

24 January 2006

Vodafone K.K. Key Performance Indicators for Third Quarter of Fiscal 2005

The Vodafone Group today announced its key performance indicators (KPI's) for the 1 October to 31 December 2005 quarter. KPI's relevant to Vodafone K.K. are as follows.

The quarter saw an improvement with 125,200 net subscriber additions, the highest level since the quarter to 31 March 2004, bringing the closing customer base to 15,116,700⁽¹⁾. Vodafone K.K. benefited from the introduction of new flat-rate tariff plans and a steady improvement in the range and quality of its 3G handsets. Vodafone K.K.'s 3G devices increased by 564,600 in the quarter, bringing the number of 3G subscribers to 2,318,200, whilst market share of 3G net additions remained fairly constant throughout the quarter at just over 10%. The cumulative percentage of prepaid customers was 11% for the three month period to 31 December, unchanged from at the end of the previous quarter.

Annualised blended churn for the last quarter improved to 17.6% from 19.1% in the quarter to 30 September, through continued focus on retention and upgrading customers to 3G.

Blended ARPU for the quarter was down 3.7% year on year, an improvement from the 5.4% fall recorded in the quarter to September. The continued fall in ARPU reflects the loss of higher value customers in the previous year and competitive pressures on pricing. The improved trend is due in part to the positive impact from the new range of flat rate plans, which are generating additional usage.

Service revenue fell 4.5% year on year due to the decline in ARPU. Voice revenues fell 6.2%, with non-voice revenues broadly stable. The improvement versus the previous quarter can be attributed to an improved ability to retain customers, resulting from a better handset line-up and service offering.

Net acquisition costs were similar year on year, with lower volumes offset by higher unit costs. Net retention costs increased year on year, as upgrade volumes were significantly higher year on year reflecting both increased retention activity and more attractive handsets, with higher unit costs due to increased 3G upgrades. The EBITDA margin in the quarter was consistent with expectations that the full year decline in margin will be similar to that recorded in the first half of the current financial year ended 31 March 2006⁽²⁾.

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

“Market conditions remain challenging, but our recovery made further progress with monthly net additions of over 50,000 both in November and December, thanks to improved network coverage, an expanded 3G handset range and popular services like Love Flat-rate. We're in a good position to continue our advance in the spring sales season with 6 new models, including the world's thinnest 3G handset.”

(1) 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 KPI press release calculates Vodafone K.K. customer numbers on a proportionate basis, based on its 97.7 percentage ownership at 31 December 2005.

(2) Vodafone Group financial reporting is done according to International Financial Reporting Standards (IFRS), whilst Vodafone K.K. reports are based on Japanese GAAP. As a result, EBITDA margin announced by Vodafone Group and EBITDA margin based on Vodafone K.K. financial reports may differ.

Product and Service Highlights

Vodafone K.K. continued to offer innovative products and services for the three months to 31 December 2005.

- The 903T GPS and 803T music mobile by Toshiba were offered in October as new, high-specification 3G handsets. In November, the 703N by NEC was offered as a leather design 3G handset and the introduction of the 703SHf mobile wallet 3G model by Sharp marked the launch of Vodafone live! FeliCa services. December saw the debut of a new 3G smartphone, the 702NK II (Nokia 6680) by Nokia, and an additional mobile wallet 3G model, the 804SH by Sharp, was rolled out in selected regions.
- The V604SH by Sharp was offered as an entertainment-oriented 2G packet-based handset in November, and the V502T 2G packet-based handset by Toshiba was announced in December as a slim entry model scheduled for January.
- Love Flat-rate, an offering that enables unlimited voice calls and messaging to one designated Vodafone K.K. number, and Family Call Flat-rate, a service that allows unlimited voice calls to family members for a fixed monthly charge, were introduced on 1 November as new price initiatives.
- Vodafone live! NAVI, the world's first mobile service to enable GPS roaming abroad, was launched in October and Vodafone live! FeliCa, a service that enables mobile payments and ticketing, was introduced in November.
- Business customer offerings were strengthened with revisions to the Vodafone Mobile Office price plan and discount services on 1 November, and the announcement of Vodafone Office Mail in December as Japan's first service that enables customers to remotely access their PC emails and schedules on their mobiles in real-time.
- 3G network rollout further progressed, with active expansion and network quality improvement in indoor and suburban residential areas to enable a better customer experience.
- For roaming abroad, 182 roaming agreements in 130 countries and regions were in place as at 31 December, an expansion of 13 agreements in 8 countries and regions over the quarter. Free international plug adapter rentals were also offered starting in December to assist customers roaming abroad.

For more information on the Vodafone K.K. KPI's for the three months to December 2005, please see the attached appendix.

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About Vodafone K.K.

Vodafone K.K. is a leading mobile operator in Japan with over 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 130 countries and regions on 182 networks.

For more information, please visit www.vodafone.jp

*Above data is current as of 31 December 2005.

- FeliCa is the contactless IC card technology developed by Sony Corporation.
- FeliCa is a registered trademark of Sony Corporation.
- Office Mail 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 24 January 2006 and are provided solely for the convenience of the reader.

Vodafone K.K. Key Performance Indicators

AVERAGE MONTHLY REVENUE PER USER IN THE QUARTER TO

		30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005	31 DECEMBER 2005
Japan (JPY)	Total	6,357	6,149	5,887	5,951	6,016	5,918
	Contract	6,733	6,533	6,260	6,329	6,391	6,297
	Prepaid	2,718	2,574	2,393	2,410	2,448	2,300

NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUE

	QUARTER TO 31 DECEMBER 2005		
	MESSAGING	DATA	TOTAL
Japan ⁽¹⁾	6.6%	23.3%	29.9%

HISTORIC NON-VOICE SERVICES INFORMATION

	NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUE IN THE QUARTER TO					
	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005	31 DECEMBER 2005
Japan ⁽¹⁾	28.7%	28.6%	29.1%	29.8%	30.5%	29.9%

(1) 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.

CUSTOMER CHURN

	ANNUALISED CHURN INFORMATION IN THE QUARTER TO						
	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005	31 DECEMBER 2005	
Japan	Total	24.0%	21.9%	22.8%	20.2%	19.1%	17.6%
	Contract	22.9%	20.0%	20.8%	17.6%	16.2%	14.6%
	Prepaid	34.4%	37.2%	39.1%	41.5%	42.7%	42.3%

VOICE USAGE VOLUMES

	TOTAL VOICE MINUTES (MILLION) IN THE QUARTER TO ⁽²⁾					
	30 SEPTEMBER 2004	31 DECEMBER 2004	31 MARCH 2005	30 JUNE 2005	30 SEPTEMBER 2005	31 DECEMBER 2005
Japan	6,161	5,980	5,656	5,692	5,833	5,918

(2) 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.