

SoftBank Group Purchases a Portion of Its U.S. Dollar Denominated Hybrid Notes—No Impact on Equity Content Evaluation or Creditworthiness

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on SoftBank Group Corp. (security code: 9984)'s purchase of US dollar-denominated perpetual subordinated notes.

- (1) SoftBank Group Corp. (the "Company") announced today that it will make an offer to purchase up to USD 1.75 billion of its U.S. dollar denominated 6-year non-call perpetual notes (the "Securities") and a portion of its foreign currency denominated straight bonds. The Company intends to purchase up to USD 750 million of the USD 2.75 billion of Securities issued on July 19, 2017 (the Purchase). The amount of the Purchase represents approximately 8% of the total hybrid securities raised by the Company and remaining.
- (2) In light of the following considerations, JCR has determined that there are no particular problems with the Purchase in terms of its impact on equity content evaluation and creditworthiness. JCR believes that there is a high likelihood that the Company will procure funds through hybrid securities with equal or greater equity content for the amount equivalent to the initial issue amount of the Securities, including the amount of the Purchase, by the early redemption possible date of the Securities (July 19, 2023), and then redeem early the remaining amount after the Purchase on the early redemption possible date. While the Purchase precedes the early redemption for the Securities, when the Company replaced in February and June 2021 the existing hybrid securities that became callable in September 2021, it raised approximately JPY 130 billion in excess of the replacement amount. The amount of the Purchase is within this excess amount in both face value and equity content evaluation amount. In addition, the Company has ample liquidity on hand, so there are no problems in obtaining funds for the Purchase. As a result, JCR believes that the Purchase substantially meets the requirements for the replacement expected by the senior creditors.
- (3) This decision reflects the following JCR's view: when considering the impact of the hybrid securities to be repaid on the equity content evaluation and the creditworthiness of the issuers, including the Company, which have issued several hybrid securities, JCR believes that the emphasis should be on the judgment in the substantive evaluation, taking into account the amount of equity content of the unredeemed hybrid securities, rather than whether the formal replacement requirement has been realized for the securities in question.

Hiroyuki Chikusa, Akihisa Motonishi for Issuer
Kiichi Sugiura, Akira Minamisawa for Hybrid Securities

<Outline of the Securities>

Issue	Amount (bn)	Issue Date	Due Date	Coupon
Undated Subordinated NC6 Resettable Notes (with interest payment deferral clause)	USD 2.75	July 19, 2017	No Maturity	(Note)

Note: 6.00% till coupon payment date of the sixth year from issuance; 5-year USD interest swap rate + initial spread + 0.25% from the following month till coupon payment date of the twenty-first year; and thereafter 5-year USD interest swap rate + initial spread + 1.00%.

Early Redemption/Purchase: Early redemption after a lapse of 6 years from issuance
Early redemption upon occurrence of Tax Events, Rating Events, Accounting Events, or Change of Control Events
Purchase

Replacement: Replacement language stated

Optional Interest Suspension: The issuer may suspend interest payment at its discretion.

Mandatory Interest Suspension: No Provisions

Accumulation/Non-Accumulation: Accumulation

Ranking of Claims: The Subordinated Notes are subordinated to all debts (excluding the Subordinated Notes and the subordinated debts ranking pari passu with the Subordinated Notes) and rank pari passu with the first preferred stock.



<Reference>

Issuer: SoftBank Group Corp.

Long-term Issuer Rating: A- Outlook: Positive

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)
