

VODAFONE K.K. ANNOUNCES FISCAL 2004 THIRD QUARTER RESULTS

TOKYO: VODAFONE K.K. ("Vodafone") (TSE: 9434) today announces its results for the first nine months of fiscal 2004. Consolidated operating revenue for the nine-month period ended 31 December 2004 was 1,102.8 billion yen, marking a 14.4% decline compared to the same period of fiscal 2003, due mainly to the exclusion of the fixed line telecommunication business in the second half of fiscal 2003.

Total revenue for the mobile business declined by 3.4% compared to the same period of the previous year. The full year forecast for fiscal 2004 remains unchanged.

Operating highlights

Vodafone K.K.'s operating highlights for the three-month period ended 31 December 2004 are as follows:

- A new 3G service and platform based on WAP 2.0/MMS was launched in December with five new 3G handsets: the Vodafone 702NK by Nokia, 702MO and 702sMO by Motorola, 802SE by Sony Ericsson and 902SH by Sharp. Subsequently, the 802SH by Sharp has been added to the line up in January. In addition, the V602T by Toshiba, a high-end 2.5G design model available in metal and ceramic textural variations, was offered in November.
- With the new 3G launch, Vodafone K.K. began delivering enhanced Vodafone live! services, including increased capacity for file downloads, Chaku-Uta^{®1} ringsongs of greater length, digital comics, and rich 3D games. The new mail platform features increased sending and receiving capacity, as well as a new easy-to-understand pricing model for MMS.
- A new flat rate for packet communications was also introduced in November to allow customers confidently to enjoy these new 3G Vodafone live! services.
- The launch of these handsets and services helped Vodafone's 3G service record its highest ever subscriber growth in December of 69,500 new customers, for a total of 366,400 subscribers at the end of December 2004.
- By the end of December 2004, 3G network population coverage reached 99.73%, as further expansions were made to outdoor, indoor and underground service areas while effectively leveraging the Group's global economies of scale for joint equipment purchasing. For roaming abroad on GSM networks, there were a total of 147 roaming agreements in 112 countries in place as of 31 December 2004.

¹ Chaku-Uta[®] is a registered trademark of Sony Music Entertainment Inc.

- Net customer additions totaled 37,300, representing a 3.2% share of market net additions for the three month period. At the end of December 2004, total customers amounted to 15,211,000, representing a 17.8% cumulative market share.
- The percentage of prepaid customers was stable at 11% compared to the end of September, but grew from 8% in December 2004. To help prevent the inappropriate use of prepaid mobiles in Japan, initiatives were implemented to confirm the identities of subscribers in December.
- Vodafone K.K.'s ARPU for the 12-month period to 31 December 2004 declined to 75,133 yen, a 9.4% decline compared to the same period one year ago. The decline was mainly due to an increasingly competitive environment and a growing prepaid customer base, as prepaid customers typically spend less ARPU. Prepaid customers recorded 30,734 yen for the 12-month period, while registered contract customers spent 79,506 yen. Total ARPU on a monthly basis for the period was 6,280 yen in October, 5,970 yen in November, and 6,200 yen in December.
- Data and messaging revenue accounted for 21.4% as a percentage of total service revenue in the month of December 2004 and for over the past twelve months.
- Customer churn for the three-month period ended 31 December 2004 was broadly stable compared to the same period last year.
- The company will continue to focus on executing a successful turnaround programme, such as delivering improved 3G products and services, achieving a more efficient cost structure and better utilising the company's distribution resources, throughout 2005 and into 2006.

Fiscal 2004 consolidated financial forecasts

The full year company forecast remains unchanged. As Vodafone K.K. experienced the late delivery of some 3G handsets during the third quarter, the company now expects slightly lower than forecast total revenue due to a subsequent impact on handset revenue.

Recent corporate actions

- The Group successfully completed tender offers for shares in Vodafone Holdings K.K. and the former Vodafone K.K. in June and July of 2004, respectively. As a result of these tender offers and of the merger of Vodafone Holdings K.K. and the former Vodafone K.K., which completed on 1 October 2004, the Group's ownership of the merged Vodafone K.K. is now approximately 97.7%. In accordance with Stock Exchange rules, the delisting of Vodafone K.K. is expected to occur after 31 March 2005.
- On 1 December 2004, Shiro Tsuda became a Director of Vodafone K.K. and assumed the positions of Representative Executive Officer, President & CEO.

About Vodafone K.K.

Vodafone K.K., formerly Vodafone Holdings 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 is listed on the Tokyo Stock Exchange and the Osaka Securities Exchange, with Vodafone Group Plc holding an indirect interest in the company of 97.7%. Vodafone K.K. offers a wide range of sophisticated mobile voice and data services including Vodafone live!, which provides e-mail and internet access to 85% of its customers, and Sha-mail, the pioneering picture messaging service first introduced in November 2000 that now has over 12 million users. In December 2002, Vodafone K.K. launched the world's first commercial 3G W-CDMA service based on 3GPP, the international standard. Vodafone K.K.'s 3G service offers its customers fast data speeds in Japan and roaming on 147 networks in 112 countries and regions as of 31 December 2004. Vodafone K.K. also owns 100% stakes in Japan System Solution Co., Ltd. and Telecom Express Co. Ltd. For more information, please visit www.vodafone.jp

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, in particular its fiscal 2004 performance forecasts (including consolidated operating revenue, ordinary income and net income), as well 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.