

March 25, 2020  
SoftBank Group Corp.

### **Withdrawal of Ratings by Moody's**

SoftBank Group Corp. ("SBG") announced today its decision to request withdrawal of its corporate and foreign currency bond ratings by Moody's Japan K.K. ("Moody's"). Set forth below is SBG's view regarding the ratings changes announced by Moody's today.

SBG is confident that the asset sale and monetization program (the "Program") announced by SBG on March 23, 2020, which is intended to benefit both our shareholders and creditors, will improve SBG's credit quality in addition to being recognized as a return of shareholder capital. The Program involves the sale or monetization of assets in an amount of up to JPY4.5 trillion (USD 41 billion) by SBG, from which up to JPY 2 trillion (USD 18 billion) of the proceeds will be applied to repurchase SBG common stock, with the remainder to be applied for significant reduction of indebtedness, including the repurchase or redemption of SBG's bonds.

Moody's describes concerns regarding SBG's financial policies as the rationale for the ratings action. While Moody's continues to characterize SBG's financial policy as aggressive, we believe that, even applying Moody's stated rating criteria to the Program, there is no rationale for a two-notch downgrade to SBG's ratings. Such a downgrade, which deviates substantially from Moody's stated rating criteria, will cause substantial misunderstanding among investors who rely on ratings in making investment decisions, and result in significant confusion for issuers endeavoring to implement improvements to financial condition.

SBG has announced that the Program will incorporate both repurchases of its common stock and reduction of its indebtedness with the proceeds of asset sales and monetization. The management of SBG has repeatedly explained this policy to Moody's. We are concerned that, despite this, in its evaluation of SBG's financial policy Moody's considers only the amount of repurchases of the SBG common stock – in other words Moody's action entirely fails to take into SBG's position regarding implementation of asset sales/monetization and reduction of indebtedness as a means to improving SBG's credit.

Moody's expresses concern that conducting asset sales and monetization in the current environment would create a risk that such sales will be broadly discounted. However, SBG has repeatedly explained to Moody's that the transactions will be conducted prudently over

the course of a year, and that SBG will have flexibility to select assets of up to JPY4.5 trillion (USD 41 billion) among its JPY 27 trillion of assets (of which 75% comprises the shares of publicly listed companies).

Furthermore, Moody's expresses concerns about potential deterioration in portfolio quality after completion of the asset sales and monetization. However, we believe that there is no reason for a downgrade as the impact of the asset sale and monetization program on credit quality should be quantitatively positive, because even if SBG were to liquidate its "most highly valued (listed investments)", in Moody's view, we expect SBG's ratio of listed company shares to be over 70% of its assets while improving SBG's loan-to-value ratio.

SBG believes that Moody's ratings action is based on excessively pessimistic assumptions regarding the market environment and misunderstanding and speculation that SBG will quickly liquidate assets without any thorough consideration and without making improvements to its financial condition. We recognize that Moody's ignored SBG's repeated explanations and its statements to the market, and made its ratings determination based on its biased and mistaken views. We are unable to accept a determination made on such basis.

In order to avoid misunderstandings among investors regarding the evaluation of SBG's credit quality, and to avoid confusion in the market based on what we believe to be a misunderstanding of our explanation, we decided to request Moody's to withdraw its corporate and foreign currency bond ratings.

As stated in SBG's press release dated March 23, 2020 regarding the Program, these actions highlight SBG's management and the Board's confidence in the long-term growth of our business, and we are confident that, as part of our business strategy, the Program will improve our credit quality.

Moody's has presently not provided a reasonable explanation to SBG for why they dispute SBG's views, despite SBG's repeated explanation and request for them to do so prior to taking this ratings action.

Furthermore, with respect to the Program, S&P Global Ratings has announced that "if realized, the Program would reduce downward pressure on credit quality," and Japan Credit Rating Agency, Ltd. has announced that "the impact on ratings will be limited."