

Bell-Park

Results of Operations (Year ended December 31, 2010)

February 15, 2011
Bell-Park Co., Ltd.



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

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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 19 th Fiscal year
Headquarters:	KDX-Hirakawa-cho Building, 1-4-12 Hirakawa-cho, Chiyoda-ku, Tokyo
Capital:	*¥ 1,129 million
Stock listing:	JASDAQ (Stock code: 9441) since May 25, 2000 11 th IPO anniversary
Market cap:	¥9,026 million (as of February 10, 2011)
Number of shops:	*179
Employees:	*1,005 (full time: 609; temporary: 396) Average age: 28.4
Shop network:	http://www.bellpark.co.jp/shop/

*As of the end of December 2010

< Investment Indices >

Stock price:	¥134,600 (closing price on February 10, 2011)
Year high:	¥186,800 (June 21, 2010)
Year low:	¥95,300 (September 3, 2010)
10 years high:	¥257,000 (June 26, 2007)
Minimum investment unit:	1 share
2011 forecasts:	PER: 5.01 (closing price on February 10, 2011)
2010 results:	PER: 5.43, PBR: 0.93

1. A Record of Consistent Growth

Bell-Park has grown significantly over the 11-year period since its 2000 IPO.

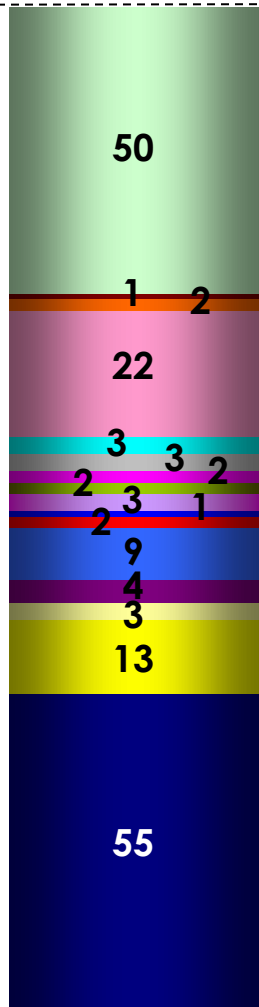


* Non-consolidated basis since 2009

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

SoftBank Shop

Total: 175

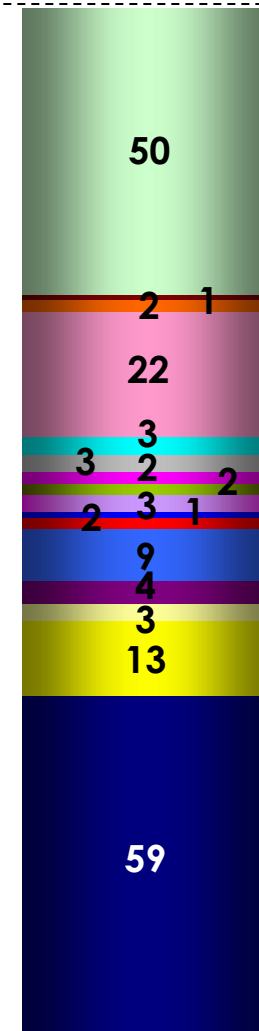


+4
4

4 directly managed shops were opened

- Aichi: Aeon Mall Aratamabashi
- Aichi: Aeon Fuso SC
- Tokyo: Shinjuku (Relocated)
- Miyagi: The Mall Sendai Nagamachi

Total: 179



2009.12

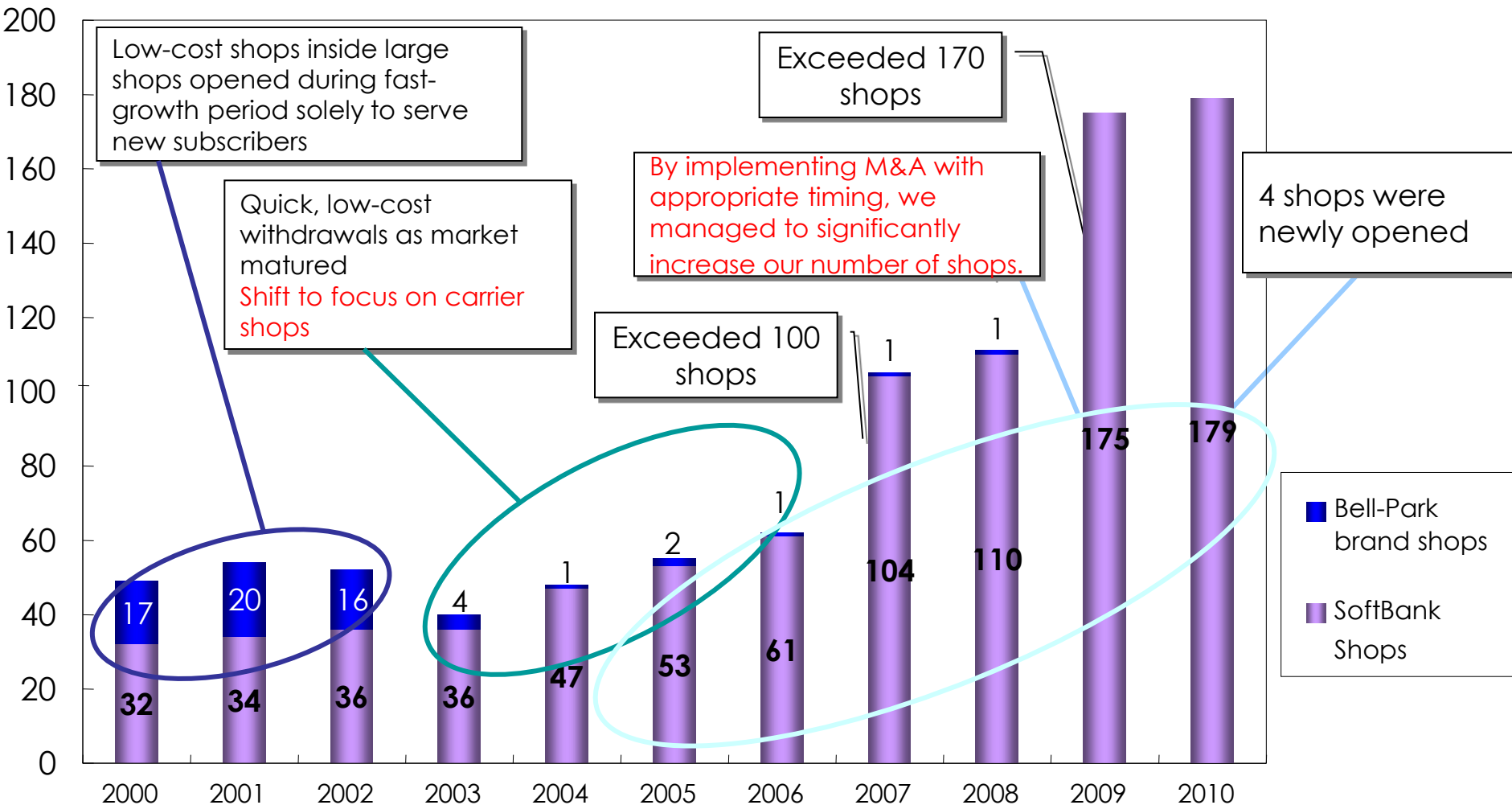
2010.12

3. Number of Shops

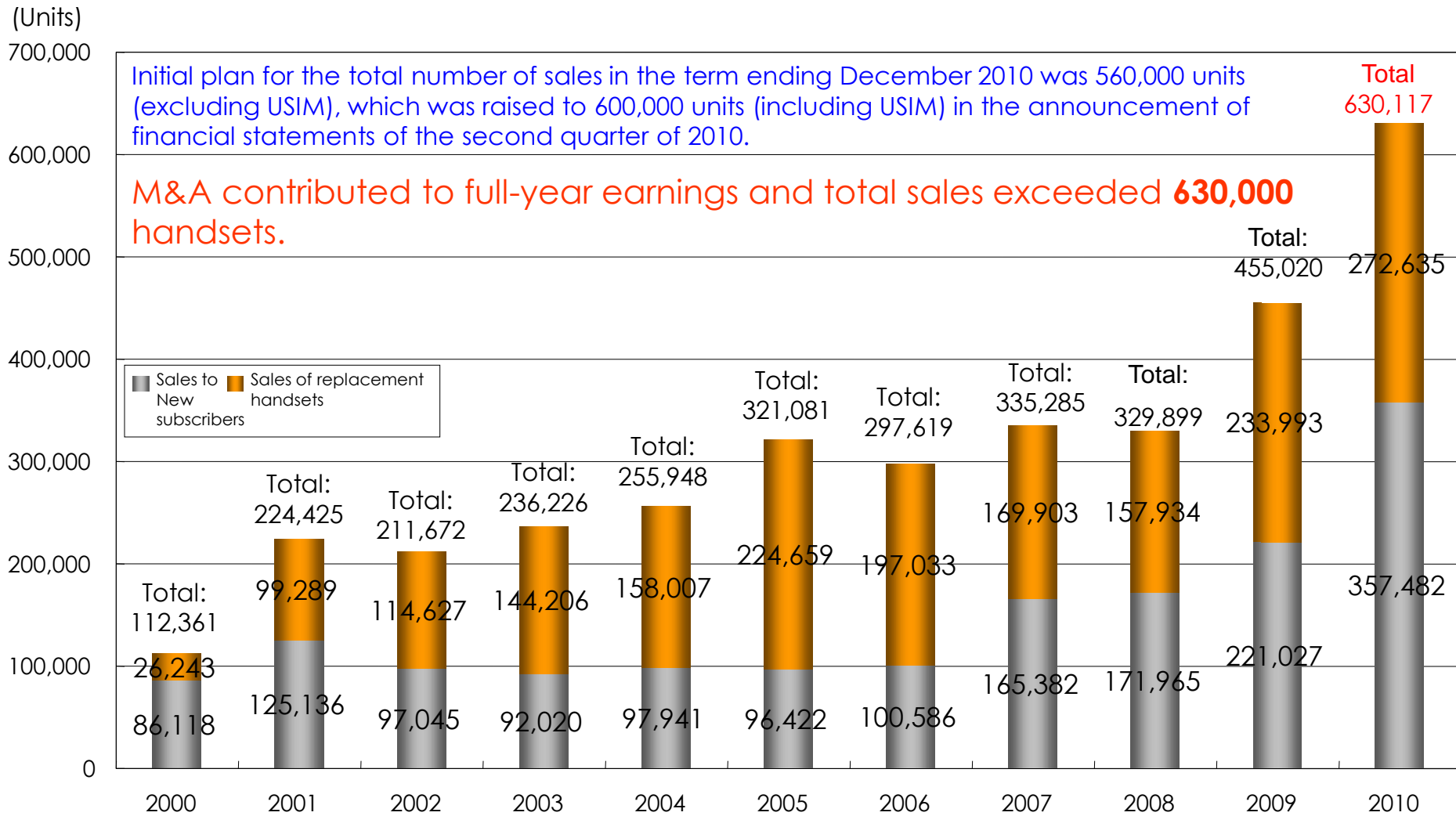
Sales and earnings have grown along with the number of shops.

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

(Number of shops)



4. Number of Mobile Phones Sold



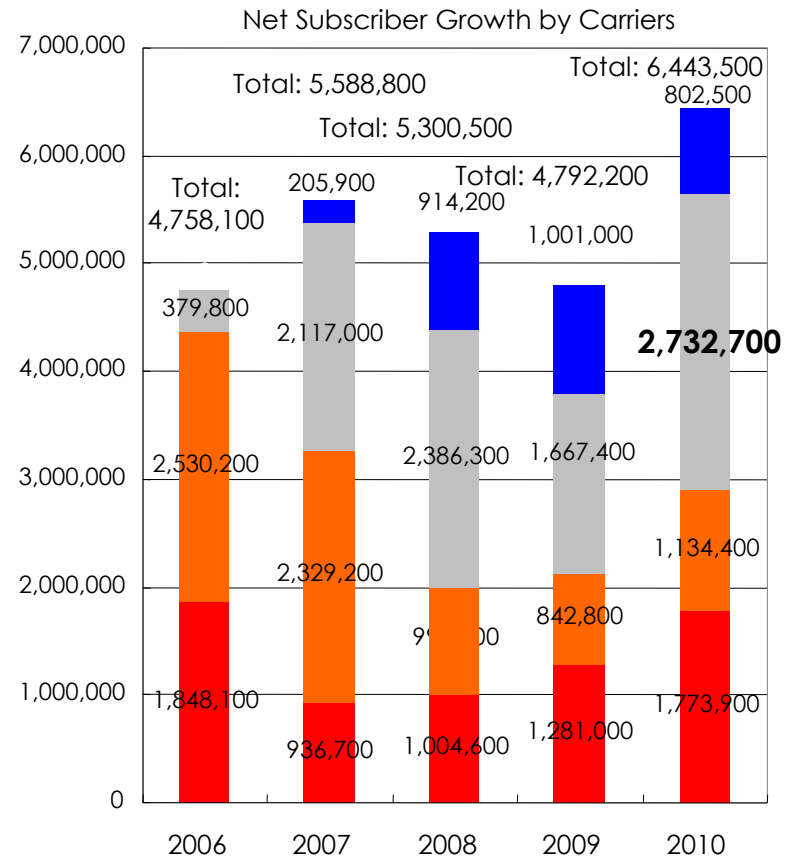
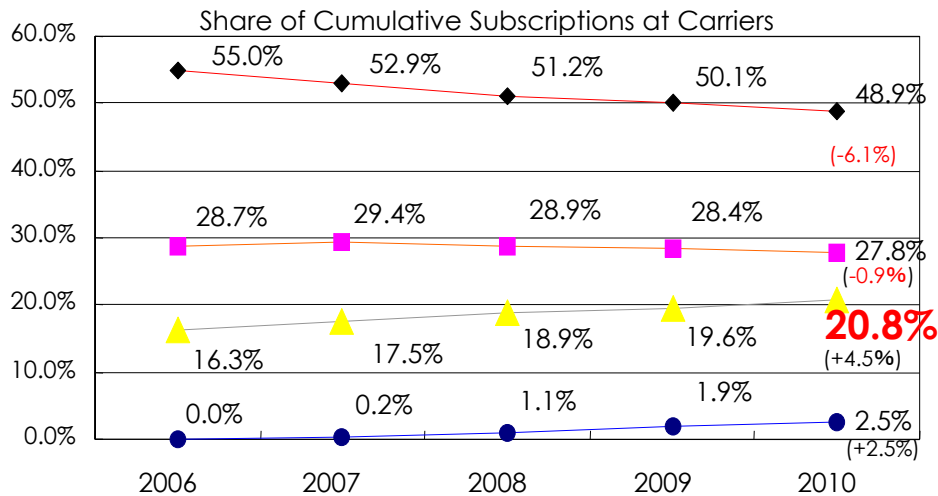
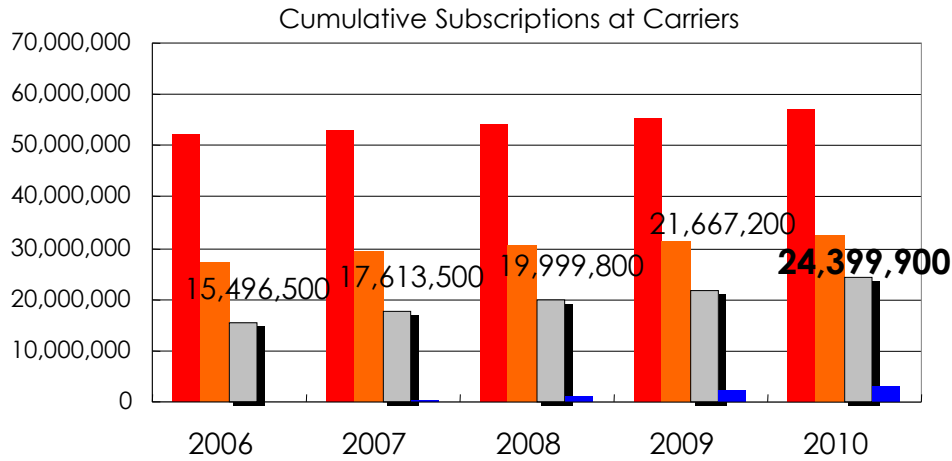
Sales of replacement handsets vs. Sales to new subscribers

0.30	0.79	1.18	1.57	1.61	2.33	1.96	1.03	0.92	1.06	0.76
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II. Year ended December 31, 2010 Financial Highlights

Keep growing with SOFBANK MOBILE!

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



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

* Ration on parentheses - comparison to 2006 levels Source: Prepared by Bell-Park, based on TCA (Telecommunications Carriers Association) data

Year ended 31 December 2010 Financial Environment Highlights

- Mobile Communications Industry

There was a net increase of 6.44 million in the cumulative number of subscribers at the four communications carriers, **34.5%** more than the net increase of 4.79 million subscribers in the previous fiscal year.

- SOFTBANK MOBILE

The net increase in subscribers for SOFTBANK MOBILE in this fiscal year was 2.73 million lines, **63.9%** more than the net increase of 1.66 million lines in the previous fiscal year. We acquired the No. 1 ranking in annual subscribers for three consecutive years.

Conversely, we acquired the No. 1 ranking in CM branding for four consecutive years, 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 series'
3. Conducted marketing campaign of Photo Vision and PC data cards

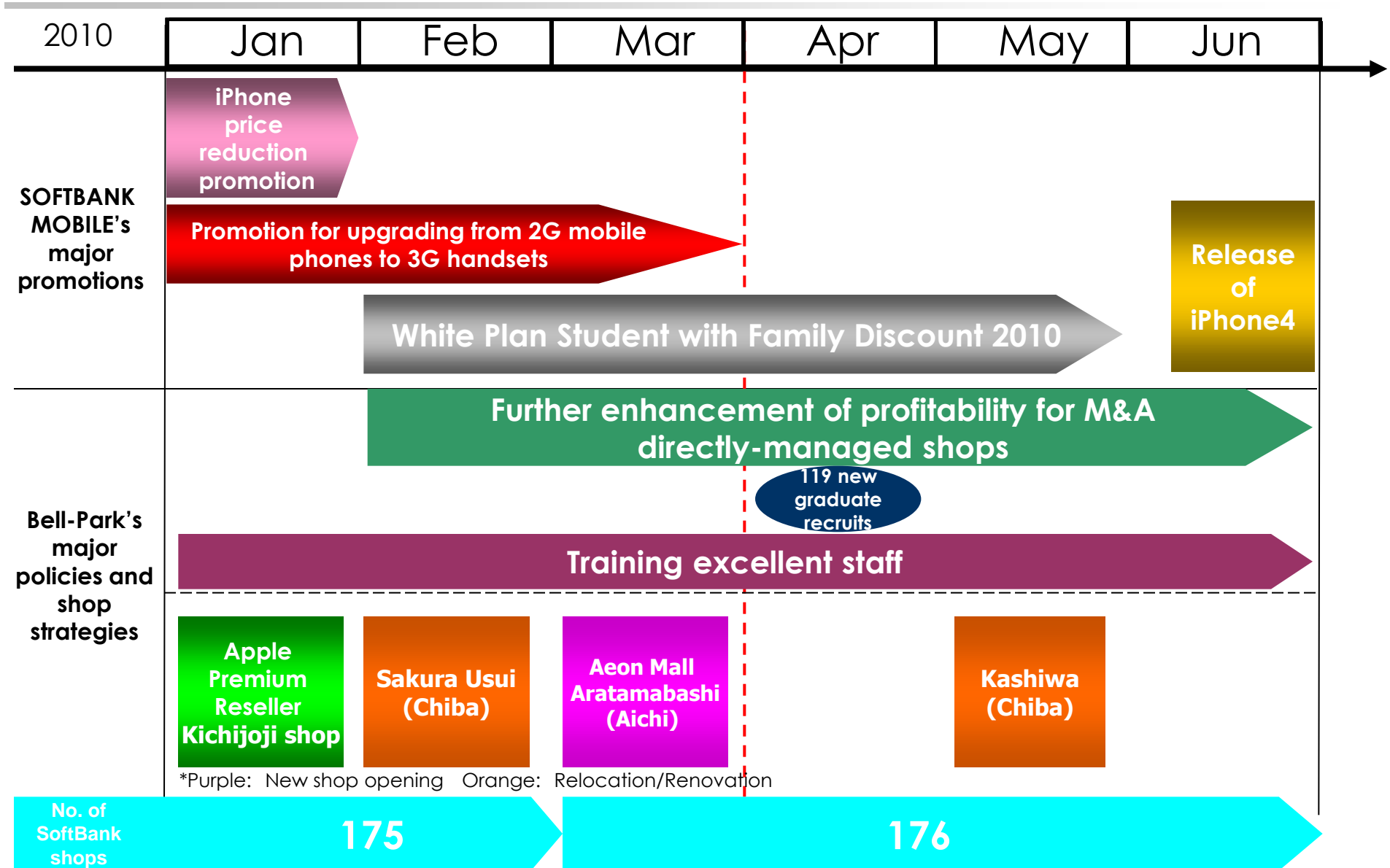
《Replacement handsets》

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
3. Conducted marketing campaign of the Apple 'iPhone series'

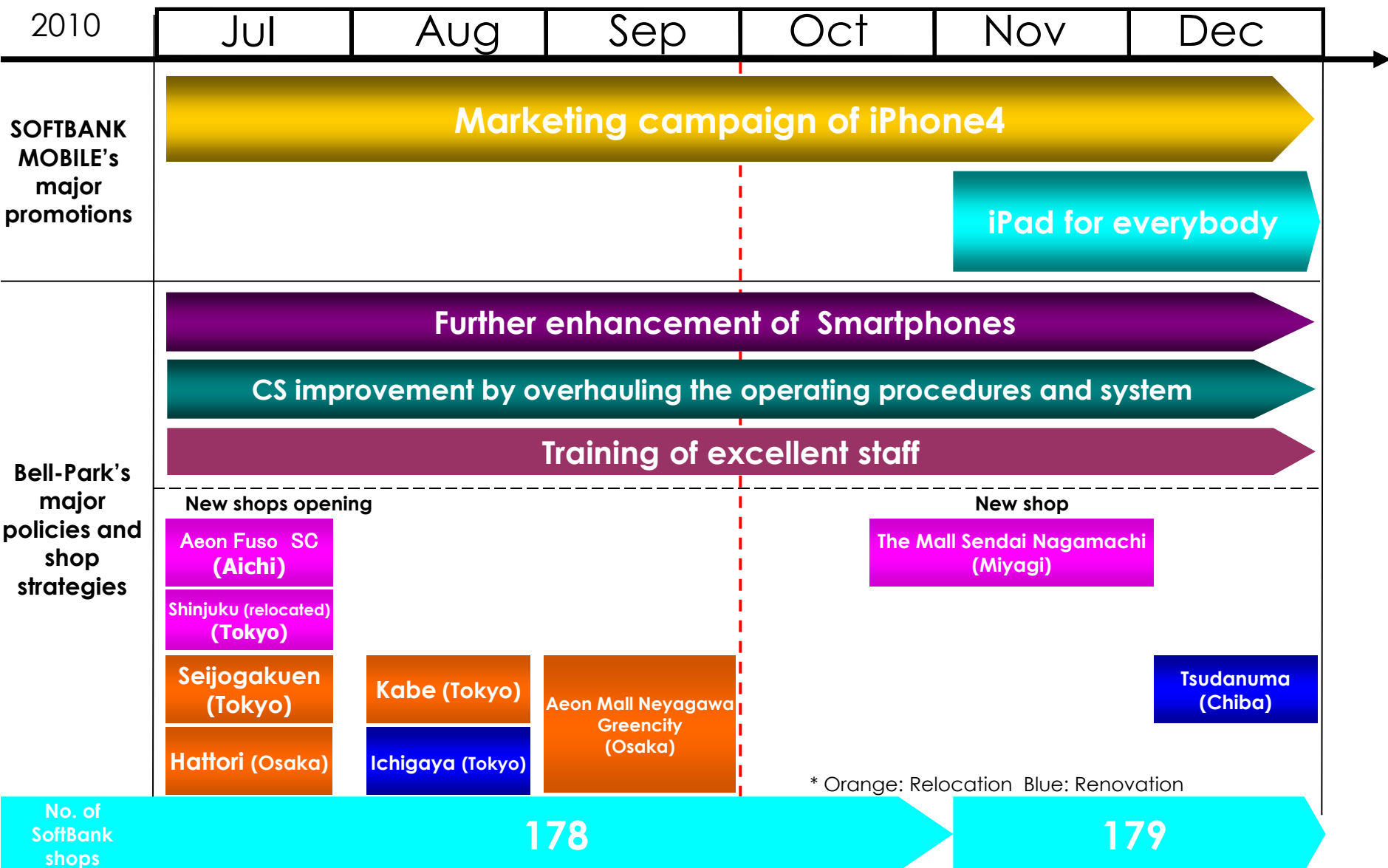
《Priority issue for shops 》

1. Increase sales volume and quality
2. Evaluated each shop based on its overall capabilities
3. Improve CS (Customer Satisfaction)

1H 2010 Financial Environment Highlights



2H 2010 Financial Environment Highlights



Year ended 31 December 2010 Financial Highlights- Statements of income

(million yen)

	Year ended 31 Dec. 2009	Year ended 31 Dec. 2010	Y on Y change	Year ended 31 Dec. 2010 Plan	Achievement ratio
Net sales	46,890	60,168	+28.3%	56,000	107.4%
Operating income	3,576	2,905	-18.8%	2,800	103.8%
Ordinary income	3,550	2,893	-18.5%	2,800	103.4%
Net income	2,046	1,659	-18.9%	1,500	110.6%

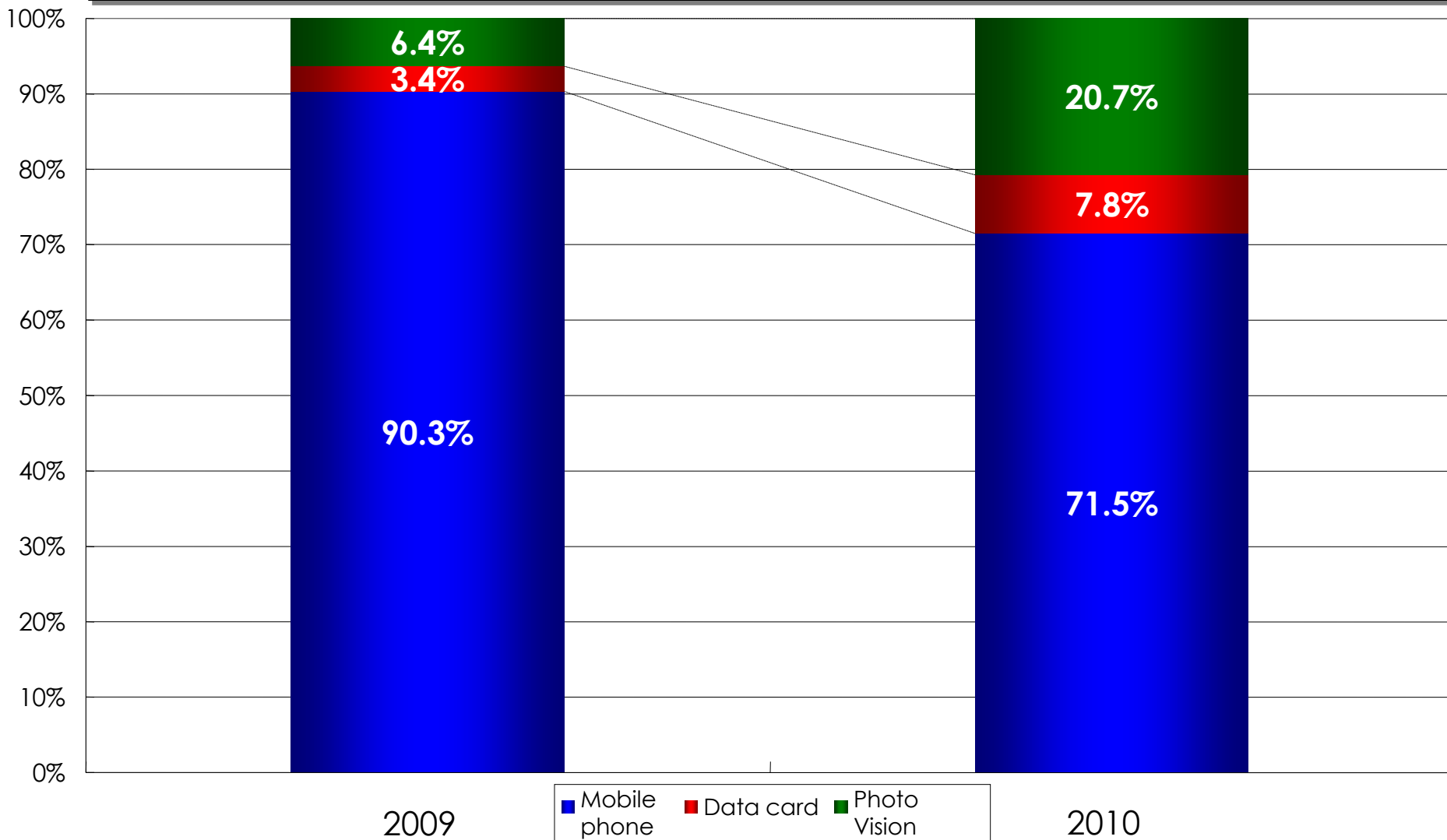
Summary of Year ended Dec.31 2010 Financial Results (compare to previous fiscal year)

(million yen, %)

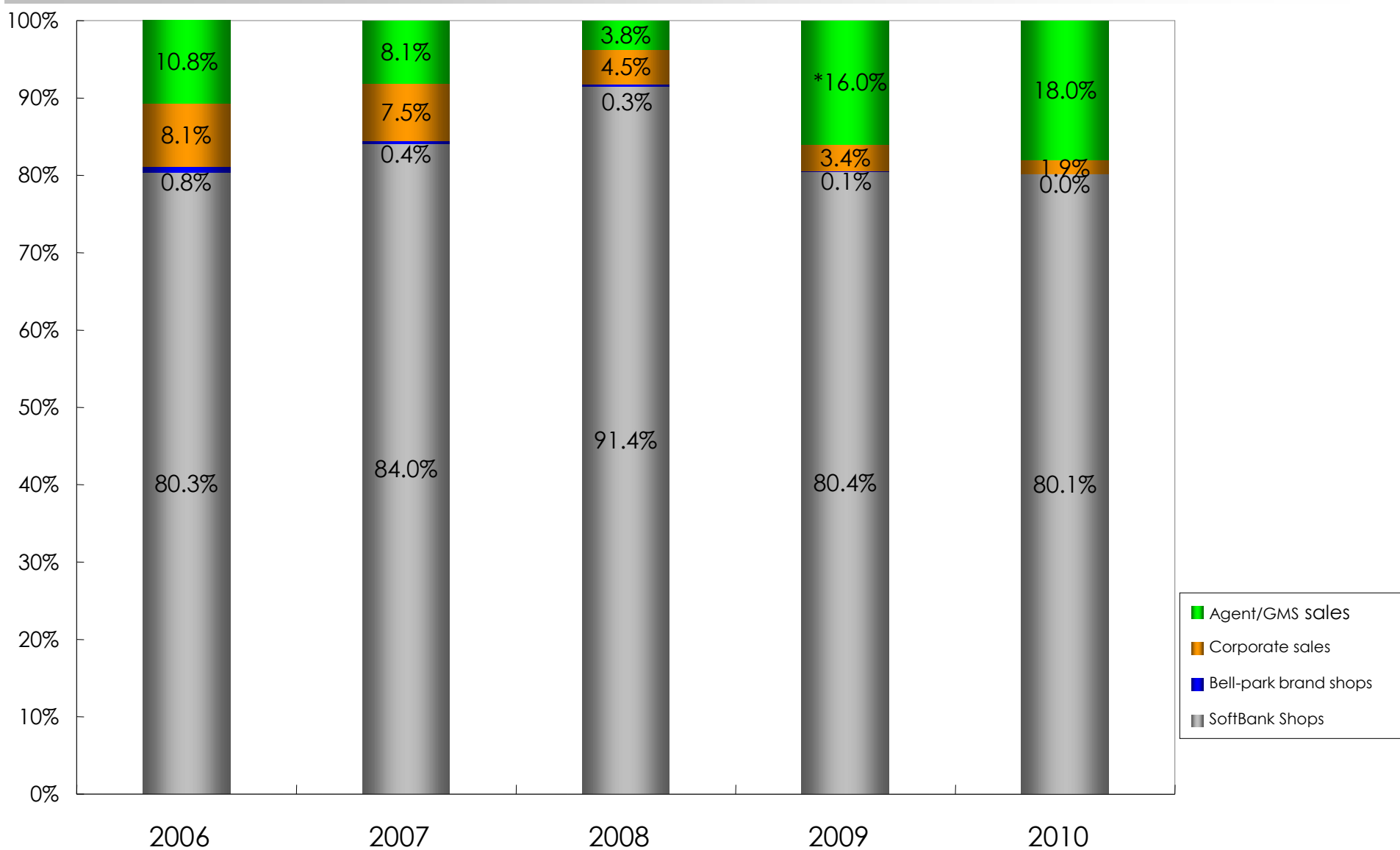
	Year ended Dec.31 2009		Year ended Dec. 31 2010		Y on Y change		Remarks
	Amount	Comp.	Amount	Comp.	Amount	%	
Net sales	46,890	100.0	60,168	100.0	+13,277	+28.3	1) Due to M&A's full contribution and the strong performances of iPhones and Photo Vision (PV), the number of units sold increased. New purchases: 136,455(2009: 221,027), Replacement handsets: 38,642 (2009: 233,993) 2) Stock commissions +620
Gross profit	10,313	22.0	10,774	17.9	+460	+4.5	1) Worsened commission term 2) Although the quantity has increased, as the gross margin of PV is low, its component percentage only increased to 20.7%. 3) The decrease of the gross margin was compensated for by accumulation of renewal commission fees.
SG & A expenses	6,737	14.4	7,869	13.1	+1,132	+16.8	SG&A expenses rose reflecting 119 new graduate recruits , and the additional of new shops (average in 27 shops increased during the term) Personnel expenses +829, rent, etc. +181, Advertising and promotion 61, equipment , etc.+37, Others +24
Operating income	3,576	7.6	2,905	4.8	-671	-18.8	Same as above reasons
Ordinary income	3,550	7.6	2,893	4.8	-656	-18.5	Same as above reasons
Extraordinary income	3	0.0	56	0.1	+52	+1496.1	Gain on sale of investments in affiliates +52
Extraordinary loss	37	0.1	39	0.1	+2	+6.8	Retirement benefit expenses +12, impairment loss +6, Expenses of closure of shops, etc. -15, Loss on retirement of noncurrent assets -1
Income before income taxes	3,517	7.5	2,910	4.8	-606	-17.3	Same as above reasons
Net income	2,046	4.4	1,659	2.8	-386	-18.9	Same as above reasons

Number of New-subscriber Sales Product Configuration

Newly released product mix changed significantly



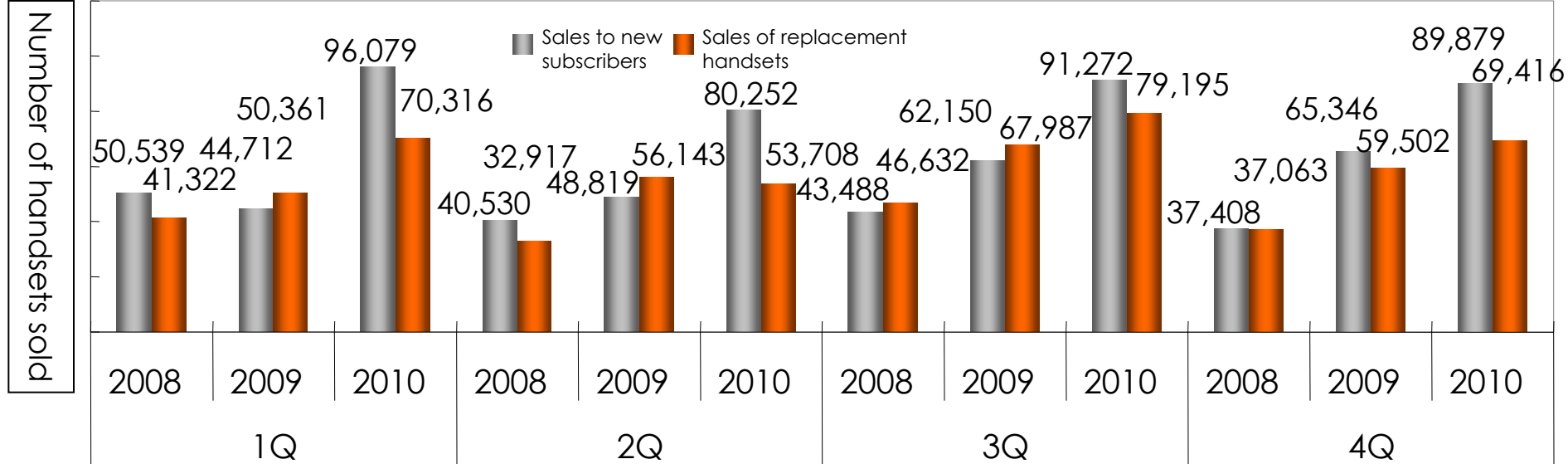
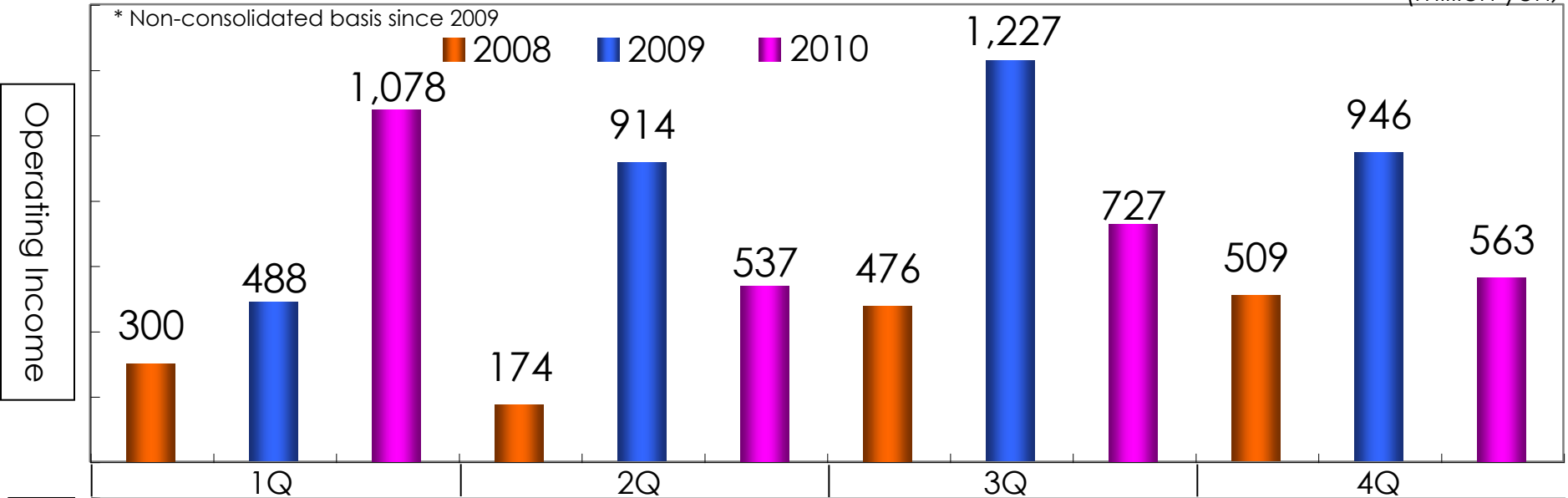
Changes in Composition of New-subscriber Sales Channels



* Figures for Franchise shops are included in "SoftBank shops" from 2005 to 2006, and "Agent sales" in 2009

Quarterly Sales and Operating Income of Recent Three Years

(million yen)



Year ended Dec. 31 2010 Financial Highlights – Balance Sheet

(million, %)

	Dec. 31, 2009	Dec. 31, 2010	Increase/ (decrease)	Comp.	Remarks
Total assets	16,978	18,318	+1,339	100.0	Cash and deposits +163, Trade account receivable+557, Inventories +615
Liabilities	8,733	8,575	(157)	46.8 End of previous term 51.4%	Trade account payable+915, accrued expenses +44, income taxes payable +38, Deposits payable+37, Allowance for bonuses +29, allowance for retirement benefits +31, corporate taxes payable -940, long-term loans payable -325
Net assets	8,245	9,742	+1,497	53.2 End of previous term 48.6%	Net income for the year+1,659, profit earning surplus from year-end dividend in the settlement of accounts for previous business year, -174

III. Outlook for the Operating Environment

Outlook for the Operating Environment (1/3)

□ The mobile phone market environment

As the number of terminal shipments made within Japan remains at about 33.27million, a new category in the form of smartphones, as well as feature phones (conventional-type terminals) and smart pads, has been created and terminals produced primarily by overseas manufacturers are now rapidly spreading. Increasing ratio is estimated for smartphones in the mobile phones released by Mobile Network Operators. We estimate the number of sales of smartphones to be about 7 to 8 million units of Docomo, about 3 to 4 million units of KDDI, and about 6 million units of SBM, about 16 to 18 million units in total.

※Year for the estimated number of smartphones is financial year of the communications carriers.

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 : JEITA(Japan Electronics and Information Technology Industries Association) data

□ 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 **24 million**. Sales of iPhone 4 began on June 24, 2010 and they have been flooded with so many reservations that supply cannot keep up. It appears that demand will remain high in 2011.

In addition to the major iPhone and iPad, introduction of new mobile phones , smartphones, and smartpads and start of new services are expected for the holiday selling season.

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

Outlook for the Operating Environment (2/3)

□ SoftBank Shop sales agent's efforts

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 2,500 shops.

It seems that, depending on the economic environment and commission terms, such selection and consolidation may continue in future.

□ Movement of SoftBank Shops

(1) Higher roles called upon sales agents

We anticipate that SoftBank shops have been required to switch from conventional device-sales models.

Due to advances in mobile internet, demand for smartphones is expected to increase. SOFTBANK MOBILE is required to build up a substitute communication network (Wi-Fi) to support the rapidly increasing data communication and sales agents are expected to spread the FON router and White BB and support the bypass and infrastructure construction. 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, and **the load of operation in shops is more and more increasing.**

Also, in order to display various new product lines, **it will be essential to transfer to larger shops.** 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.

*ARPU (Average Revenue Per User) : monthly revenue per 1 subscriber

Outlook for the Operating Environment (3/3)

□ Movement of SoftBank shops

(2) The importance of shopping channels is increasing along with customer growth

SOFTBANK MOBILE's total number of lines now exceeds 24 million, 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.

(3) Trends in sales commissions

Sales agents are required to respond swiftly and flexibly to the sales policies that are constantly put forth by SOFTBANK MOBILE. SOFTBANK MOBILE require carriers to work to strengthen the total power of shops, through volume (number of new handsets sales), quantity (increasing ARPU etc.), and **increasing CS (customer satisfaction)**, and **contribution to construction of infrastructure** (substitute communication network/Wi-Fi, FON router and White BB).

We will achieve high reliability and evaluation of SOFTBANK MOBILE by satisfying such requirements totally in all respects and resultantly acquire high level of commissions.

IV. Medium-term Management Policies

Management Policies (1/3)

□ Build a high profitable shop network

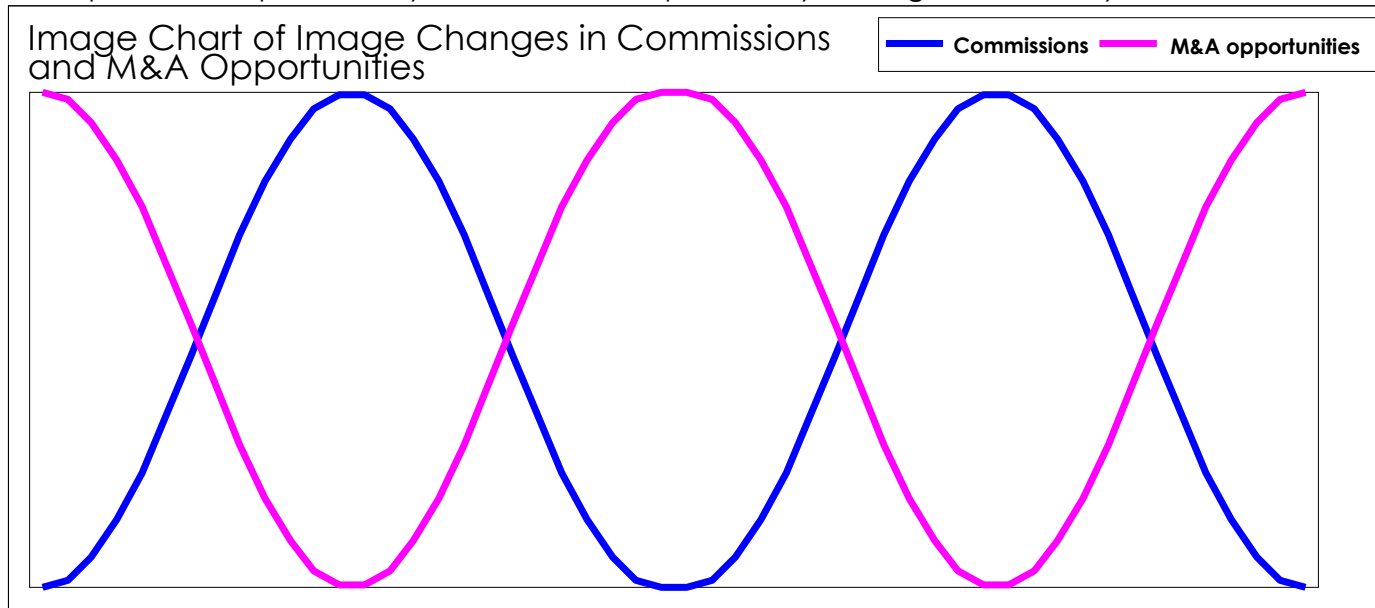
(1) M&A policy during a smartphone boom

Number of M & A cases of sales agents handling SOFTBANK MOBILE is estimated to be small this year.

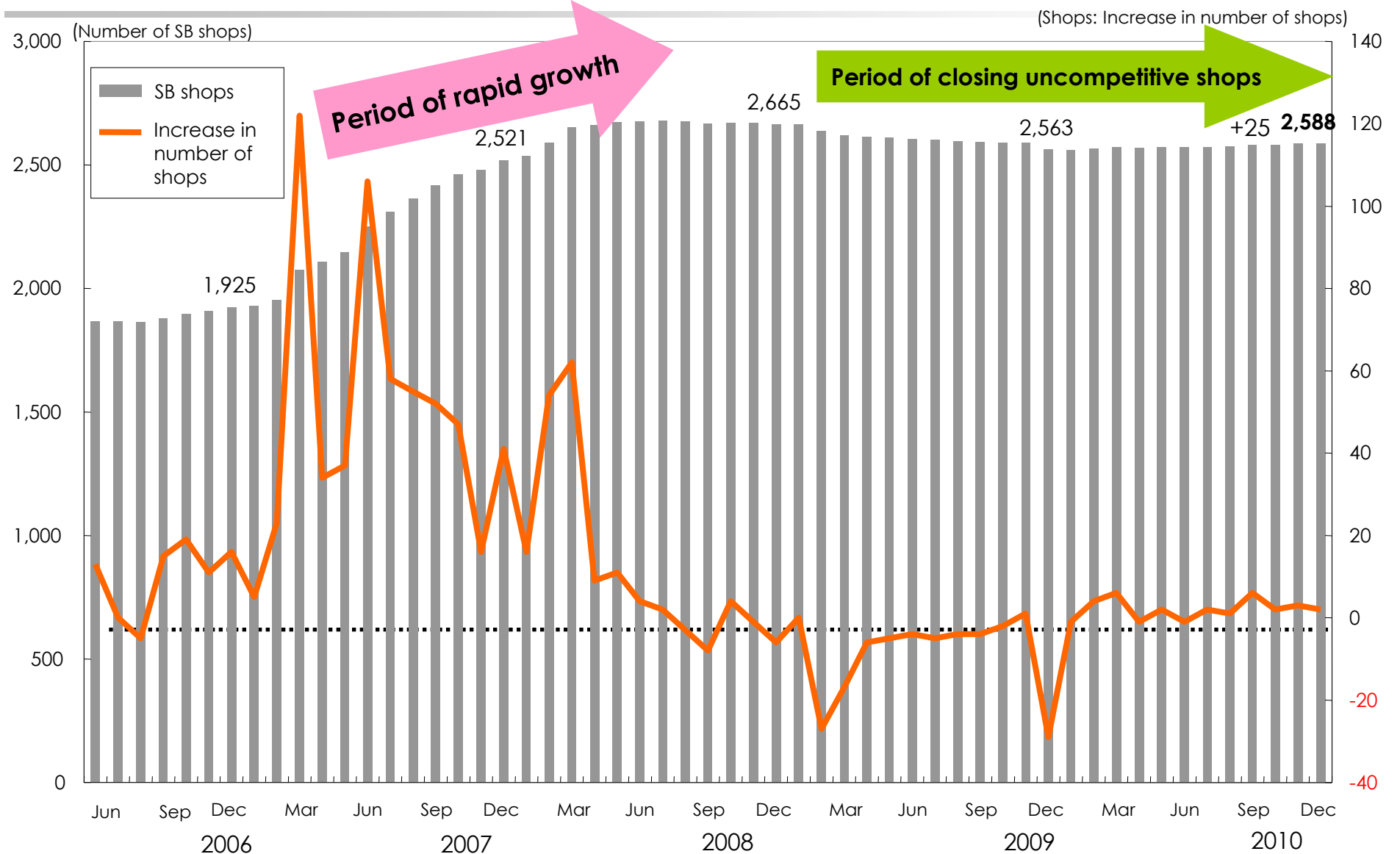
- SOFTBANK MOBILE, a forerunner of smartphone, will intensify its aggressive strategy. Commission requirements after April has not been announced but M & A cases of sales agents handling SOFTBANK MOBILE will be small in number this year because of the increase of sales.

When considering this subject:

- 1) Take only actions that are not detrimental to financial soundness
- 2) Refuse to pursue growth simply for the sake of growth
- 3) Keeping unprofitable shops, from experience, hurts employee morale.
- 4) **Follow the cardinal rule of exhaustively examining prospective deals** based on the ability of new shops to operate complementary to Bell-Park's shops already existing in the vicinity.



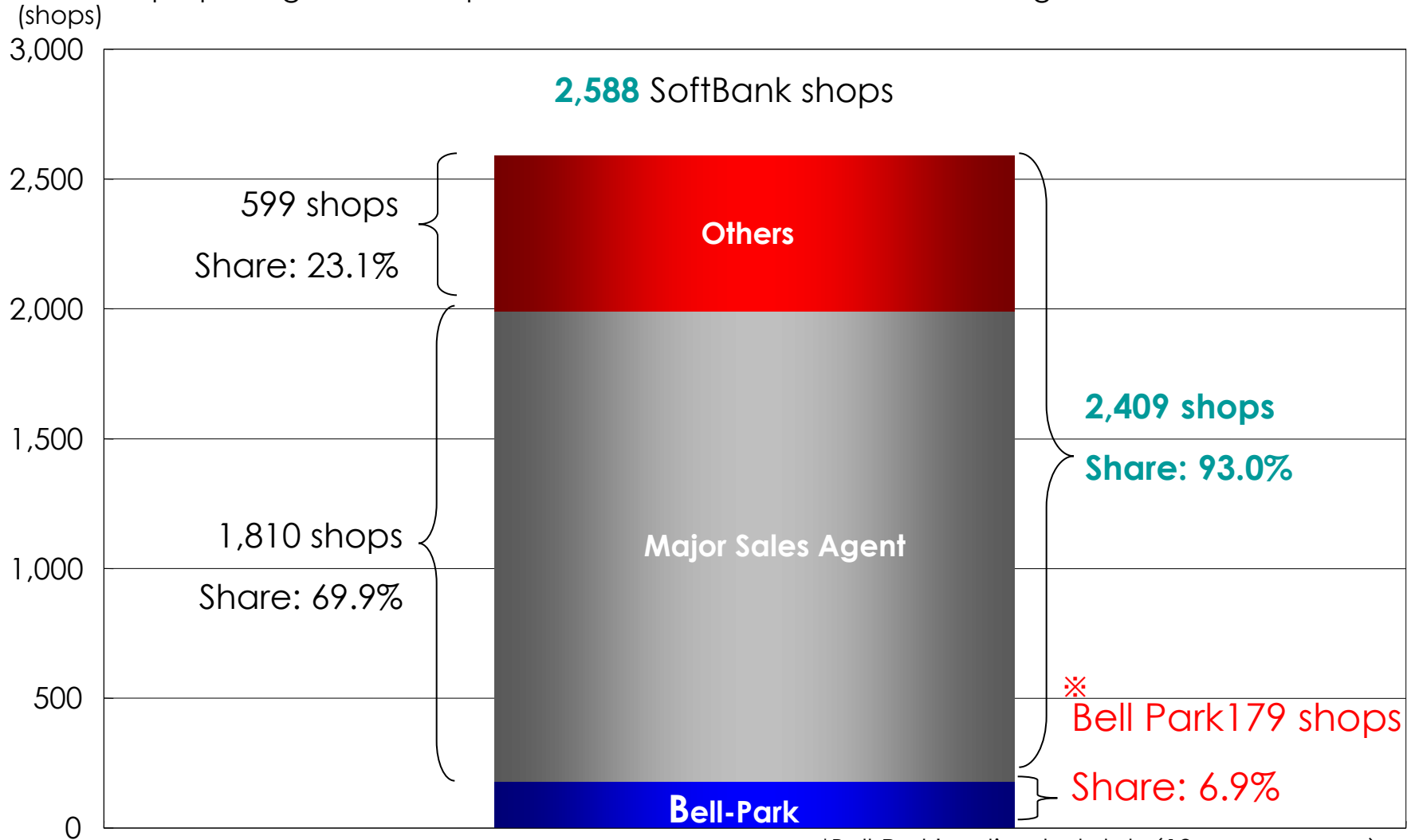
SoftBank Shops



(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 (19 Major Sales Agent)

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

Bell-Park has 179 'SoftBank shops', which handle only the handsets of SOFTBANK MOBILE, in 21 prefectures. About 90% of these shops are in the Tokyo, Nagoya and Osaka areas. (as of the end of December 2010)

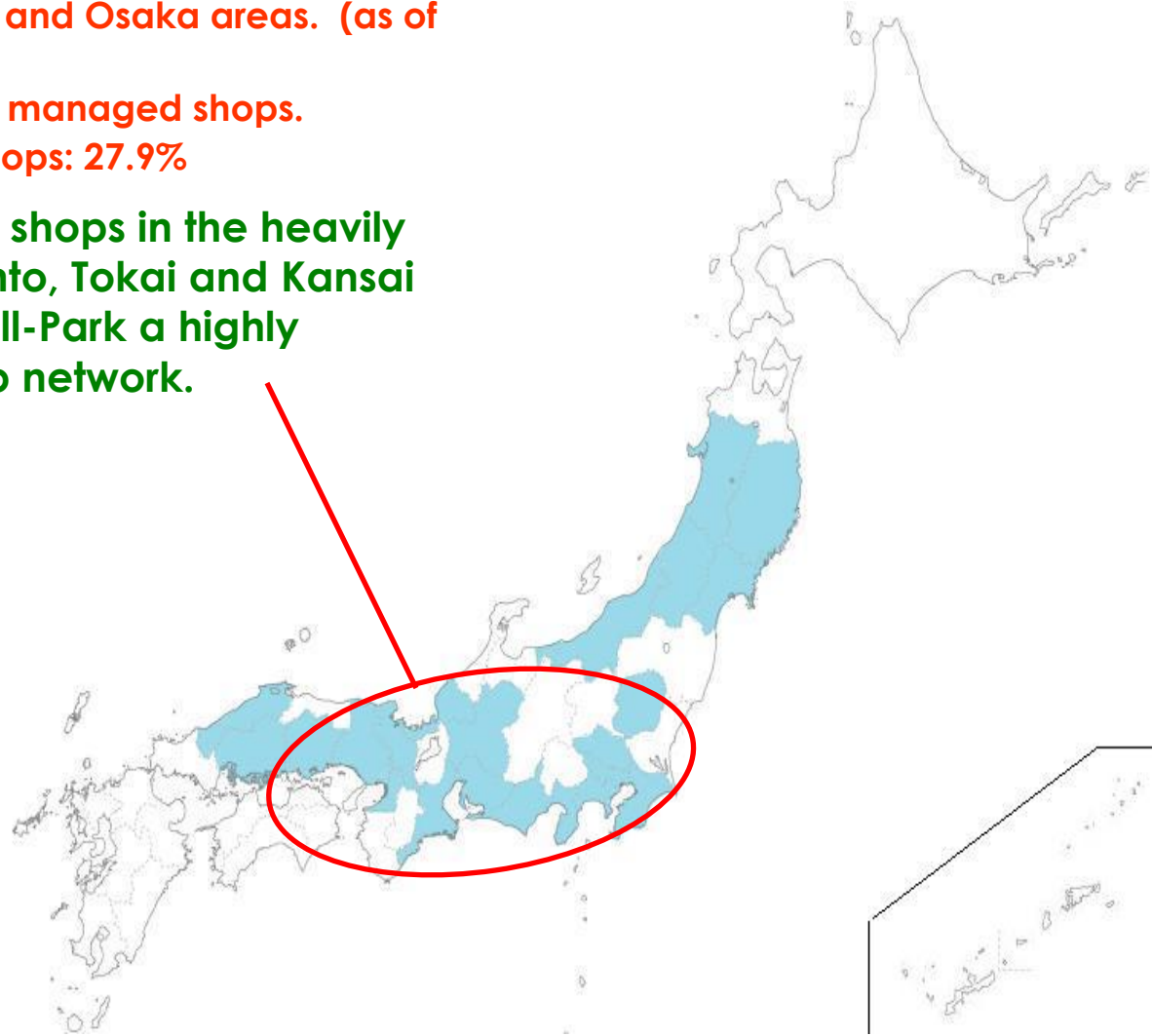
Shop operation is centered to directly managed shops.

Directly managed shops: 72.1%, FC shops: 27.9%

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	3	10	7.3
Hokuriku	1	1	1.1
Kanto	91	3	52.5
Tokai	21	18	21.8
Kansai	10	17	15.1
Chugoku	3	1	2.2
Subtotal	129	50	100.0



Management Policies (1/3)

□ Build a highly profitable shop network

(2) Relocate and remodel shops

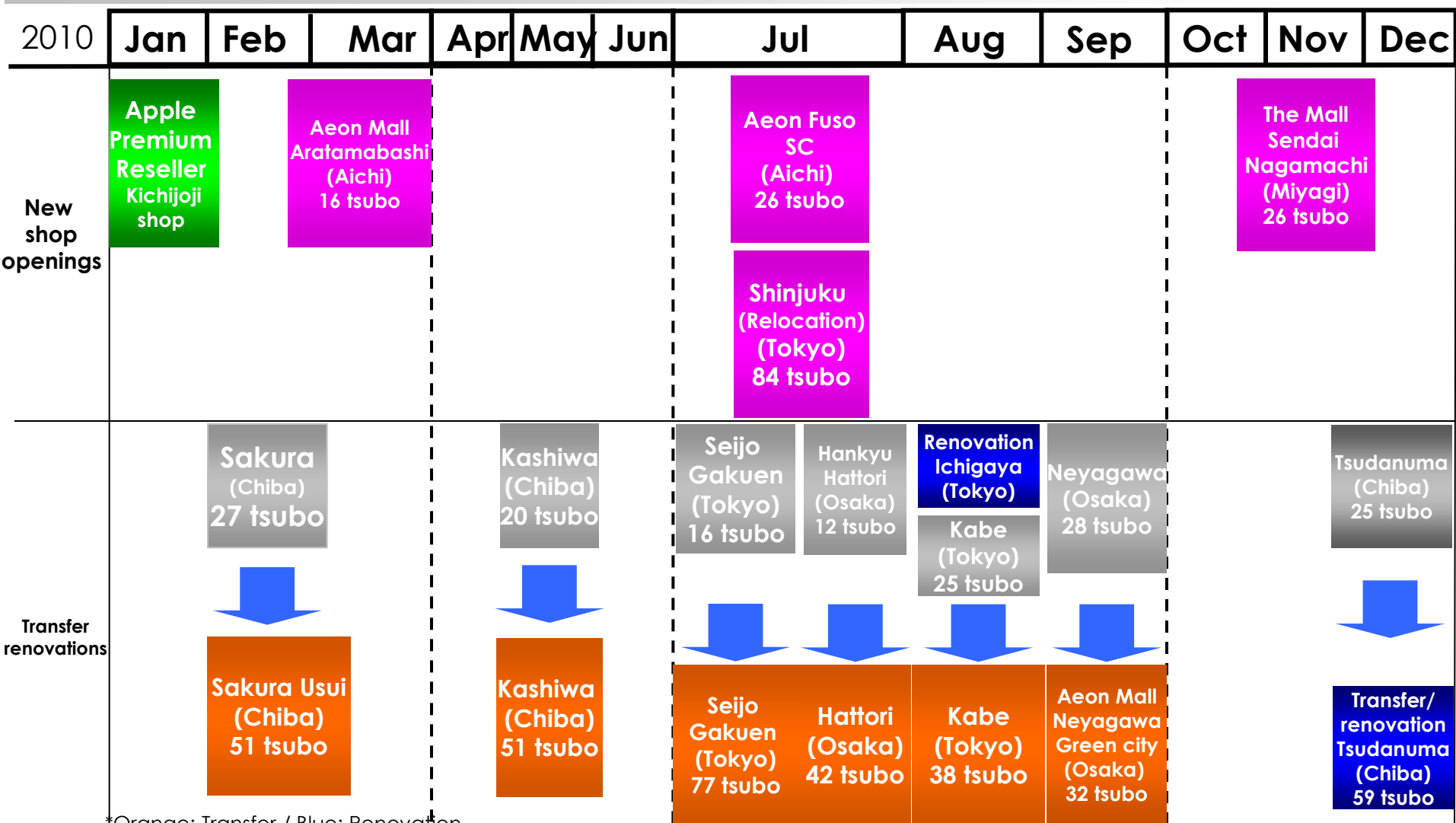
We think that relocation and remodel of shops are essential to increase number of customers leading to increase of total sales. We recognize that the severe economic environment that continuous deflation is anticipated is a favorable opportunity for relocation of shops. We will continuously promote the relocation of shops based on the increase of visitors by improving condition of site and cost. We will also plan to secure exhibition space requirement by diversifying terminals, shorten clients waiting time by increasing sales counters, and expansion of shops to improve the brand image of carrier shops.

⇒ **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 sales of 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



*Orange: Transfer / Blue: Renovation



Management Policies (2/3)

□ Improve the quality of sales and CS (customer satisfaction)

We Set “**Best Mobile Concierge**” as our target for our customers.

(1) Sales activities backed by value added 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.

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

We will educate and train sales personnel to improve their knowledge on products and services and attendant and consulting abilities. We will do utmost for explanation for customers to understand easily and operate shops at a point of view of customers.

(3) Improvement of operational efficiency by IT

We will improve shop layout and operating procedures, enhance the efficiency through full utilization of IT and strive to decrease waiting time of customers.

Management Policies (3/3)

□ Invest in human resources

(1) 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 56 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	6,970	1,622	56 (plan)	124.5

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.

V. 2011 Earnings Plan

2011 Earnings Plan

(million yen)

	First-half earnings plan status of achievement			Full-year earnings plan		
	Plan	Results of 2010	Change	Plan	Results of 2010	Change
Net sales	33,000	28,638	15.2%	72,000	60,168	19.7%
Operating income	1,350	1,615	-16.4%	3,300	2,905	13.6%
Ordinary income	1,350	1,615	-16.4%	3,250	2,893	12.3%
Net income (quarterly/full-year)	750	936	-19.9%	1,800	1,659	8.5%

Points of the 2011 Earnings Plan

Outlook on No. of units sold

- iPhone and iPad, main staple
- Expected introduction of smartphone and smartpad, which are new mobile phones for the selling season
- Expected start of new service (data communication by ULTRA SPEED and others)
- Improvement of electric wave
- Expansion of demands by awareness and improved performance of smartphone and smartpad
- Replacement opportunity of users at the expiration of installment sales contract

⇒ Total sales plan challenging in 2011 (to 700,000 units)
111% in comparison to 2010 (630,000 units)

SOFTBANK MOBILE's commission starting in April 2011 are yet to be announced.

Outlook On Commissions

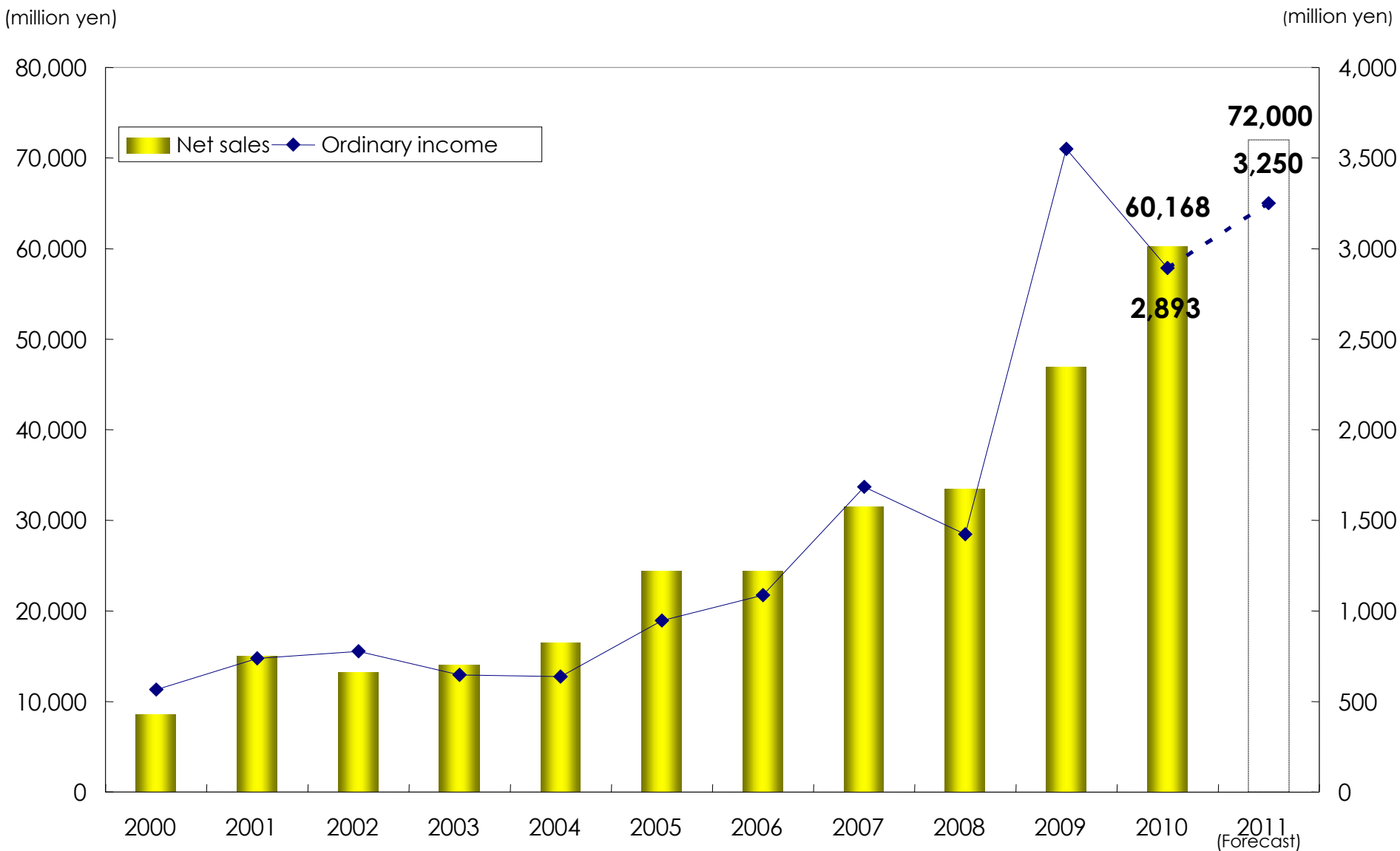
⇒ SoftBank announced upward adjustment of good financial statement with increased revenues and profits. **Improved commission** to agents supporting sales is expected.

Increased sales and general administrative expenses was offset by the increase of sales. Increase both in revenue and profits is expected through the term.

Sales: ¥72 bil. (119.7% in comparison with 2010)

Business profit: ¥3.3 bil. (113.6% in comparison with 2010)

2011 Net Sales and Ordinary Income Forecast



* Non-consolidated basis since 2009

VI. Shareholder Returns

Shareholder Returns

Dividends

Dividend of **¥3,600** per share is expected in the term ending in December 2010, added with commemorative dividend of ¥1.000. Dividend yield is 2.67%.

Dividend of **¥2,600** per share is expected in the term ending in December 2011.

※Dividend yield is 1.93%.

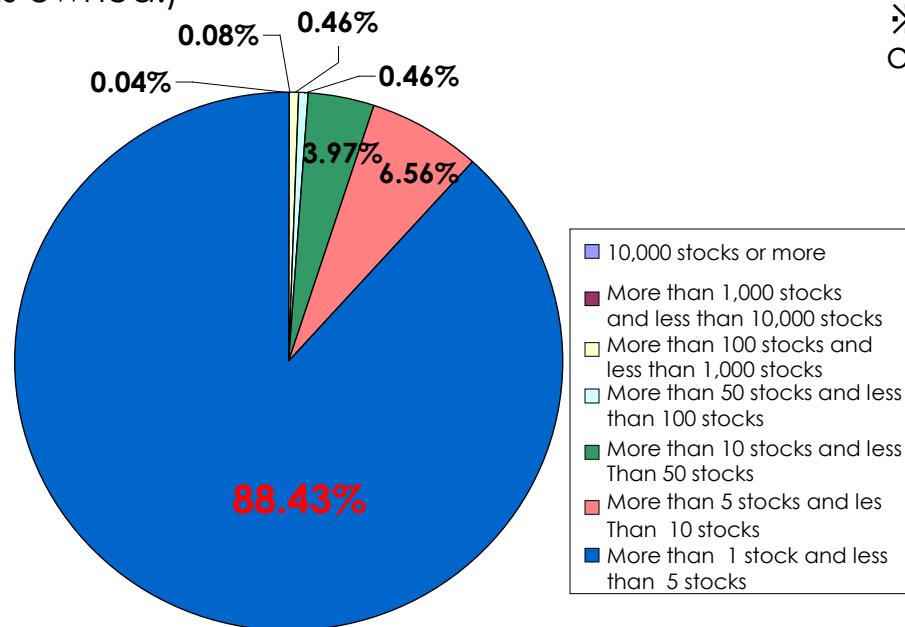
Special benefit plan for shareholders

QUO card worth **¥2,000** is presented uniformly to stockholders who own more than one share.

※Dividend yield including dividend and preferential money to stockholders is 4.16%. (Dividend yield when one share is owned.)

※Based on the closing price on Feb. 10, 2011

No. of
shareholder
4,832

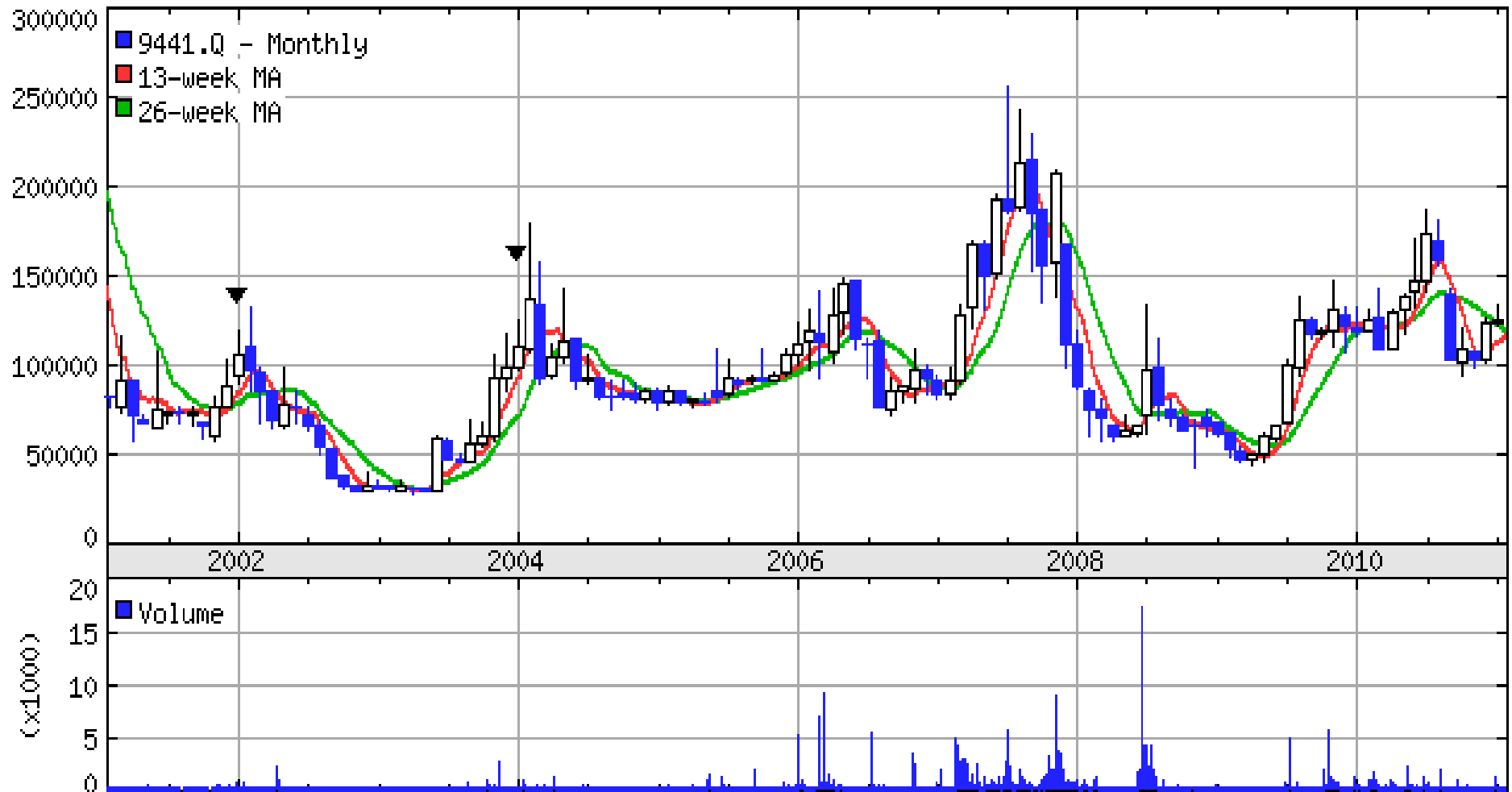


Changes in share price and turnover

Bell-Park Co.Ltd.

2011/1/20

Splits: ▼



(C) 2011 Yahoo Japan Corporation.

<http://stocks.finance.yahoo.co.jp>

(10 years)

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.