

Bell-Park

Results of Operations for the First Half of 2010 (Six months ended June 30, 2010)

August 2, 2010
Bell-Park Co., Ltd.



<http://www.bellpark.co.jp/>

Contents

- I. Profile of Bell-Park
- II. First Half of 2010 Financial Highlights
- III. Outlook for the Operating Environment
- IV. Medium-term Management Policies
- V. 2010 Earnings Plan

I . Profile of Bell-Park

Profile of Bell-Park

Name:	Bell-Park Co., Ltd.
Business:	Mobile phone sales (exclusively for SOFTBANK MOBILE)
Founded:	February 2, 1993
Headquarters:	KDX-Hirakawa-cho Building, 1-4-12 Hirakawa-cho, Chiyoda-ku, Tokyo
Stock listing:	JASDAQ (Stock code: 9441) since May 25, 2000 10 th IPO anniversary
Market cap:	¥10,915 million (as of July 29, 2010)
Number of shops:	178 (as of the end of July 2010)
Employees:	984 (full time: 598; temporary: 386)
Shop network:	http://www.bellpark.co.jp/shop/

<2009 Financial Results>

Net sales:	¥46,890 million
Ordinary income:	¥3,550 million
Capital:	¥1,129 million
	(as of June, 2010)
Equity ratio:	48.6%
Cash equivalents:	¥5,747 million

<Investment Indices>

Stock price:	¥162,800
	(closing price on July 29, 2010)
Year high:	¥186,800 (June 21, 2010)
Year low:	¥109,700 (March 1, 2010)
10 years high:	¥257,000 (June 26, 2007)
Minimum investment unit:	1 share
2010 forecasts:	PER 4.91
	(closing price on July 29, 2010)
2009 results:	PER 3.62; PBR: 0.97

1. A Record of Consistent Growth

Bell-Park has grown significantly over the 10-year period since its 2000 IPO.



* Non-consolidated basis since 2009

2. Used **M&A Strategy** to Grow! 14 Transactions

SoftBank shop

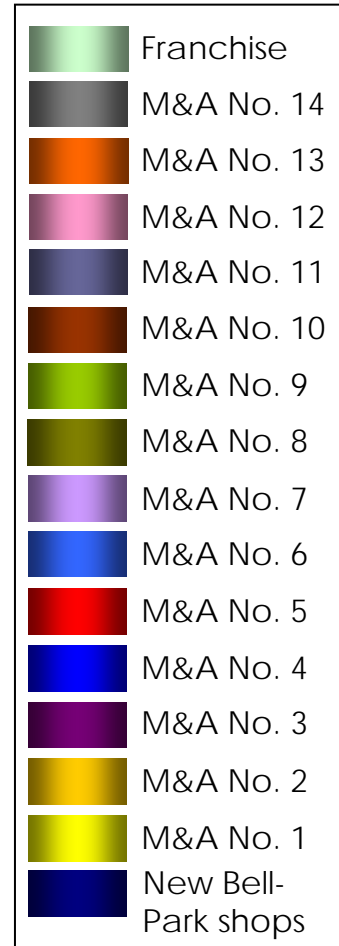
+1

Total: 175



1 directly managed shop was opened (Aeon Mall Aratamabashi, Aichi)

Total: 176



2009.12

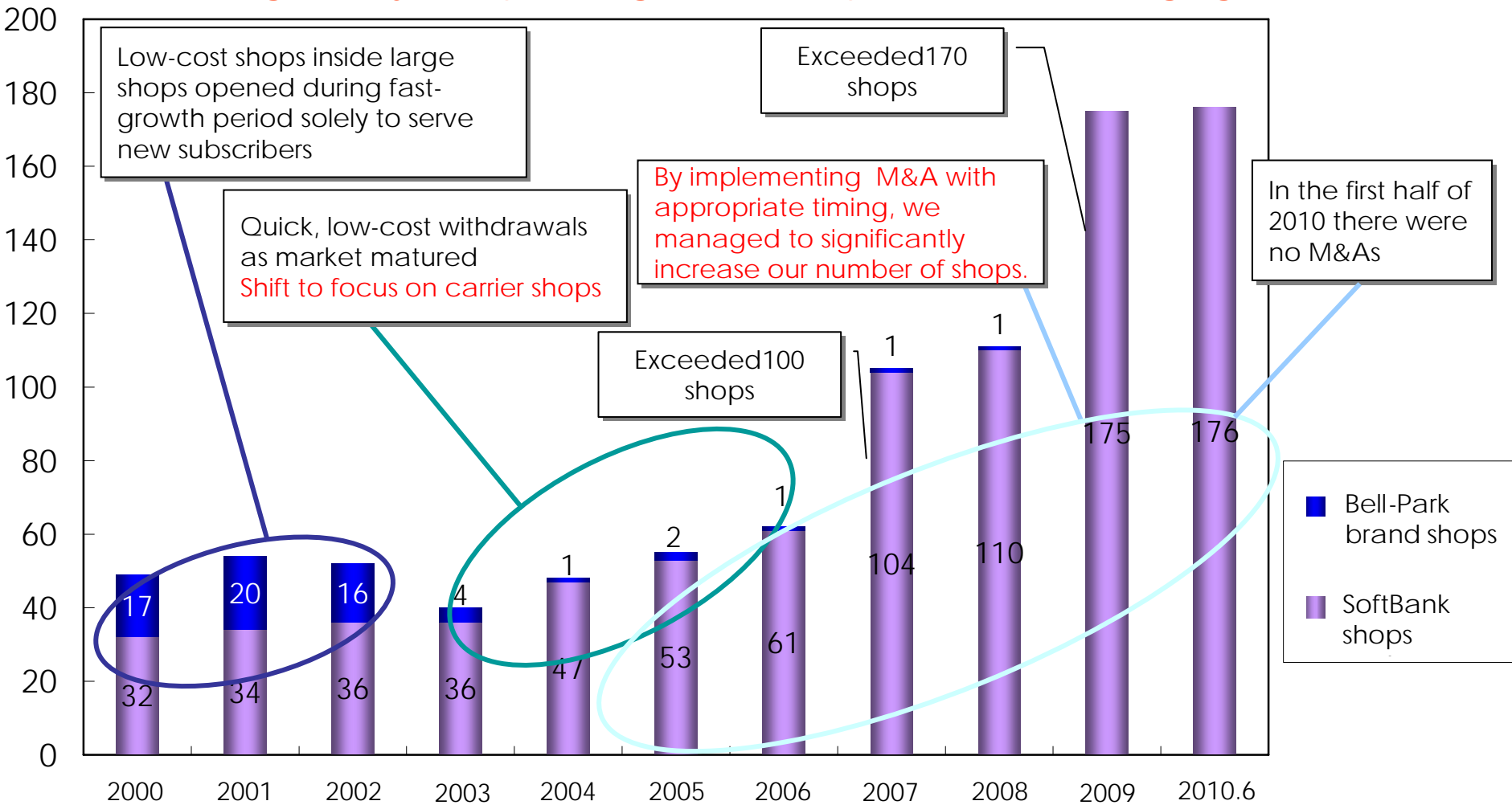
2010.6

3. Number of shops

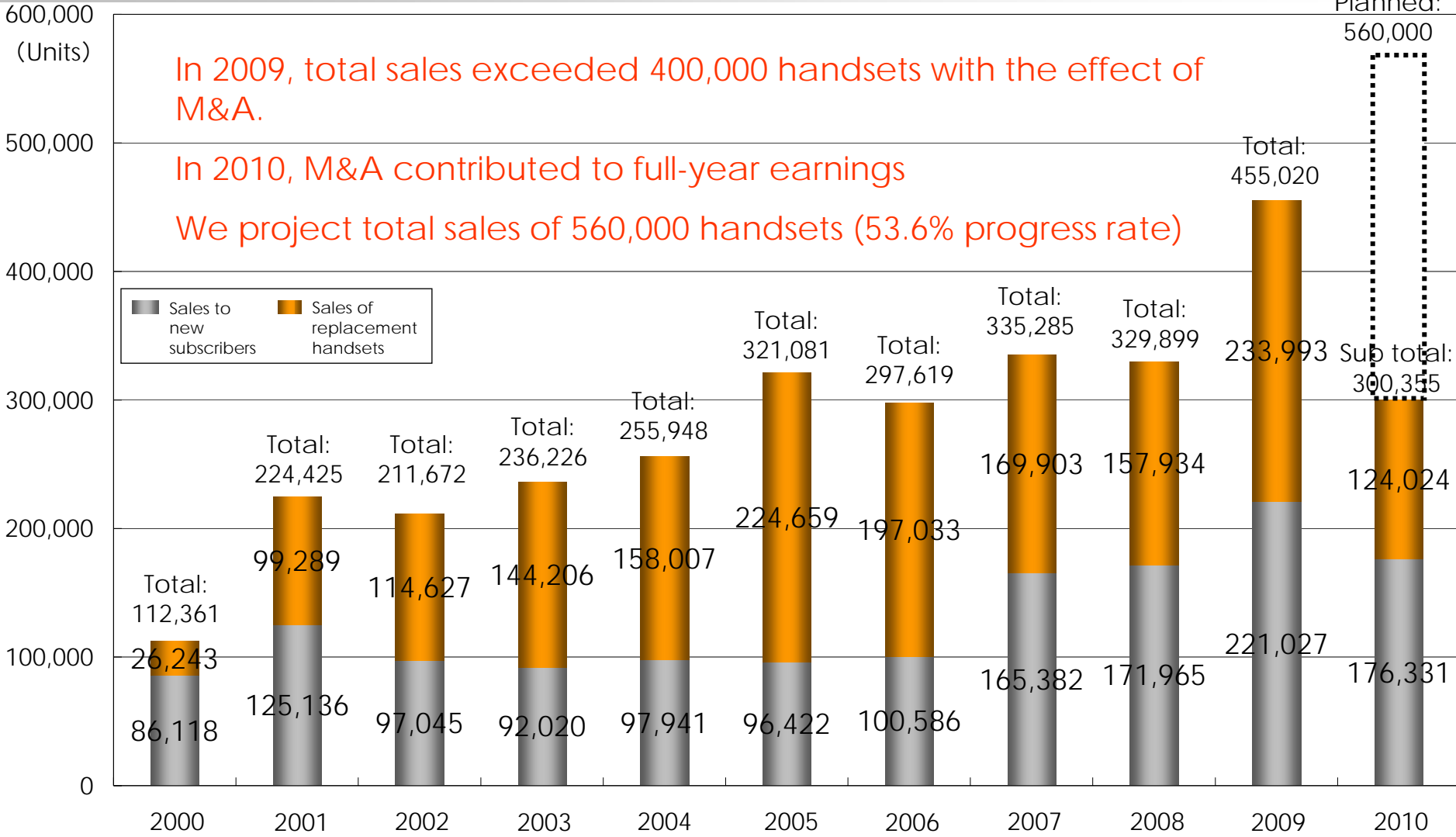
Sales and earnings have grown along with the number of shops.

Focusing mainly on operating carrier shops to reflect changing market needs.

(Number of shops)



4. Number of Mobile Phones Sold



Sales of replacement handsets vs. Sales to new subscribers

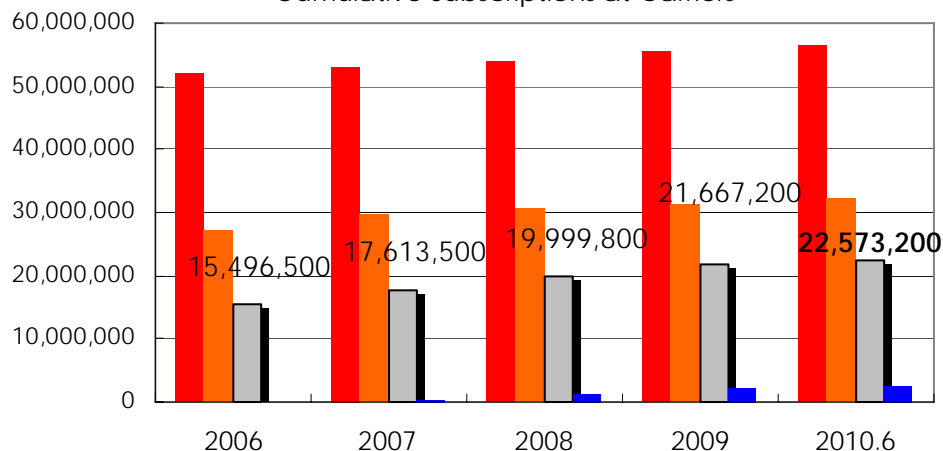
0.30	0.79	1.18	1.57	1.61	2.33	1.96	1.03	0.92	1.06	0.70
------	------	------	------	------	------	------	------	------	------	------

Ⅱ .First Half of 2010 Financial Highlights

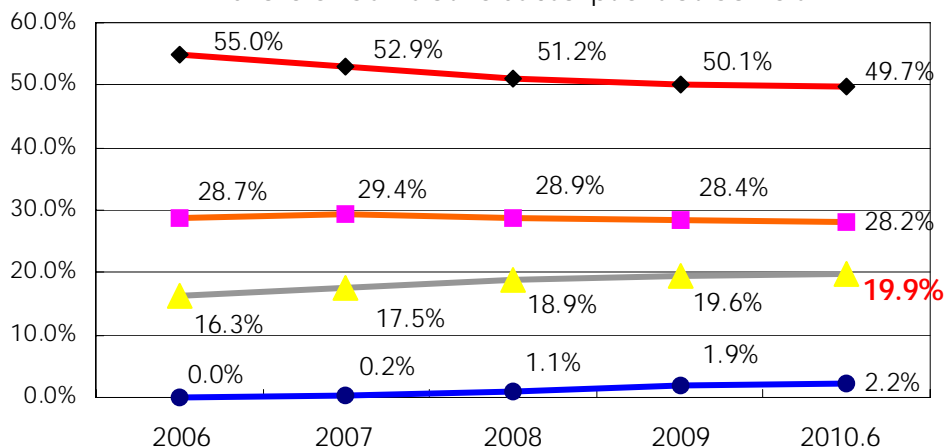
As a sales agent for SOFTBANK MOBILE, which has been growing rapidly

SOFTBANK MOBILE that we handle has greatly increased its market share since entering the mobile communications market in 2006.

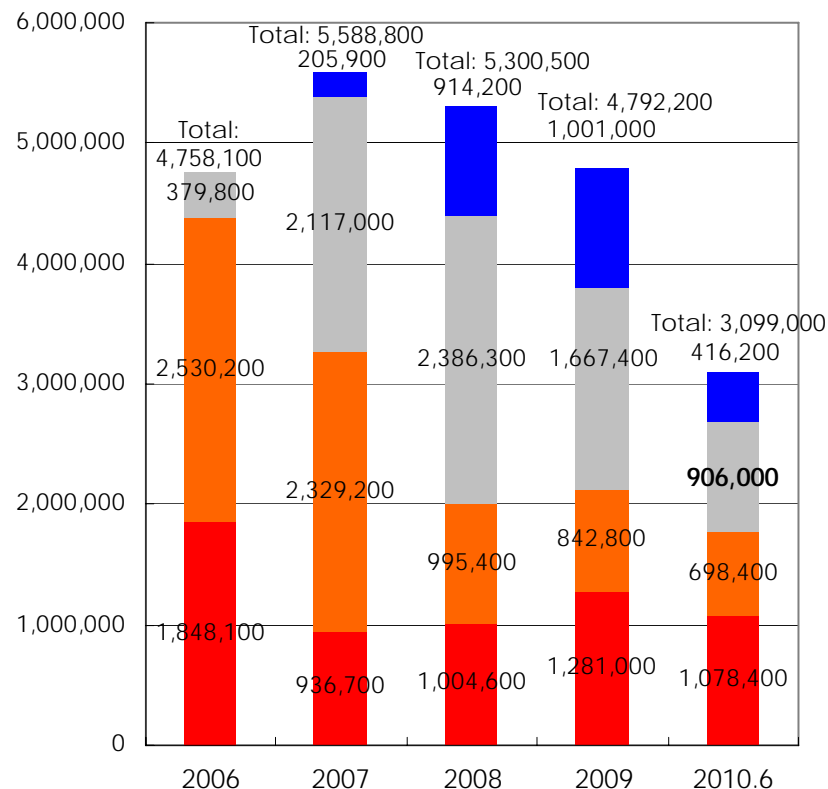
Cumulative Subscriptions at Carriers



Share of Cumulative Subscriptions at Carriers



Net Subscriber Growth by Carriers



■ DoCoMo
 ■ KDDI (au & TU-KA)
 ■ SoftBank
 ■ E-Mobile

Source: Prepared by Bell-Park, based on TCA (Telecommunications Carriers Association) data

1H 2010 Financial Environment Highlights

- Mobile Communications Industry

There was a net increase of 3.09 million in the cumulative number of subscribers at the four communications carriers, **16.3%** more than the net increase of 2.66 million subscribers in first half of 2009.

- SOFTBANK MOBILE

In light of 540,000 cancellations due to second-generation mobile phones going off-air at the end of March 2010, the net increase in subscribers for Softbank Mobile in this second fiscal quarter was 900,000 lines. This fell **5.3%** below the increase of 950,000 lines in the previous fiscal year.

Conversely, we acquired the no.1 ranking in CM branding, and actively carried out measures such as promoting a new radio wave improvement declaration.

Source: TCA (Telecommunications Carriers Association) data, CM DATABANK release

《 New subscribers》

1. Introduced the White Plan Student with Family Discount 2010 in February 2010
2. Conducted marketing campaign of the Apple iPhone 3GS of handsets, and launched the Apple iPhone4.
3. Introduced PhotoVision and PC data cards

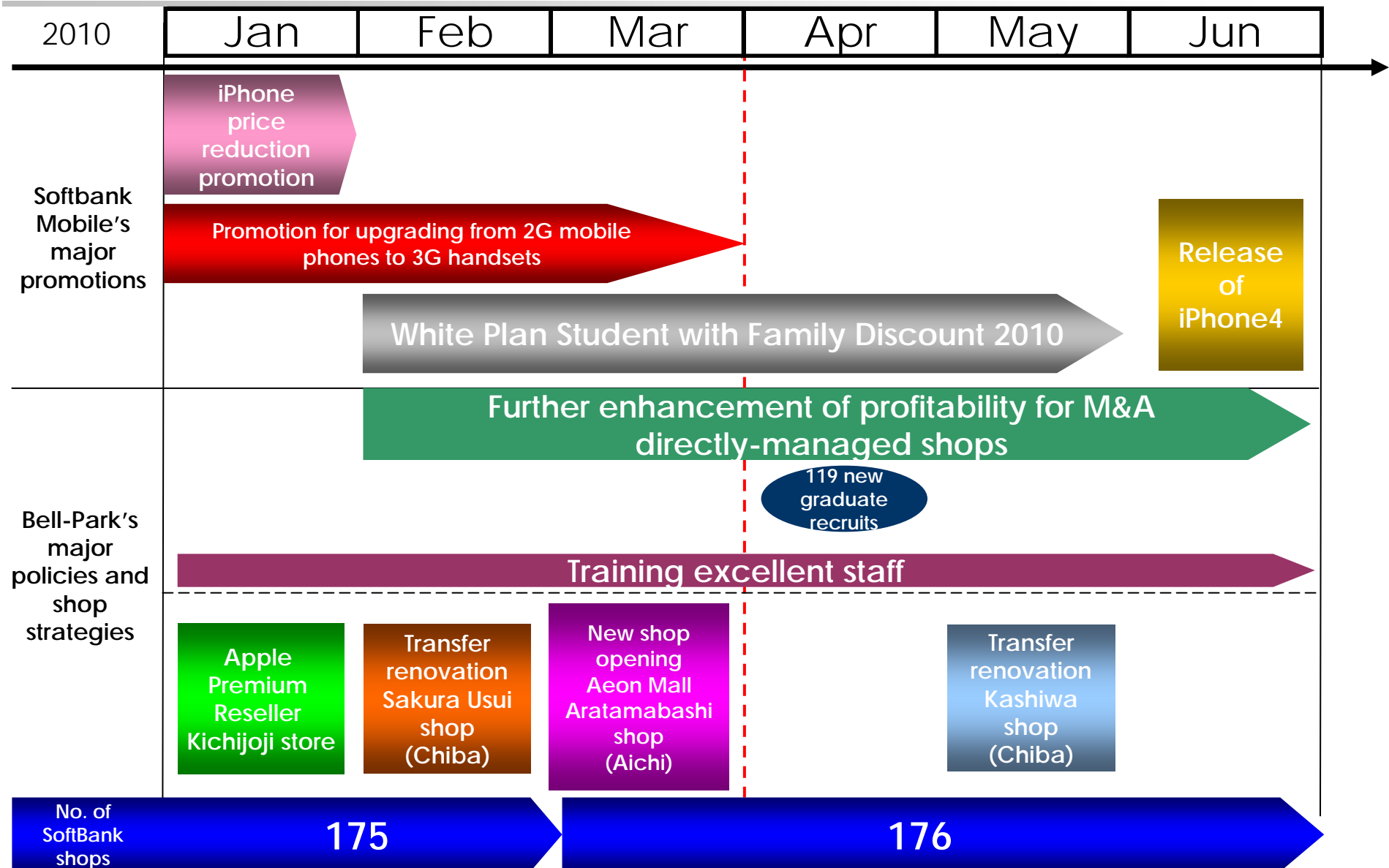
《Replacement handsets》

1. Conducted campaigns to encourage people to switch to 3G handsets due to the end of 2G mobile phone services
2. Captured business from people who purchased handsets using installment payment plans that are now reaching completion

《Priority issue for shops》

1. Increase sales volumes and quality
2. Evaluated each shop based on its overall capabilities
3. Improve CS

1H 2010 Financial Environment Highlights



1H 2010 Financial Highlights

◆ Major business activities and initiatives

Conducted training programs needed to maintain an outstanding workforce

→ SOFTBANK MOBILE hold the second giving awards for outstanding performance by individuals at SoftBank shops.

Bell-Park employees received a large number of these awards.

In the Kanto area, five of the top 10 recipients of awards were Bell-Park staff.

	SoftBank shop workforce	Individuals receiving awards	Percentage of award recipients	Number of award recipients at Bell-Park	Number of staff at Bell-Park	Percentage of award recipients among Bell-Park staff
Japan	9,782	246	1/40	62	797	1/12.9
Kanto area	3,123	82	1/38	34	616	1/18.1
Top awards in Kanto area	-	10	1/312	5	—	1/123.2

1H 2010 Financial Highlights - Statements of Income

(million yen)

	1H 2009	1H 2010	YoY change	1H 2010 Plan (announced Feb. 10)	Achievement ratio
Net sales	20,270	28,638	+41.3%	30,000	95.5%
Operating income	1,402	1,615	+15.2%	1,500	107.7%
Ordinary income	1,392	1,615	+16.0%	1,500	107.7%
Net income	743	936	+25.9%	800	117.0%

Summary of 1H 2010 Financial Results (compare to 1H 2009)

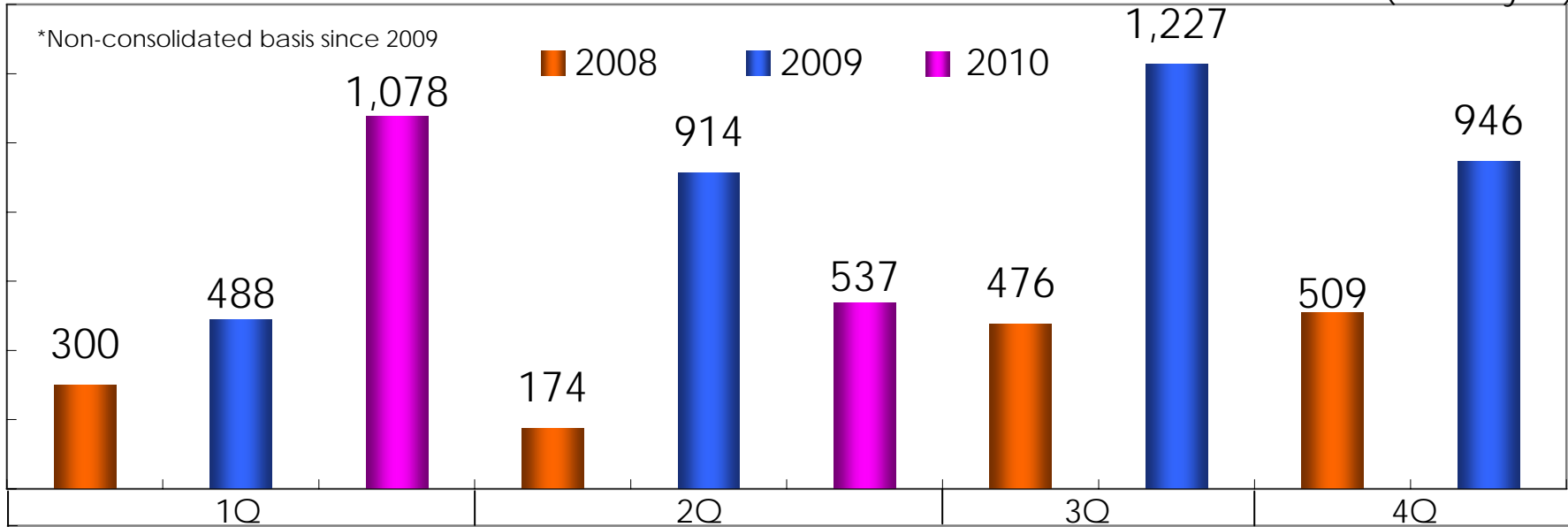
	1H 2009		1H 2010		YoY change		Remarks (million yen, %)
	Amount	Comp.	Amount	Comp.	Amount	%	
Net sales	20,270	100.0	28,638	100.0	+8,367	+41.3	1) Due to an increase in shop numbers, and the strong performances of iPhones and PhotoVision (PV), the number of units sold increased. New purchases: +82,800 (2009: 93,531 units), Replacement handsets: +17,520 (2009: 106,504) 2) Stock commissions: +380 3) Increase of after sales services: +83 etc
Gross profit	4,404	21.7	5,390	18.8	+986	+22.4	Gross margin ratio decline due to increase of PV, which has low profit ratio, and worsened commission term, although net sales increased,
SG&A expenses	3,001	14.8	3,774	13.2	+773	+25.8	SG&A expenses rose reflecting the addition of new shops as follows: Personnel expenses+536,equipment,etc+53,rent, etc+46,advertising and promotion expenses+73,outsourcing expenses+8,transportation expenses+23,others+30
Operating income	1,402	6.9	1,615	5.6	+212	+15.2	Same as above reasons
Ordinary income	1,392	6.9	1,615	5.6	+222	+16.0	Same as above reasons
Extraordinary income	0	0.0	56	0.2	+56		Gain on sale of investments in affiliates (JPS) +157
Extraordinary loss	10	0.1	29	0.1	+18		Retirement benefit expenses +12, Loss on retirement of noncurrent assets +4 etc
Income before income taxes	1,381	6.8	1,641	5.7	+260	+18.8	Same as above reasons
Net income	743	3.7	936	3.3	+192	+25.9	Same as above reasons

Quarterly Sales and Operating Income of Recent Three Years

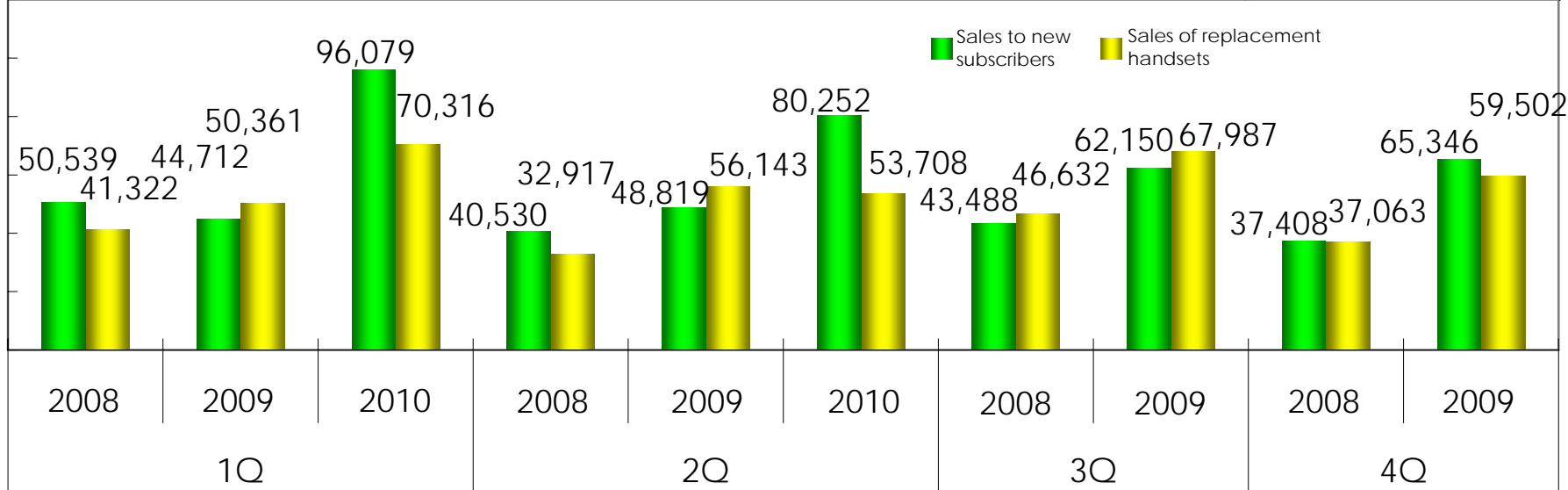
(million yen)

*Non-consolidated basis since 2009

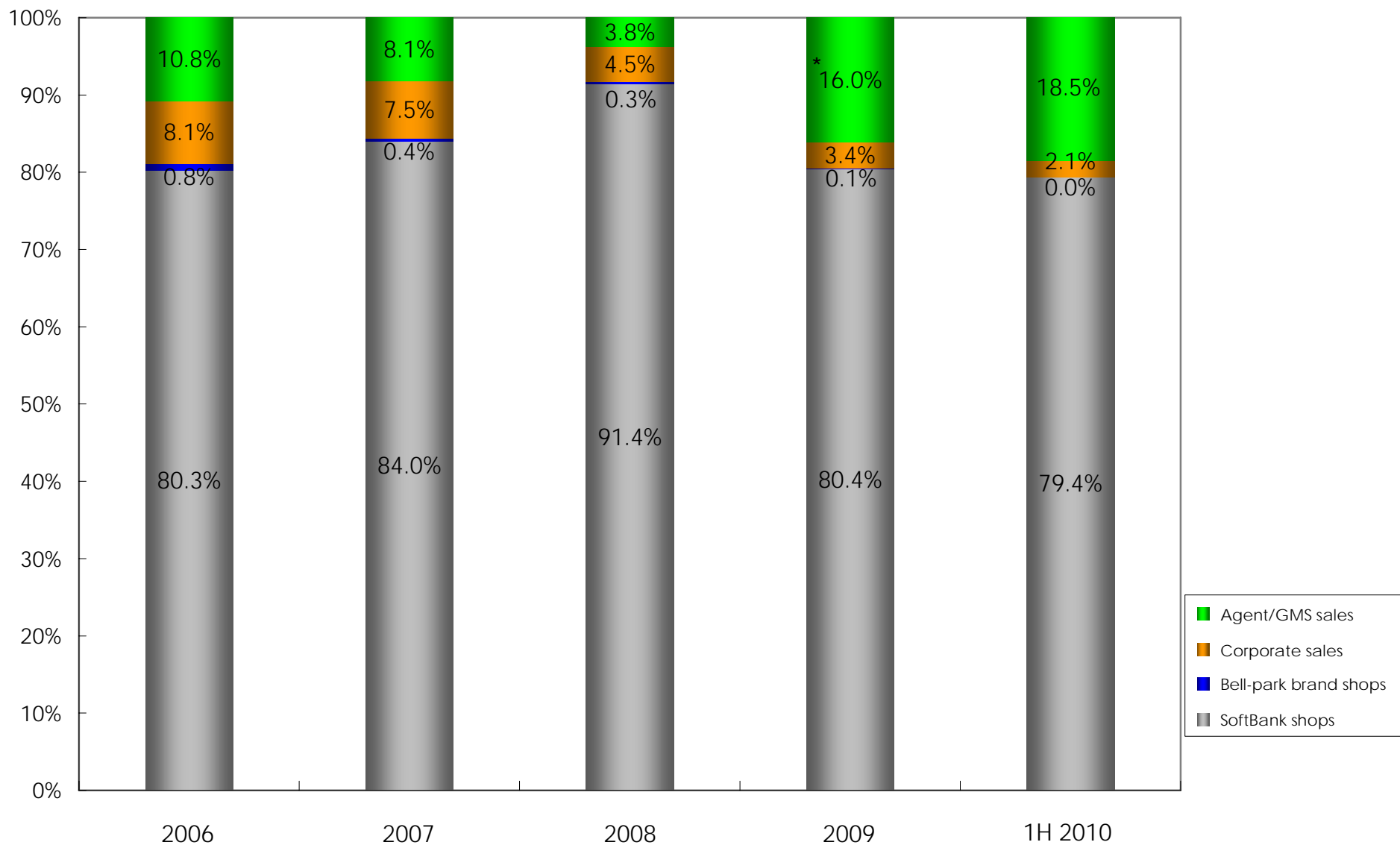
Operating income



Number of handsets sold



Changes in Composition of New-subscriber Sales Channels



* Figures for Franchise shops are included in "SoftBank shops" from 2005 to 2008, and "Agent sales" in 2009

1H 2010 Financial Highlights –Balance Sheet

(million yen, %)

	Dec. 31, 2009	Jun. 30, 2010	Increase/ (decrease)	Comp.	Remarks
Total assets	16,978	16,104	(874)	100.0	Cash and deposits +522, Trade account receivable -1,080, Inventories -350, Stock of subsidiaries and affiliates -67, Lease deposits +98
Liabilities	8,733	7,085	(1,648)	44.0	Trade account payable -781, Income taxes payable -707, long-term loans payable -162
Net assets	8,245	9,018	+773	56.0	Retained earnings +936, Year-end dividends -174

III. Outlook for the Operating Environment

Outlook for the Operating Environment (1/2)

◆The mobile phone market environment

As the number of terminal shipments made within Japan remains at about 30 million, a new category in the form of smartphones, as well as feature phones (conventional-type terminals), has been created, and terminals produced primarily by overseas manufacturers are now rapidly spreading.

It is anticipated that among new sales, smartphones and terminals based mainly on data transmission will spread even further.

With replacement handsets, even more so than before the introduction of installment selling, as carriers' upgrade cycles become longer, it appears that cancellation rates will remain at around 1%. However, along with completions of installment periods, upgrading may well occur within set cycles.

Through advances in mobile phone devices, we expect that terminals with high processing power will be developed. In addition, it is anticipated that through the development of transmission technology, special demand will arise for upgrades to terminals for third-generation and later mobile phones with faster transmission speeds.

(source: Telecommunication Carriers Association (TCA) data, and data from common carriers)

◆SOFTBANK MOBILE's efforts

SOFTBANK MOBILE is significantly expanding its net increases in subscribers based on mobile Internet, and their total number of lines now exceeds **22 million**. Sales of iPhone4 began on June 24, and they have been flooded with so many reservations that supply cannot keep up. It appears that demand will remain high in future.

Trends in demand for new sales

In addition to a drop-off in personal spending due to the economic recession, and the high penetration rate of mobile phones, because of user retention through the introduction of installment selling, and the fact that no innovative services have been introduced, it is anticipated that the situation will remain severe for feature phones (conventional-type terminals). In such an environment, we expect there to be increased new demand for smartphones epitomized by the "iPhone4," as well as data cards based mainly on data transmissions, and Photo Vision.

Trends in demand for replacement handsets

Increased demand is expected for replacement handsets to new smartphones, led by the "iPhone 4," by users who have been using feature phones (conventional-type terminals) and the iPhone3G.

Outlook for the Operating Environment (2/2)

◆ Sales agents' efforts

Natural Selection of SoftBank Shop

SoftBank Shop rapidly expanded to 2,700 shops, but they were heavily affected by competition among shops and the unclear economic environment, and as a result of being aggregated into major sales agents through shop closures and sales, focused on shops that were struggling to achieve profitability, they have been reduced to 2,572 shops (as of June 30, 2010). It seems that, depending on the economic environment and commission terms, such selection and consolidation may continue in future.

Trends in sales commissions

Sales agents are required to respond swiftly and flexibly to the sales policies that are constantly put forth by carriers. Carriers are required to work to strengthen the total power of shops, through volume (number of new handsets sales), quality (increasing ARPU etc.), and **increasing CS (customer satisfaction)**.

As mobile Internet evolves, increased sophistication is required to sales agents

We anticipate that distributors will be required to switch from conventional models within the near future.

Due to advances in mobile Internet, demand for smartphones is expected to increase. ARPU for smartphone data is considered to be high, and since the benefits of increased revenue are large for both carriers and sales agents, sales agents will be required to conduct sales with an understanding of smartphone features and usability.

Also, in order to display various new product lines, it will be **essential to transfer to larger shops**, and the ability of staff to explain about new products well will be examined. For this reason, it will be necessary to upgrade shops in terms of hardware, and to secure excellent personnel, and a revolution in sales floor attitudes and new training systems will also be required.

The importance of shopping channels is increasing along with customer growth

SOFTBANK MOBILE's total number of lines now exceeds 2,200, and as their customer numbers increase, their carrier shop channel has become a front line for CS (customer satisfaction) and brand image. It seems that the role of shops handling after-sales service functions will become more and more important.

IV. Medium-term Management Policies

Fundamental Management Policies

Corporate Philosophy

We strongly believe in our ability,
potential and the possibilities of the future.

Code of Behavior

1. We aim to be a company where people can constantly grow and refine their skills. We will **place importance on fostering a culture of open-minded thinking**, creativity and a willingness to take on new challenges.
2. We aim to **achieve mutual prosperity** for customers, shareholders, business partners and all other stakeholders.
3. We will adhere to **sound** management principles that emphasize fairness and transparency. We will strictly comply with laws and regulations and **avoid the unreasonable pursuit of earnings to earn the trust of others**.

The Strengths of Bell-Park

➤ A sales agent for only **SOFTBANK MOBILE**

- SOFTBANK MOBILE is a rapidly growing carrier

➤ A geographically concentrated shop network

- Most shops are located in the Tokyo, Nagoya and Osaka areas

➤ Excellent employees

(A strong commitment to employees)

- The current level of skills in the mobile phone retailing sector is not sufficient to meet the needs of the emerging mobile Internet and SOFTBANK MOBILE's emphasis on speed. This is why Bell-Park must enact a human resources strategy aimed at giving employees the skills needed to succeed in the next stage of mobile communications.

➤ A sound financial position

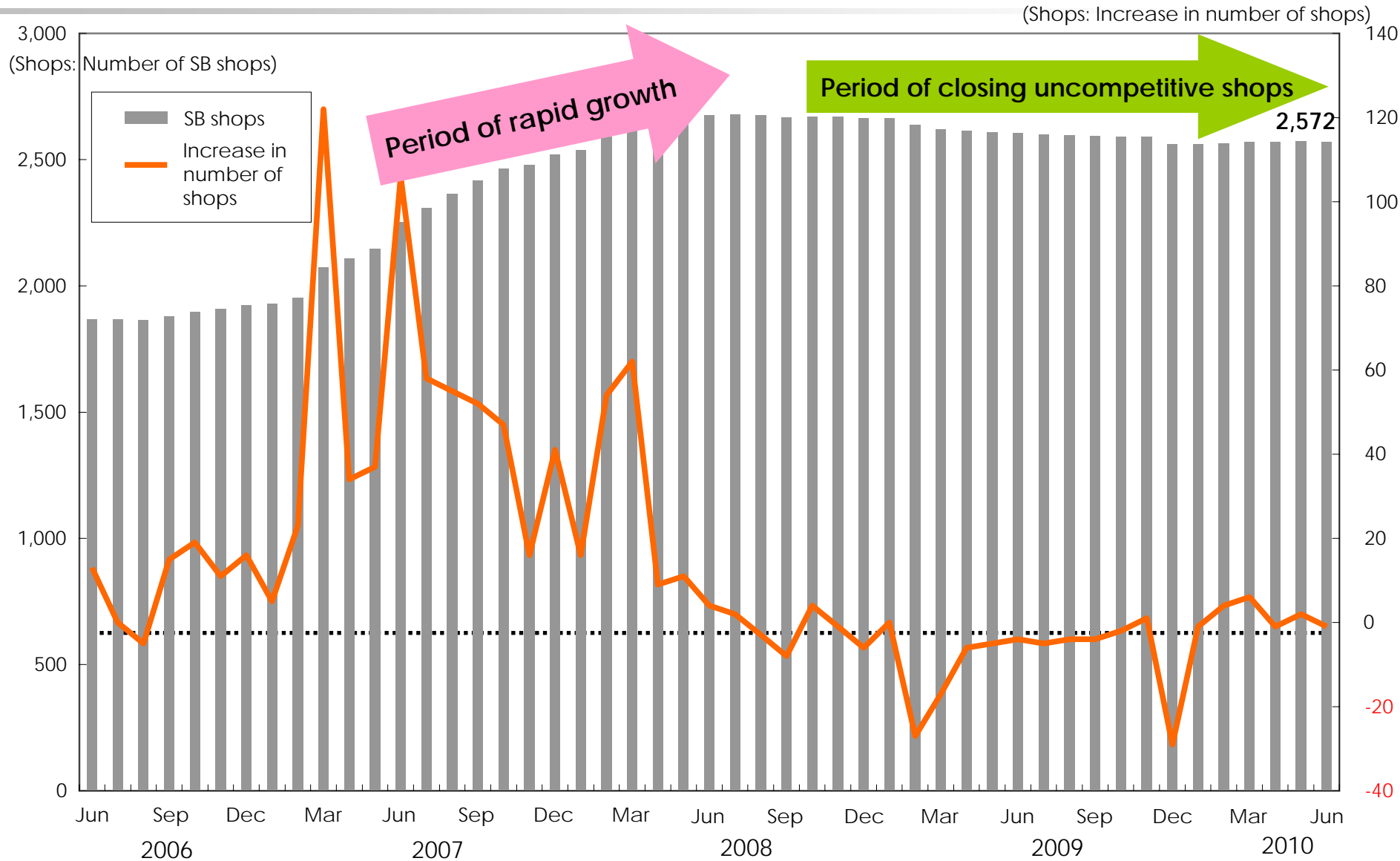
- Bell-Park has a balance sheet with generous liquidity and an unused credit line.

Lanchester's Laws

Lanchester's Laws are a set of mathematical formulas used to determine the relative strength of opposing military forces. There are two elements: Lanchester's Linear Law (for ancient, hand-to-hand combat) and Lanchester's Square Law (for modern combat with long-range weapons).

A weak military force should select a single area and concentrate all its energy on that aspect of the battle. This is how smaller companies should compete against large corporations.

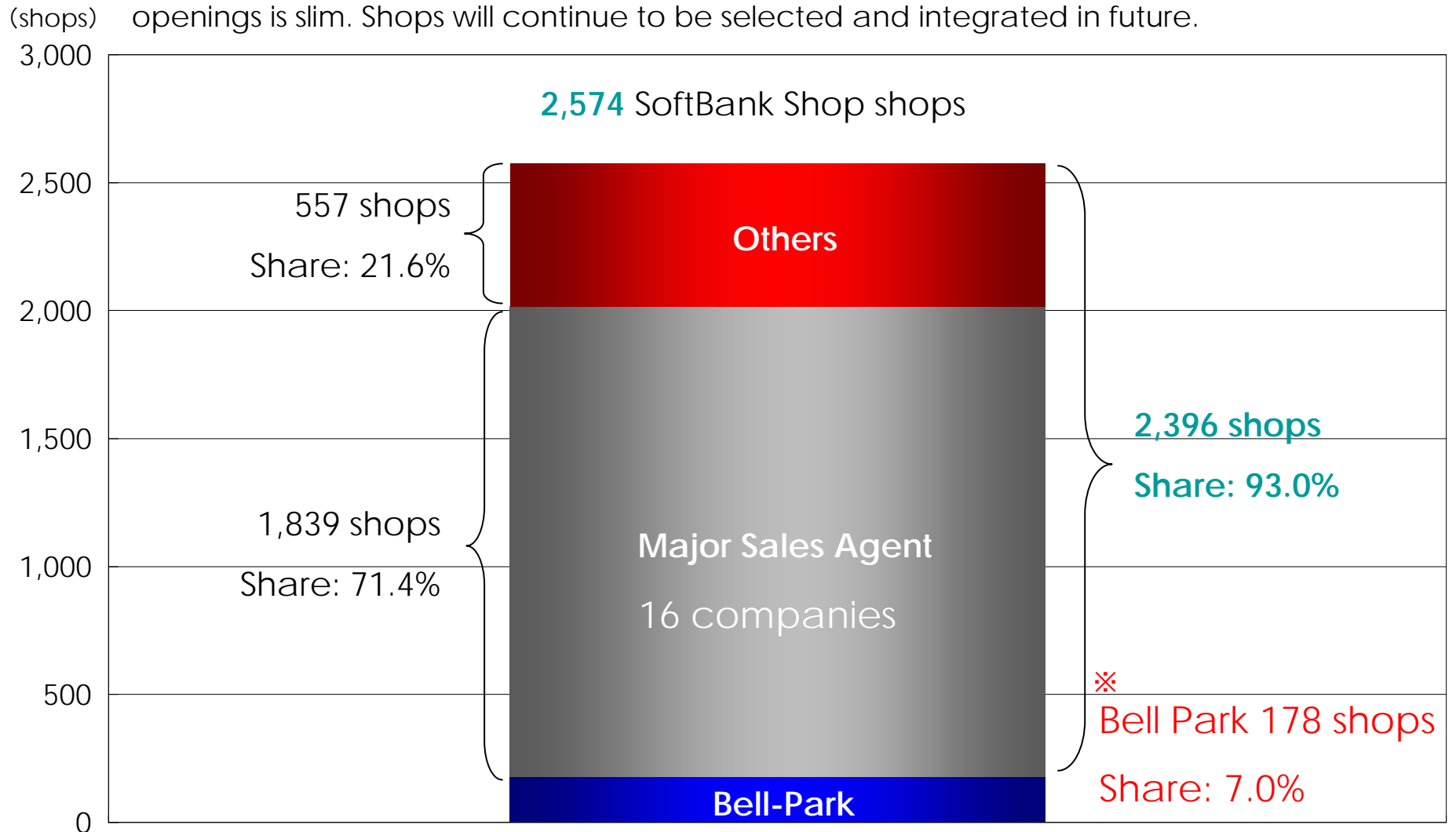
SoftBank Shops



Source: Prepared by Bell-Park, based on SOFTBANK MOBILE data

SoftBank Shop's Market Share

In principle, SOFTBANK MOBILE will not approve of new shop openings, and the scope for shop openings is slim. Shops will continue to be selected and integrated in future.



Bell-Park's estimated data

* Includes newly opened shops – Aeon Fuso SC shop in Aichi, opened on July 1, and Shinjuku shop in Tokyo, opened on July 30

Network Strategy: Locate shops mainly in the Kanto, Tokai and Kansai areas

Bell-Park has 178 SoftBank shops, which handle only the handsets and services of SOFTBANK MOBILE, in 21 prefectures. About 90% of these shops are in the Tokyo, Nagoya and Osaka areas.

(as of the end of July 2010)

shop operation is centered on directly managed shops.

Directly managed shops: 71.9%, FC shops: 28.1%

Concentrating shops in the heavily populated Kanto, Tokai and Kansai areas gives Bell-Park a highly profitable shop network.

Area shops

No. of shops	SoftBank shop		
	Direct	Franchise	Comp. (%)
Tohoku	2	10	6.7
Hokuriku	1	1	1.1
Kanto	91	3	52.8
Tokai	21	18	21.9
Kansai	10	17	15.2
Chugoku	3	1	2.2
Subtotal	128	50	100.0

90%



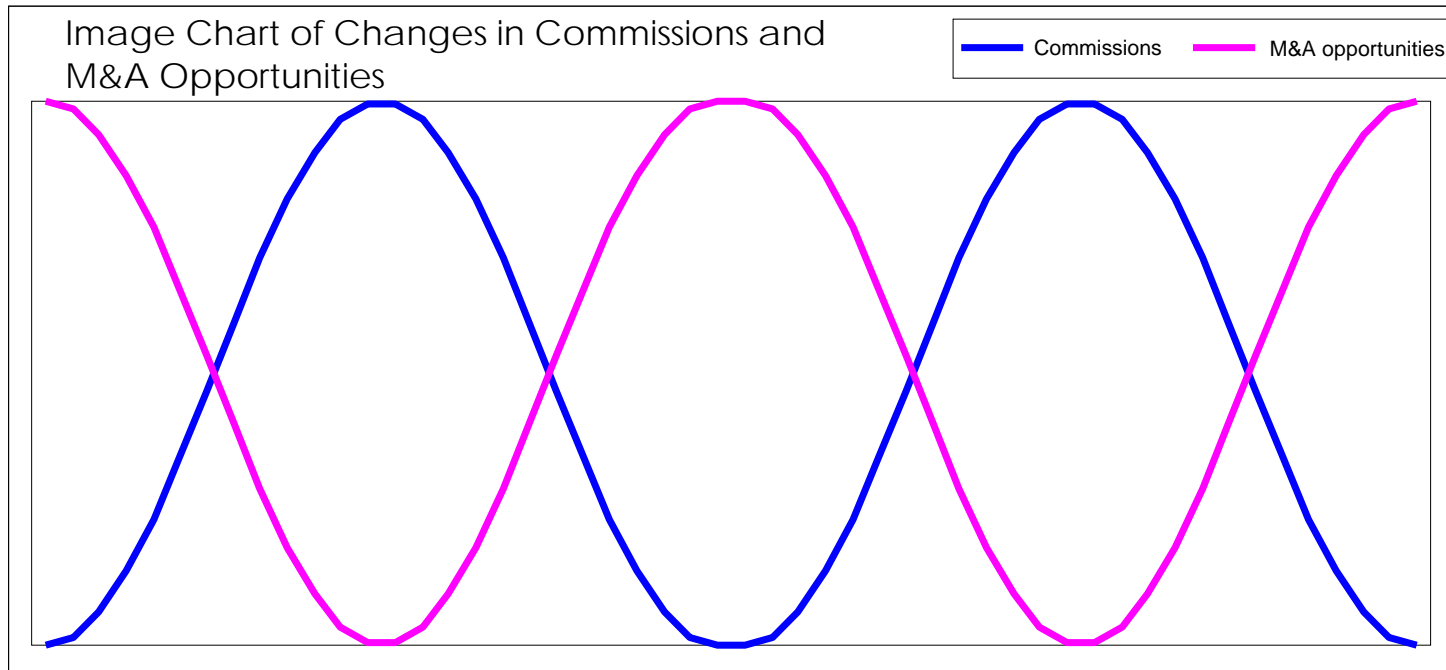
Management Policies (1/4)

➤ Build a highly profitable shop network

(1) M&A policy during the current recession

When considering a prospective deal, we will

- a. Take only actions that are not detrimental to financial soundness
- b. Refuse to pursue growth simply for the sake of growth
- c. Not continue operating unprofitable shops received in an M&A deal. Experience has shown that keeping these shops hurts employee morale. (Closing these locations is the best course of action in a sluggish consumption.)
- d. **Follow the cardinal rule of exhaustively examining prospective deals** based on the ability of new shops to supplement the operations of existing Bell-Park shops that are nearby.



Management Policies (1/4)

➤ Build a highly profitable shop network

(2) Relocate and remodel shops

Bell-Park places priority on making shops larger over the use of M&A deals with doubtful economic benefits. The number of vacant restaurants and other retail locations has increased because of the economic downturn. This creates opportunities to move shops to better locations. And deflation makes remodeling shops more economical. We will take these actions in order to improve the productivity of shops.

→Feb 2010: Sakura Usui ; May 2010: Kashiwa

July 2010: Seijo Gakuenmae , Hattori; Aug 2010: Kabe

⇒Because **expanding city-center shops** is **essential for improving SOFTBANK MOBILE's brand image**, we will continue to perform transfer renovations focusing on city-center shops.

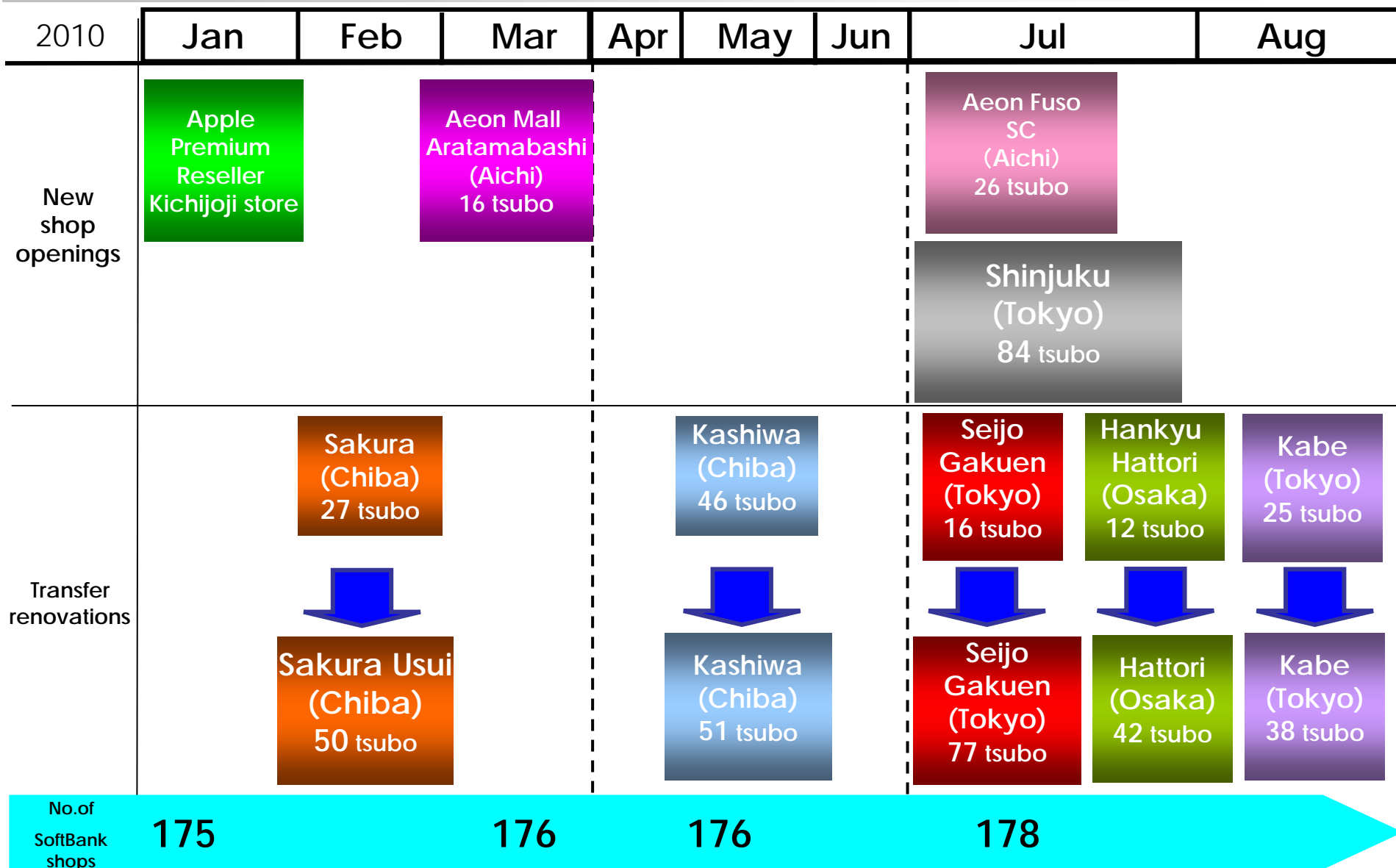
(3) Increase profitability of new shops

Bell-Park will take actions aimed at improving earnings at the 66 shops that were added during 2009 due to M&A and other measures. Full-scale personnel reassignments are possible starting in February 2010. At directly managed shops, management personnel will be relocated so that all shops can benefit from our unique sales expertise. There will also be efficient sales promotion campaigns to boost earnings.

(4) Increase sales at franchised shops

For franchised shops, we shared goals and the know-how that Bell-Park possesses, as well as information from SOFTBANK MOBILE. As a result, most franchised shop operating companies appear to have recorded profits. In the future, we will further strengthen support systems for franchised shops.

Build a highly profitable shop network



Management Policies (2/4)

➤ Improve the quality of sales

(1) Sales activities backed by consulting services

Bell-Park shops will act quickly when new products and services are launched so that shops rapidly carry through with the initiatives demanded by SOFTBANK MOBILE. By conducting sales activities backed by consulting and ideas, we will identify and meet the needs of customers. These actions will create the best possible mobile communications retailing environment for customers.

(2) Shop operations that use the customers' perspective (Improvement of CS)

Never before has there been a greater need to offer services from the standpoint of customers. One illustration of this trend is consideration in Japan of establishing the Consumer Affairs Agency, Government of Japan. This is why we will focus all its energy on operating shops from the perspective of customers.

(3) Improve operating efficiency

Bell-Park will raise operating efficiency by conducting a company-wide drive to upgrade shop layouts, improve business processes and rebuild various systems. Our primary goal is to cut waiting time for customers.

Management Policies (3/4)

➤ Invest in human resources

(1) A recession is an excellent opportunity to recruit talented people

Bell-Park recruited **119** new college graduates 2010 in April, an all-time high. This year, we plan to recruit about 65 new graduates. We will hire outstanding people whether they are new graduates or experience professionals.

⇒The number of people applying to join Bell-Park has been increasing each year

	Application ratio for college graduates	Entry (A)	Recruiting Fair Participants	Entry (B)	Ratio (A÷B)
2009 Graduates	2.14	1,700	274	37	45.9
2010 Graduates	1.62	6,700	908	119	56.3
2011 Graduates	1.28	7,000	1,600	65	107.7

Recruit Works Research Institute, "Works Study on Application Ratios for University Graduates"

(2) Upgrade employee training programs

We have further improved shop operations and achieved a higher quality of sales by upgrading training programs. We will continue to make improvements to the training that we provide to our sales personnel.

(3) Work harder on company events

We will work even harder on planning and holding events that keep the motivation of our workforce of more than 900 strong even during the current recession.

Management Policies (4/4)

➤ Preserve a sound financial position

Bell-Park maintained a debt-free balance sheet for many years. But in response to the US-originated global financial crisis, we decided to **take out loans and establish a credit facility** late in 2008.

⇒ We procured funds of ¥2.8 billion.

The balance on long-term loans is ¥1.13 billion (as of June 30, 2010)

⇒ A three-year ¥2.0 billion credit facility was established.

At present, the balance available is zero.

Cash and deposits balance is ¥6,269 million (as of June 30, 2010)

Net cash was ¥5,132 million (after deducting interest-bearing debt)

Moreover, after deducting income taxes payable of ¥705 million,

effective net cash totals ¥4,426 million

V. 2010 Earnings Plan

Points of the 2H 2010 Earnings Plan

Initial Estimates

For total handset sales volume, including the contribution of new shops from M&A deals, we have established the ambitious goal of raising sales from 460,000 units in 2009 to 560,000 units in 2010!

Change

⇒ Revise total sales projections upwards

Initial 560,000 units + USIM lines 10,000 = 570,000

This time **600,000** units

* In order to match the sales figures announced by Bell-Park with objects of comparison, from now on figures for USIM lines will be included in projections.

Initial Estimates

Although SOFTBANK MOBILE's commission starting in April 2010 are yet to be announced, we estimate that per-unit commissions will have fallen from 2009 levels.

Current Estimates

⇒ In the first half of the year, commission terms will worsen beyond initial estimates

⇒ In the second half of the year, we also expect that commission terms will fall below initial estimates

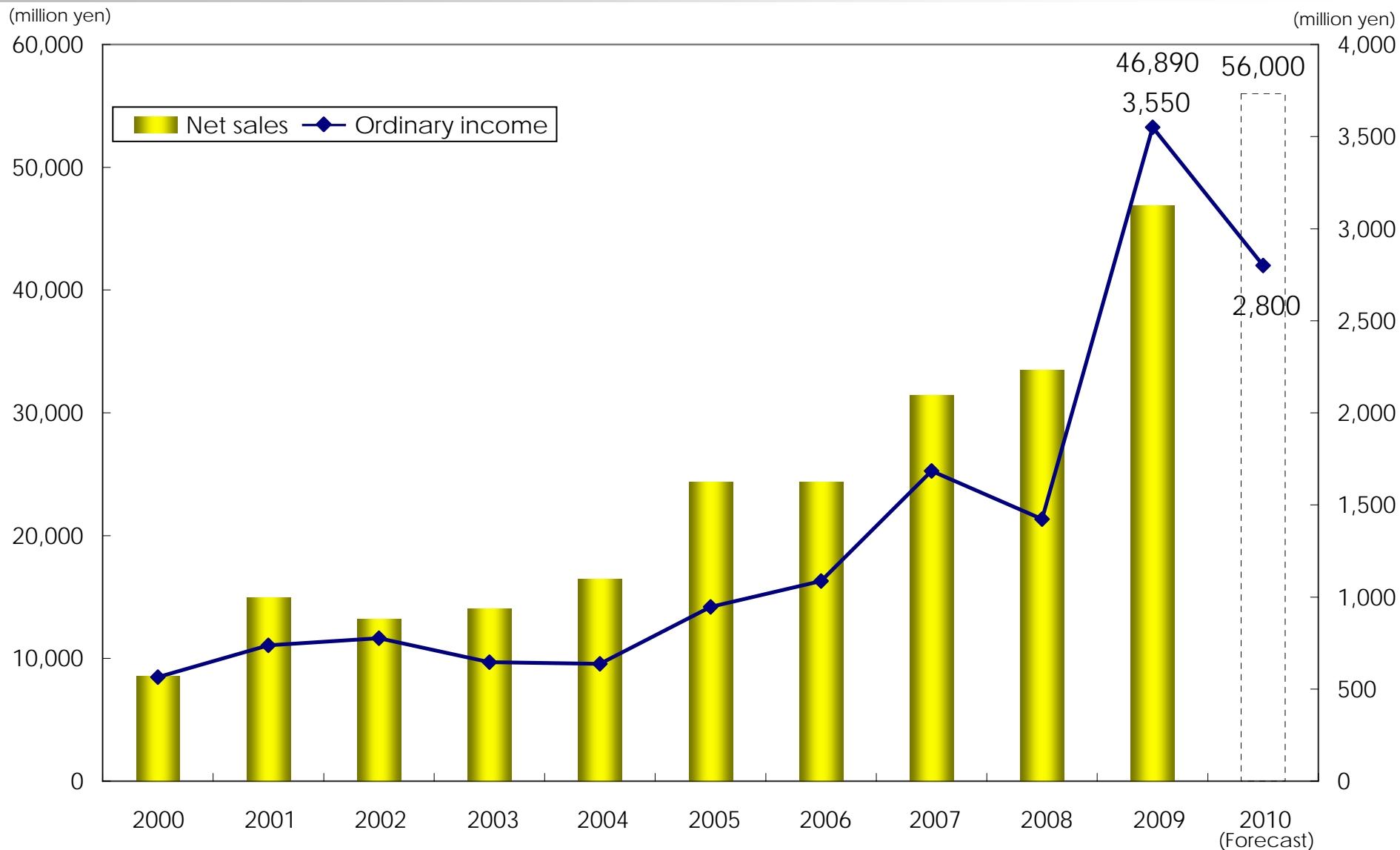
⇒ Total sales will be revised upwards, but considering commission terms, **No revisions will be made to full-year earnings forecasts**

2010 Earnings Plan

(million yen)

	First-half Earnings Plan Status of achievement			Full-year Earnings Plan			
	Plan	Results of 2010	Achievement Rate	Plan	Progress Rate (As of the first half of the year)	Results of 2009	Change
Net sales	30,000	28,638	95.5%	56,000	51.1%	46,890	19.4%
Operating income	1,500	1,615	107.7%	2,800	57.7%	3,576	-21.7%
Ordinary income	1,500	1,615	107.7%	2,800	57.7%	3,550	-21.1%
Net income (quarterly/full- year)	800	936	117.0%	1,500	62.4%	2,046	-26.7%

2010 Net Sales and Ordinary Income Forecast



* Non-consolidated basis since 2009

Bell-Park

We strongly believe in our ability,
potential and the possibilities of the future.

Forward-Looking Statements

All plans, strategies and financial forecasts that are not based on historical facts are forward-looking statements. Such statements are based on the judgment of management in accordance with information available when these materials were prepared. Actual results may differ significantly from these statements due to changes in the operating environment and many other factors.