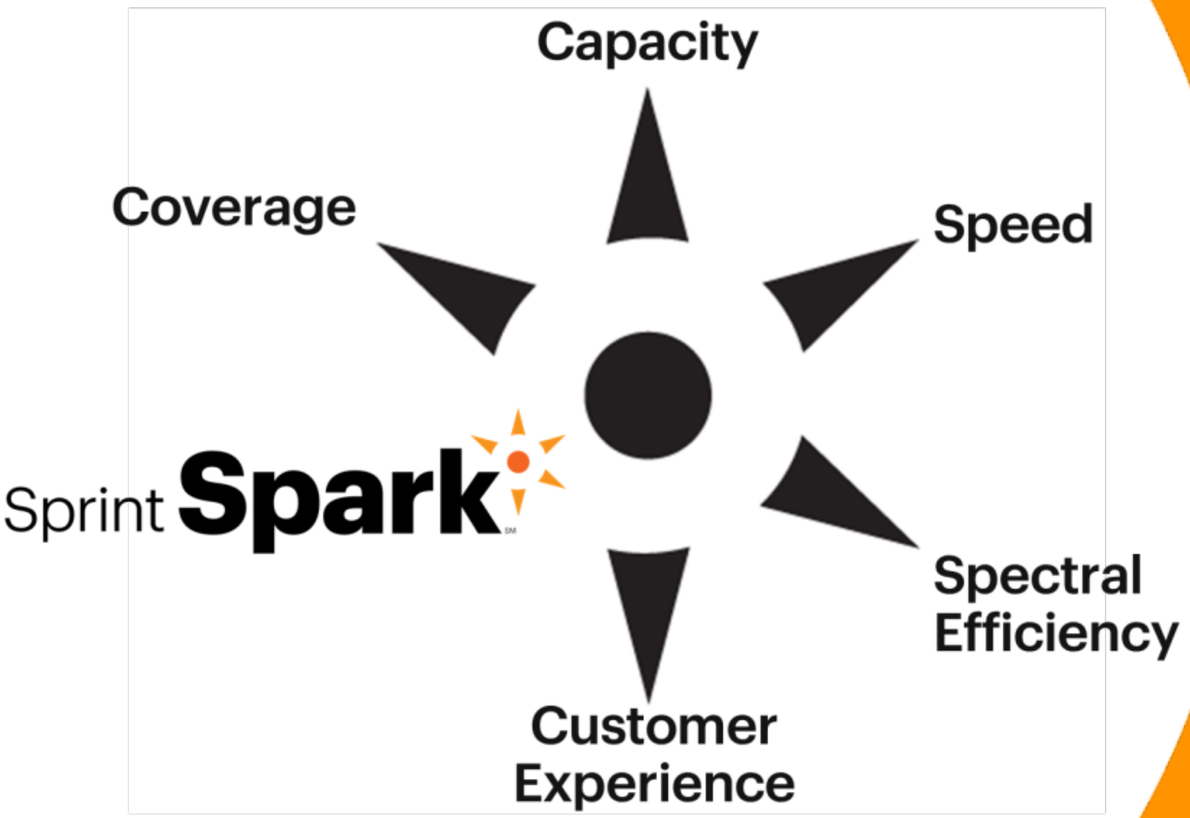
SoftBank brings price competition

¥4,420 NTT docomo[1]
¥4,180 au
¥3,990 SoftBank

2006 2007 2008 2009 2010 2011 2012 2013 (at the e/o Mar. each year)

Source: Company filings
[1] Changed reporting definition of ARPU for FY2013. Figures reflect sum of voice and data ARPU.

First US Step - Sprint Spark



60Mbps Speeds

Top 100 Cities

Three Year Rollout

Sprint Spark Video

Education

Sprint Spark℠

Healthcare

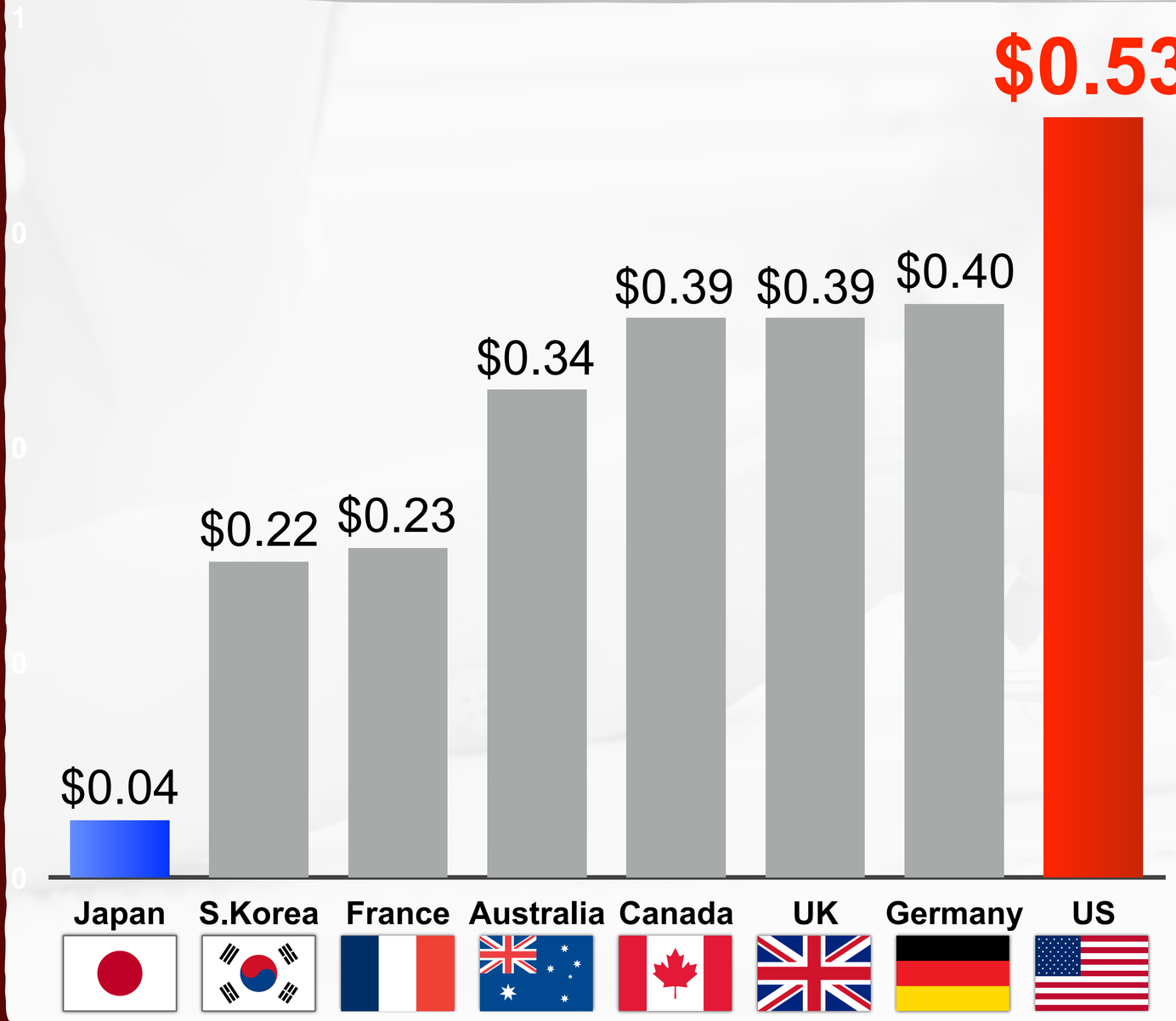
Automotive

Connected Living

Next generation applications

New Competition to Wireline

Wireline Broadband Price Per Mbps

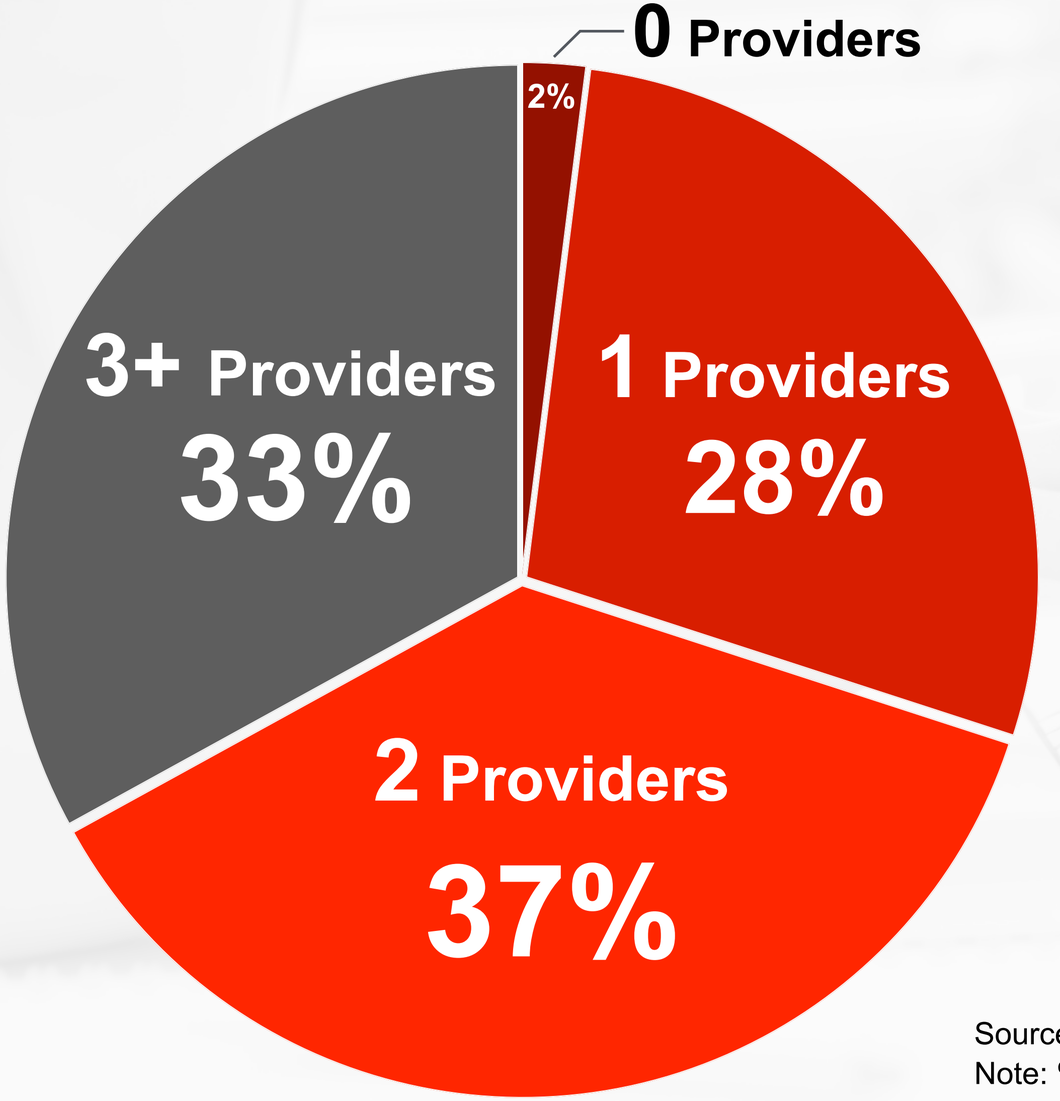


Most expensive

Source: OECD, September 2012
Note: Metrics reflect lowest available price per mbps and adjusted for PPP

Wireline Broadband Choice

(% of Households By Wireline Broadband Providers)



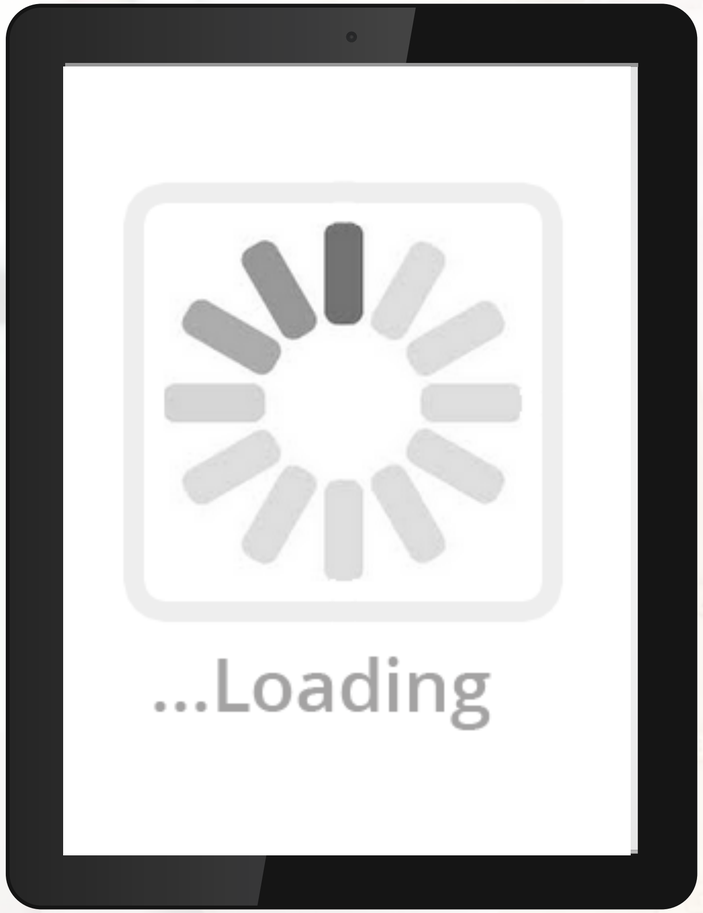
2 or less options

67%

Source: FCC, December 2013

Note: % of households receiving broadband speeds of at least 10Mbps down / 1.5 Mbps up

Wireless Not Yet a Wireline Alternative

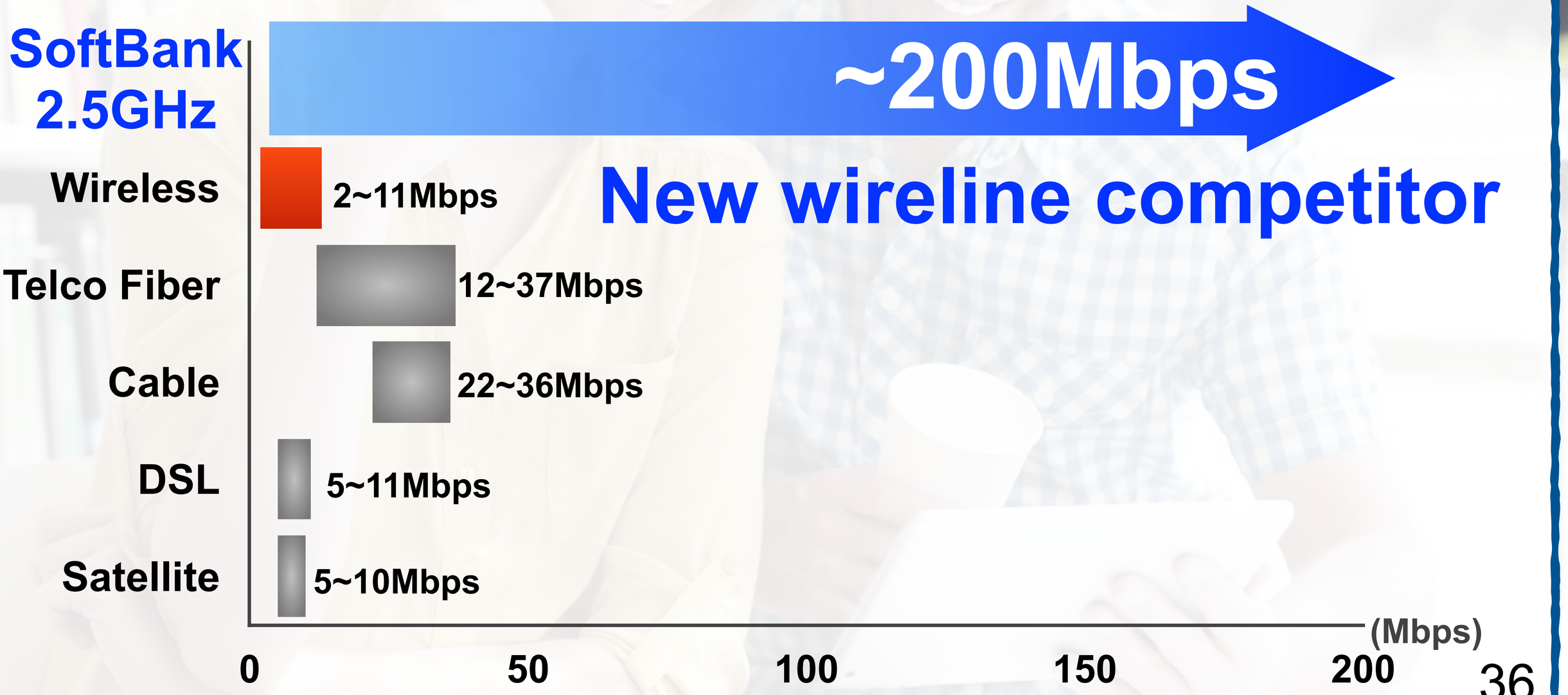


Future wireless will equal wireline

Today

Future

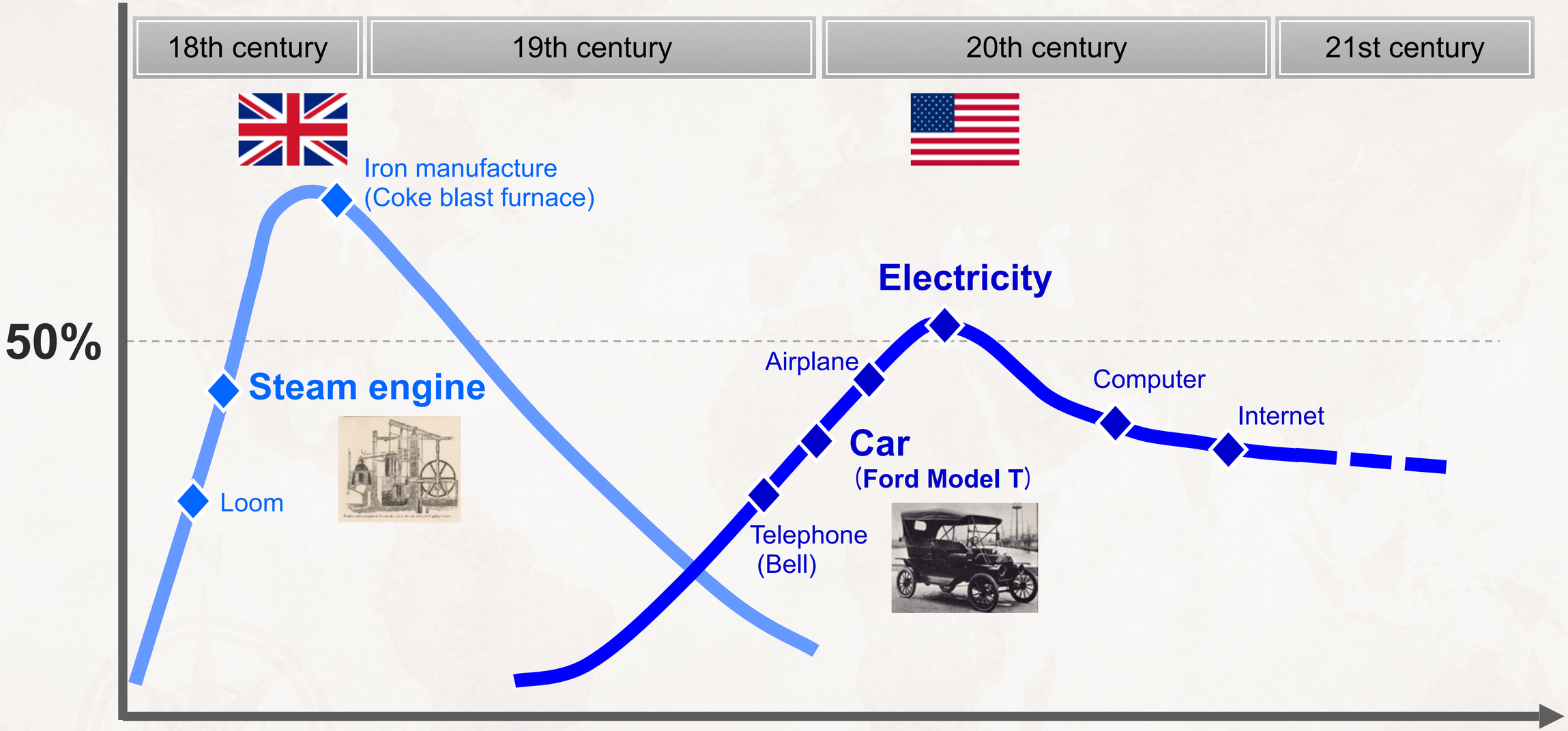
Broadband Speed



Source: speedtest.net; average user experience, OpenSignal

History of Infrastructure

GDP Share History



Cutting Edge Infrastructure is the Key to Growth

Source: Created by the Company based on reports issued by Mitsubishi Research Institute. Industrial manufacturing share before 1940.

Infrastructure Change

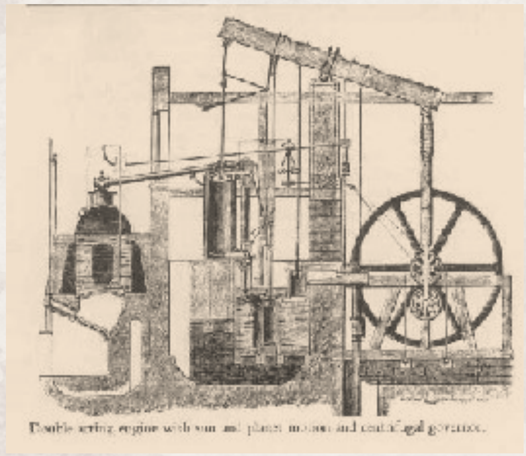
16th century

The Ship

Spain

18th century

The Steam Engine



UK

20th century

The Car & Electricity

US

21st century

Mobile Broadband

?


Can US Regain Its Leadership
in Mobile Broadband?


Yes, We Can

US Situation

Low Speed ✕ **High Price**

SoftBank Vision

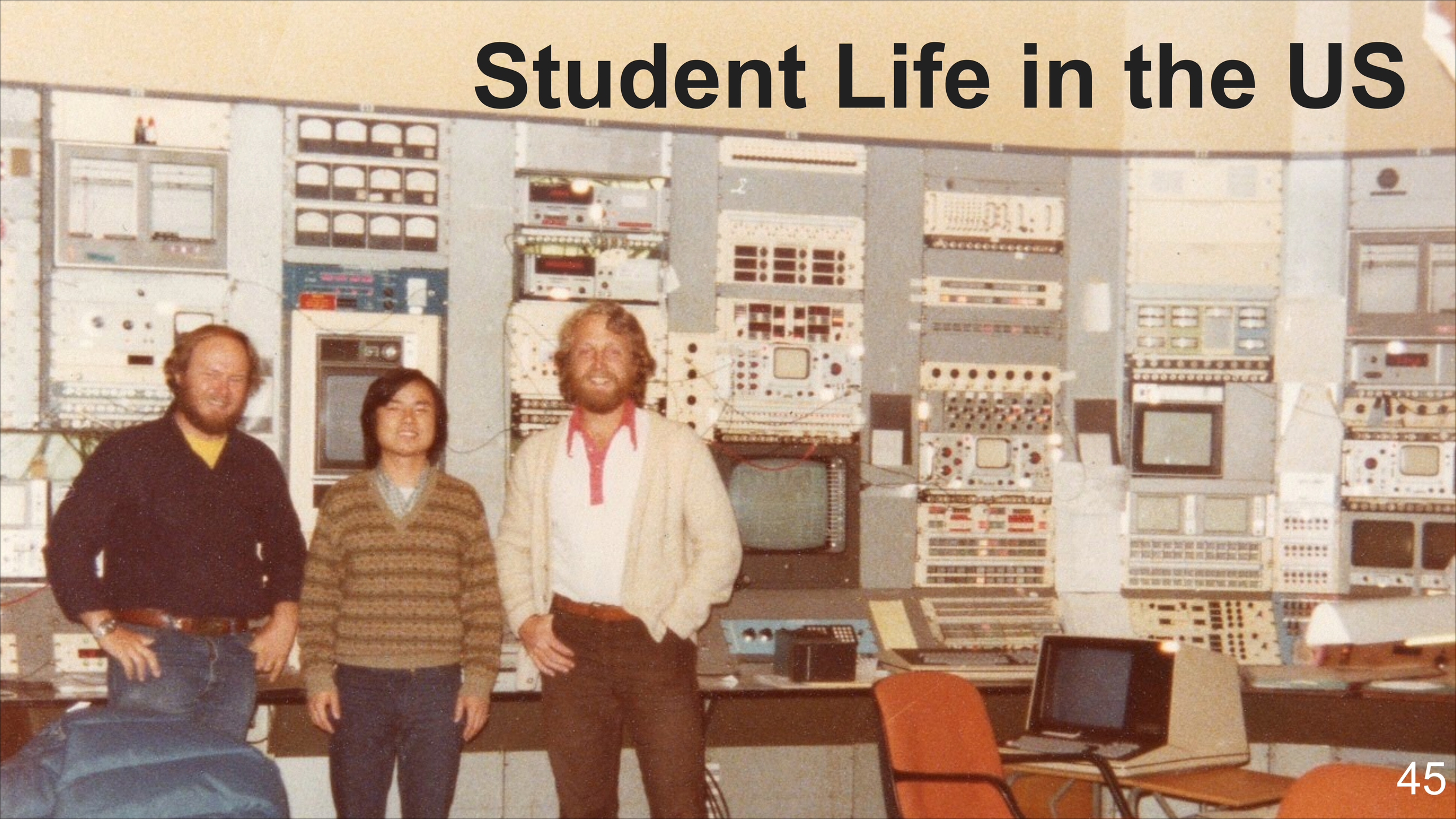
Network
Competition

×

Price
Competition

My American Dream

Student Life in the US

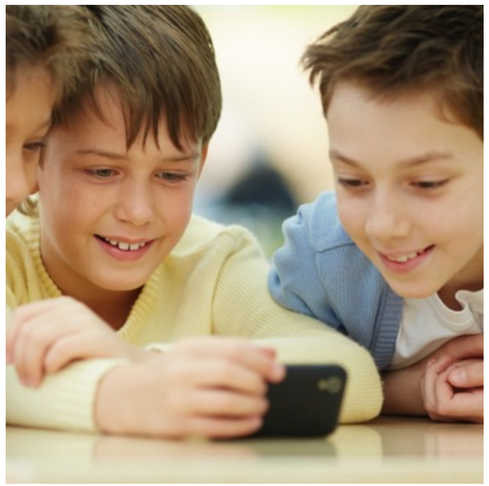






Mobile Broadband is Key to Continued US Leadership





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