

15 November 2005

Vodafone K.K. Results for First Half of Fiscal 2005

The Vodafone Group today announced its interim results and key performance indicators (KPI's) for the six months to 30 September 2005. Results and KPI's relevant to Vodafone K.K. are as follows.

Revenue for Japan as reported by Vodafone Group Plc⁽¹⁾ increased marginally by 0.4% from £3,689m to £3,704m following an increase in revenue related to acquisition and retention activities, offset by a 5.0% reduction in service revenue. The decrease in service revenue followed a decline in ARPU⁽²⁾ and a slight decline in the average customer base compared to the previous year.

The closing customer base was 14,991,500 as at 30 September 2005⁽³⁾. A net reduction of 49,200 was posted for the six month period, but positive net additions of 30,200 were recorded during the four month period from June to September 2005. New flat-rate messaging and data tariffs helped increase 3G subscriptions by 836,400 to 1,753,600 in the six month period, increasing the 3G customer percentage from 6.1% to 11.7%. The percentage of prepaid customers was 11% for the six month period to September 2005, unchanged from at the end of September 2004 and March 2005.

ARPU for the six months to 30 September 2005 fell to 5,983 yen from 6,279 yen in the previous period, reflected by a loss of higher value customers and a shortfall of competitive 3G handsets.

Non-voice services as a percentage of service revenue rose slightly to 30.5% for the quarter to September 2005 compared to 28.7% for the quarter to 30 September 2004, reflected partly by higher data usage among customers migrating from 2G to 3G.

Customer churn fell from 23.1% for the six months to September 2004 to 19.7% for the current period, due to investments in customer retention and well received flat-rate offerings.

The EBITDA margin fell to 21.7% compared to 27.7% in the previous period due to increased investments in customer retention.

Bill Morrow, President of Vodafone K.K. said:

“Market conditions continue to be challenging, but we are making good progress with our ‘customer first’ approach comprising new service offerings, easy-to-understand price plans, Japan-centric handsets and further 3G coverage expansion. We are also working closely with our business partners to exceed customer expectations across our consumer, business and wholesale segments.”

(1) For Japan GAAP financial reporting, please refer to the half-year report to the Japan Ministry of Finance scheduled for the end of December 2005.

(2) Abbreviation for Average Revenue per User. Total revenue excluding handset revenue and connection fees divided by the weighted average number of customers during the period.

(3) Vodafone K.K. customer numbers in this press release are calculated on a venture (100%) basis, as previously reported to the Telecommunication Carriers Association (TCA) in Japan. The Vodafone Group interim results press release calculates Vodafone K.K. customer numbers on a proportionate basis, based on its 97.7 percentage ownership at 30 September

Product and Service Highlights

Vodafone K.K. continued to offer innovative products and services for the six months to 30 September 2005.

- The 902T by Toshiba was offered in June and the 703SH and 903SH by Sharp were offered in August as new, high-specification 3G handsets.
- The V501SH by Sharp and V501T by Toshiba were offered as fully customisable 2G packet-based handsets in June and July respectively. The V302SH by Sharp was offered in August as a light and compact 2G handset.
- In September, a further 5 new handsets were announced for the Christmas quarter. The 903T GPS handset and 803T music handset by Toshiba were introduced as new 3G handsets in October, and the 703N leather design handset by NEC and the 703SHf mobile wallet handset by Sharp were offered as new 3G handsets in November. The 702NK II (Nokia 6680) 3G smartphone and the 2G packet-based V604SH entertainment model by Sharp are also expected for November.
- Chaku-Uta Full[®] (full track music download) services were offered for 3G handsets in August and Vodafone live! NAVI, Japan's first mobile service to enable GPS roaming abroad, was launched in October.
- 3G network rollout has progressed according to plan, with active expansion and network quality improvement in indoor and suburban residential areas to enable a better customer experience.
- For roaming abroad, 169 roaming agreements in 122 countries and regions were in place as at 30 September, an expansion of 14 agreements in 6 countries and regions over the six month period.
- To offer customers greater value, Vodafone Connect Card price plans were revised on 1 August. Roaming capability was added in early September, making Vodafone Connect Card the first 3G data card in Japan that can be used abroad.
- Mail Flat-rate, a service that offers unlimited messaging, and Dual Packet Flat-rate, a two-tier system revision to the previous Packet Free offering, were introduced on 1 June to make Vodafone live! 3G services more accessible.
- Family Call Flat-rate, which allows unlimited voice calls to family members for a fixed monthly charge, and Love Flat-rate, an offering that enables unlimited voice calls and messaging to one designated Vodafone number, were introduced on 1 November as new price initiatives.
- Vodafone Mobile Office price plans and discount services for business customers were revised on 1 June and 1 November to make them more accessible to SOHO⁽¹⁾ and corporate customers.

For more information on the Vodafone K.K. results and KPI's for the six months to September 2005, please see the attached appendices.

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(1) Abbreviation for Small Office/Home Office.

About Vodafone K.K.

Vodafone K.K. is a leading mobile operator in Japan with nearly 15 million customers and a subsidiary of Vodafone Group Plc, the world's largest mobile community. The Tokyo-based company offers a wide range of sophisticated mobile voice and data services including Vodafone live!, which provides mail and internet access to 85% of its customers, and pioneered the picture messaging service called Sha-mail first introduced in November 2000. In December 2002, Vodafone K.K. launched the world's first commercial 3G W-CDMA service based on 3GPP international standards. Vodafone K.K.'s 3G service offers its customers rich content and roaming in 122 countries and regions on 169 networks.

For more information, please visit www.vodafone.jp

*Above data is current as of 30 September 2005.

- Chaku-Uta Full® is a registered trademark of Sony Music Entertainment Inc.
- Vodafone Connect Card is a trademark of Vodafone K.K.
- Vodafone, Vodafone live!, Vodafone Mobile Office and the speech mark symbol are trademarks or registered trademarks of Vodafone Group Plc.

Forward-Looking Statements

This press release contains certain forward-looking statements concerning the operations and strategy of Vodafone K.K. and its subsidiaries (collectively, "Vodafone Japan Group") and its expectations concerning its financial and operating results; such as expectations for trends in the Japanese fixed-line and wireless telecommunications markets and capital expenditure. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic conditions that would adversely affect demand for Vodafone Japan Group's services; greater than anticipated competitive activity; slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, including 3G technology; the possibility that technologies will not perform according to expectations or that vendors' performances will not meet Vodafone Japan Group's requirements; changes in projected growth rates in the wireless telecommunications industry; the accuracy of and any changes in Vodafone Japan Group's projected revenue models; future revenue contributions of data services offered by Vodafone Japan Group; Vodafone Japan Group's ability to successfully introduce new services, in particular 3G services, and the delivery and performance of key products; changes in the regulatory framework in which Vodafone Japan Group operates; and the impact of legal or other proceedings involving Vodafone Japan Group or other companies in the telecommunications industry.

All written or verbal forward-looking statements attributable to Vodafone Japan Group or persons acting on its behalf made in this press release or subsequent hereto are expressly qualified in their entirety by the factors referred to above.

NOTE: The following tables are excerpts from the Vodafone Group Plc announcement issued on 15 November 2005 and are provided solely for the convenience of the reader.

Vodafone K.K. Financial highlights		Six months to 30 September			
		2005	2004	% change	
		£m	£m	£	¥
Total revenue ⁽¹⁾		3,704	3,689	0.4	(0.4)
Trading results	Voice services ⁽²⁾	1,889	2,015	(6.3)	(6.3)
	Non-voice services ⁽²⁾	815	830	(1.8)	(1.8)
	Total service revenue	2,704	2,845	(5.0)	(5.0)
	Net other revenue ⁽¹⁾	7	11		
	Interconnect costs	(238)	(250)	(4.8)	(5.1)
	Other direct costs	(133)	(119)	11.8	12.3
	Net acquisition costs ⁽¹⁾	(294)	(322)	(8.7)	(8.9)
	Net retention costs ⁽¹⁾	(460)	(320)	43.8	43.3
	Payroll	(74)	(115)	(35.7)	(36.4)
	Other operating expenses	(708)	(708)	–	(0.2)
	EBITDA	804	1,022	(21.3)	(23.2)
	Depreciation and other amortisation	(613)	(599)	2.3	
	Adjusted operating profit	191	423	(54.8)	(57.1)
	EBITDA margin	21.7%	27.7%		
KPIs	Closing Customers ('000)	14,991	15,123		(0.9)
	Average monthly ARPU	¥5,983	¥6,279		(4.7)

(1) Total revenue includes £993 million (2004: £833 million) which has been excluded from other revenue and deducted from acquisition and retention costs in the trading results

(2) Following a review of certain tariffs, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage.

AVERAGE MONTHLY REVENUE PER USER IN THE QUARTER⁽¹⁾

COUNTRY		30 JUNE 2004	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005
Japan (JPY)	Total	6,201	6,357	6,149	5,887	5,951	6,016
	Contract	6,553	6,733	6,533	6,260	6,329	6,391
	Prepaid	2,512	2,718	2,574	2,393	2,410	2,448

(1) The Group previously reported rolling 12 month ARPU information. In order to assist in the understanding of the Group's results, information will now be presented on a rolling 3 month basis. Comparative information has been restated to reflect the new basis of disclosure. There has been no change in the underlying calculation of ARPU.

NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUE⁽²⁾

COUNTRY	QUARTER TO 30 SEPTEMBER 2005		
	MESSAGING	DATA	TOTAL
Japan ⁽³⁾	7.2%	23.3%	30.5%

HISTORIC NON-VOICE SERVICES INFORMATION⁽²⁾

COUNTRY	NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUE IN THE QUARTER TO					
	30 JUNE 2004	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005
Japan ^{(3) (4)}	29.7%	28.7%	28.6%	29.1%	29.8%	30.5%

(2) The Group previously reported rolling 12 month non-voice services as a percentage of service revenue information. In order to assist in the understanding of the Group's results, information will now be presented on a rolling 3 month basis. Comparative information has been restated to reflect the new basis of disclosure. There has been no change in the underlying calculation of non-voice services.

(3) In Japan, messaging and other data services transmitted via the 3G network are packet-based. It is not possible to allocate revenue arising from these services between Messaging and Data services and so all revenue is included within Data revenue.

(4) Following a review of certain tariffs in Japan, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage.

In Japan, during the year to 31 March 2005, the impact of the change is to reduce voice revenue by £422m and increase messaging revenue by £131m and non-messaging data revenue by £291m. For the six month period to 30 September 2005, the impact of the change is to reduce voice revenue by £200m and increase messaging revenue by £47m and non-messaging data revenue by £153m. There is no impact on service revenue or total revenue. The change increases non-voice services as a percentage of service revenue in the quarters to 30 June 2004, 30 September 2004, 31 December 2004, 31 March 2005 and 30 June 2005 from 21.3%, 21.2%, 21.0%, 22.4% and 22.4% to 29.7%, 28.7%, 28.6%, 29.1% and 29.8%.

CUSTOMER CHURN⁽⁵⁾

COUNTRY	ANNUALISED CHURN INFORMATION IN THE QUARTER TO						
	30 JUNE 2004	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005	
Japan	Total	22.2%	24.0%	21.9%	22.8%	20.2%	19.1%
	Contract	21.0%	22.9%	20.0%	20.8%	17.6%	16.2%
	Prepaid	33.6%	34.4%	37.2%	39.1%	41.5%	42.7%

(5) The Group previously reported rolling 12 month churn. In order to assist in the understanding of the Group's results, information will now be presented on an annualised rolling 3 month basis. Comparative information has been restated to reflect the new basis of disclosure. There has been no change in the underlying calculation of customer churn.

VOICE USAGE VOLUMES⁽⁶⁾

COUNTRY	TOTAL VOICE MINUTES (MILLION) IN THE QUARTER TO					
	30 JUNE 2004	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005
Japan	6,172	6,161	5,980	5,656	5,692	5,833

(6) The total voice minute information presented in the table above represents the volume of minutes handled by the Vodafone K.K. network and includes incoming, outgoing and visitor calls.