

Q&A Session at 2011 first half Earnings Announcement Information Meeting

Meeting: 10:00-11:00 August 1, 2011 (Monday)

Individual A

Q1 : Regarding the plan for relocation, enlargement and renovation of shops in the second half, please explain the projected number of shops and expense plan.

A1 : As a general rule, SOFTBANK MOBILE only approves large-scale shopping malls for the opening of new carrier shops. Therefore, our plan for the second half targets 10 or more shops for relocation, renovation or enlargement. Renovation expenses and facilities expenses associated with replacement of furnishings constitutes for 150 million yen of the increased selling, general and administrative expenses for the second half.

Q2 : I remember you stating that you would open 10 shops in WILLCOM PLAZA as an experiment. Will all of these shops be opened during this period? Also, please explain regarding the profitability as compared to SoftBank shops.

A2 : We have currently opened 7 shops in WILLCOM PLAZA. We plan to open a total of 10 shops during the current period. Overall profitability is a deficit of 3 million to 5 million yen per month. The main cause of this deficit is the hiring of excess staff in anticipation of opening the new shops. However, WILLCOM PLAZA does not use many evaluation items for the acquisition of fees like SoftBank shops. Instead, the only evaluation criteria used is the number of units sold. Therefore, we are keeping the ratio of full-time employees low. We are struggling to make a profit, and we cannot decide at the current time whether or not to enlarge our WILLCOM shops.

Individual B

Q1 : The changes and associated reasons for the 2011 Profit Plan include the following statement: "The improvement of commission was not on the level we expected."
(Refer to Meeting Material p. 33) What portion of fees resulted in failure to recovery in the first half? Also, please give a detailed explanation regarding the impact on second half performance.

A1 : The details of SOFTBANK MOBILE fees are confidential and cannot be discussed. We

can only describe an image of the situation. SOFTBANK MOBILE is enjoying favorable performance and we expected substantial support measures for agents who strive to make improvements such as increased customer satisfaction. However, in reality, the recovery was not to the level that we expected. Expectation for a recovery in fees was not incorporated into the initial plan. Therefore, there is not direct impact from a failure for fees to recovery. The main reason for suppressed profitability is the increase in personnel expenses and sales expenses such as promotion expenses, which are necessary to accommodate the longer time spent waiting on customers and to maintain the total number of units sold.

Additional Q1-1: Am I correct in my understanding that first half performance was not affected by delay in the release of main smartphone models? Furthermore, the initial plan contained expectations that the number of units sold would increase in the third fiscal quarter and later due to sales of main smartphone models. Will the delayed release cause this increase to shift to the fourth fiscal quarter and later? Will the delay result in a decrease for the full-year plan for the total number of units sold? Or, was the increased sales amount not include in the plan for the total number of units sold due to the uncertainty of the release period for main smartphone models?

Additional A1-1: At no time in the past or present have we ever received advance notification regarding the sales period of main smartphone models. Therefore, our company independently formulated a plan solely based on past release periods. The release period for the past few years was around July, so our initial plan included a July release. Theoretically, even if the release of main smartphone models was delayed until autumn, we would have to conduct business using current models. Furthermore, after a highly certain rumor was circulated regarding the release of main smartphone models, there was a decrease in consumer purchasing. This was followed by explosive sales after release, thus resulting in a shortage of units. For the time being, we predict that it will continue to be possible to obtain new contracts while incurring relatively low promotion expenses.

Q2 : Although it was previously stated that you fell 100 million yen short of the plan for the first half, the adjusted performance forecast for the second half has been decreased by 500 million yen. Why is the second half decrease so large when compared with the first half?

A2 : The main reason for the decrease is an approximately 400 million yen increase in selling, general and administrative expenses. This increase consists of a 200 million yen increase in personnel expenses, a 150 million yen increase in facilities expenses and a 50 million yen increase in sales promotion expenses.

Individual C

Q1 : The increase of smartphones has resulted in increase earnings for related accessories at other agents. Please explain the performance, plan and profits for sales of related accessories by Bell-Park.

A1 : The specific plan and gross breakdown is not disclosed and we therefore cannot comment. Together with renewal fees, sales of related accessories have covered a portion of overall decreased fees. Items which sell well include smartphone case covers, protective sheets and portable rechargers. Currently, we are focusing even more on sales of such items. Items can be sold using installment plans and are therefore easy to recommend as additional items. Net sales of related accessories have doubled compared to the previous period, and we forecast net sales exceeding 1 billion yen in the current fiscal year.