

TELEPARK Corporation  
Non - Consolidated 3Q Financial Results for FY ending Mar. 08

February 15, 2008



MOBILE and NETWORK SERVICE



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\*This material contains statements about the future performance of Telepark, which are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Telepark's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in Telepark's principal markets as well as other factors detailed from time to time.

# Outline of 3Q Financial Results & Forecasts for FY ending March 08

# 3Q Financial Results & Forecasts for FY ending Mar 08

Unit : Billion Yen	07 / 3 3Q Results	08 / 3 3Q Results	YoY Increase / Decrease (%)	08 / 3 Non- Consolidated Forecasts	Achievement Ratio (%)
Net Sales	253.91	268.77	5.9	390.0	68.9
Gross Margin	20.52	20.86	1.7	29.0	71.9
SGA Expenses	14.38	15.98	11.1	21.2	75.4
Operating Income	6.14	4.88	20.5	7.8	62.6
Ordinary Income	6.15	4.89	20.5	7.8	62.7
Net Income	3.49	2.77	20.6	4.5	61.6
FCF	3.42	—	—	3.13	—
Net Income / Share (Yen)	10,597	8,401		13,661	61.5
Dividend / Share (Yen)	—	—	—	5,000 (Payout ratio 36.6%)	—

## Mobile Business

Achieved sales of 2.75 million handsets (9% YoY increase) & 7.3% mkt. share, the highest ever for 3Q due to expansion of sales channels & active demand

Billion yen	07/3 3Q Results	08/3 3Q Results	Difference	08/3 Forecasts	Achievement
Net Sales	240.03	252.59	5.2%	365.0	69%
Operating Income	3.67	3.39	7.7%	5.0	68%

## Network Business

Income from “Myline business” continuously decreasing  
Reorganize sales channels for FTTH business to expand sales forces

Billion yen	07/3 3Q Results	08/3 3Q Results	Difference	08/3 Forecasts	Achievement
Net Sales	9.62	8.26	14.1%	14.2	58%
Operating Income	2.45	1.50	38.8%	2.7	56%

## New Settlement Business

Targeting net sales of 10.8 billion yen in 40 thousand convenience stores and improve profitability by increasing product lines

Billion yen	07/3 3Q Results	08/3 3Q Results	Difference	08/3 Forecasts	Achievement
Net Sales	4.27	7.92	85.5%	10.8	73%
Operating Income	0.02	0.0	—	0.1	—

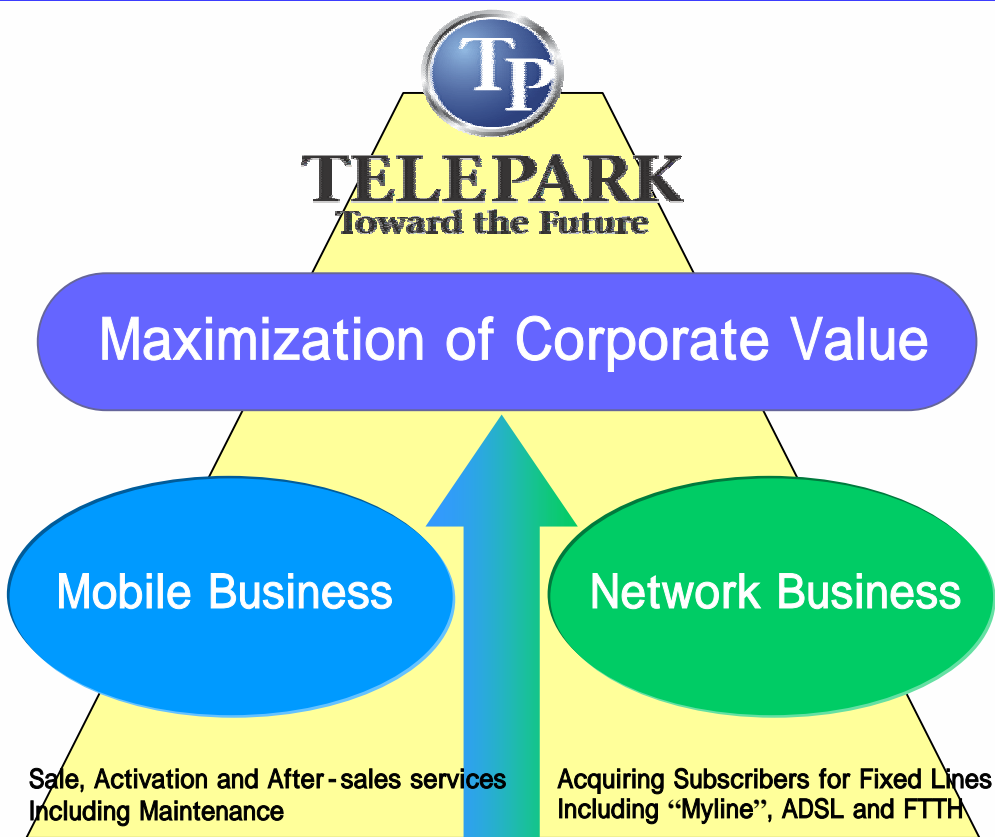
# Future Business Development & Mid-term Business Plan “Challenge 5000”

Maximizing Corporate Value by Concentrating Resources on Mobile / Network and Related Business

[Challenge 5000: Targets for FY ending March 2009]

Net Sales : 500 billion yen

Mobile Market Share: 10% or Sale of 5 million Handsets



**Maximization of Corporate Value**

**Mobile Business**

**Network Business**

Sale, Activation and After-sales services Including Maintenance

Acquiring Subscribers for Fixed Lines Including "Myline", ADSL and FTTH

**Concentration of Resources**

- Financial, Organizational and Informational Strengths
- Diversified Sales Channels
- Good Business Relationship with All Major Carriers

## Business Environment

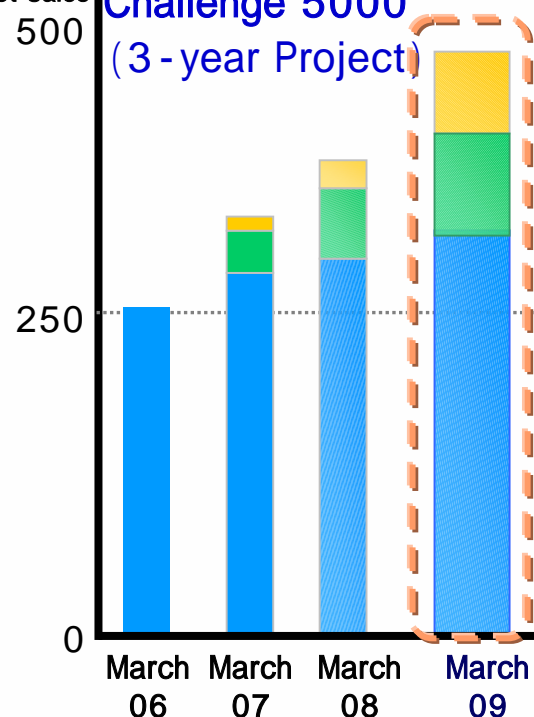
- Slowdown in Mobile Market Growth  
Fiercer Market Competition
- Reorganization of Sales Agents  
Good Opportunity for Business Expansion

(Billion yen)

Net Sales

## Challenge 5000

(3-year Project)



## **KEY POINTS**

**New Business**

Settlement Business

**Network**

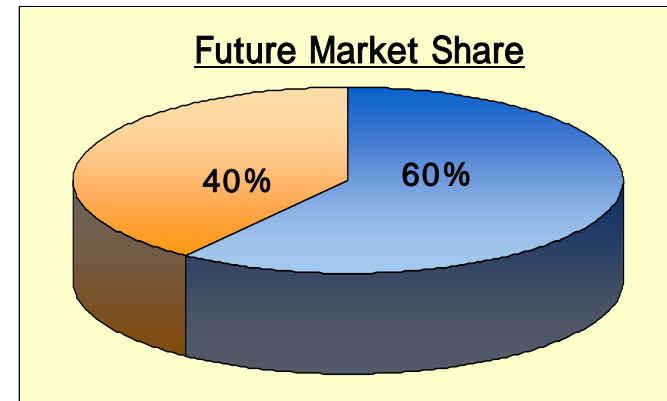
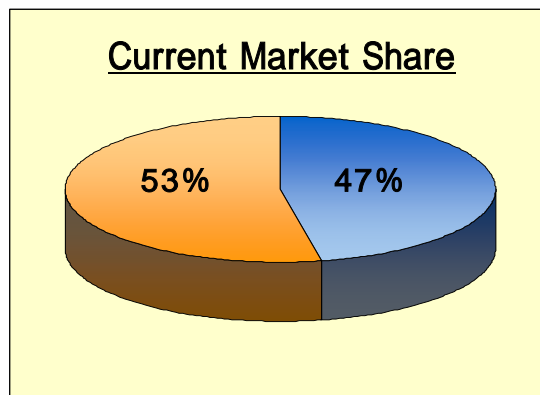
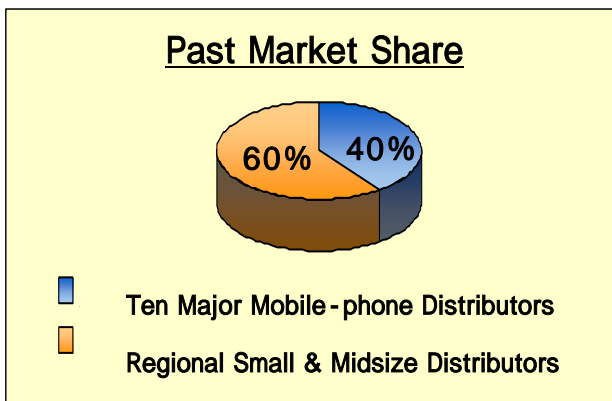
FTTH

**Mobile**

M&A / Grouping  
Volume Retailer  
Sales for Corporate Clients

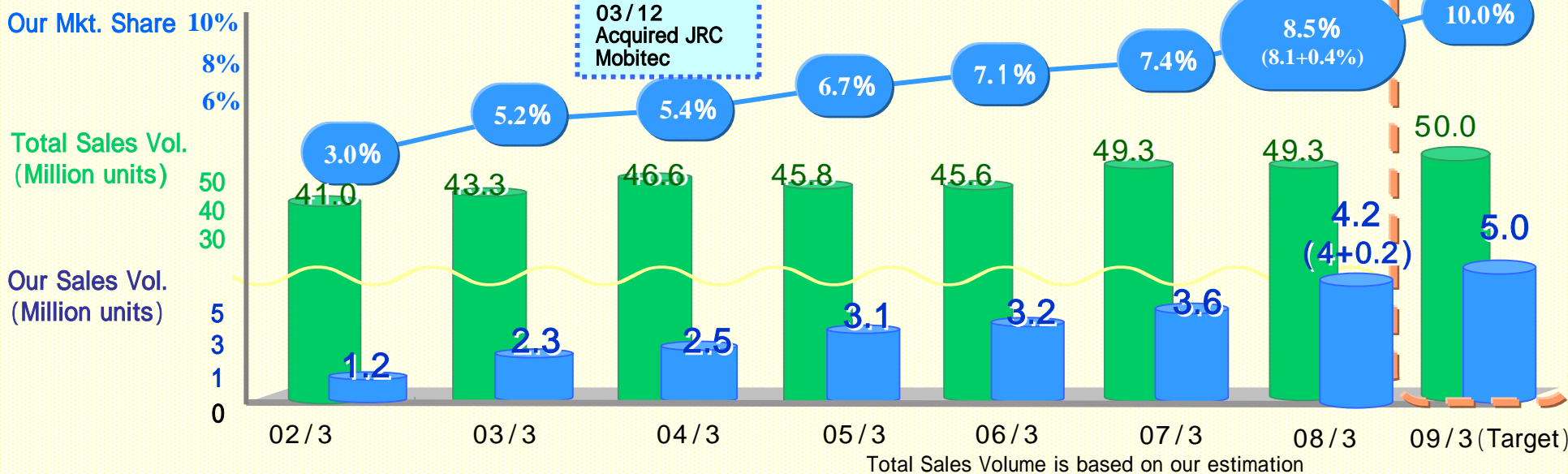
# Further Expansion of Sales Forces by Share Acquisition

## Accelerating Market Reorganization & Acquisition of Sales Agents via M&A / Grouping



\*Based on Total Sales Volume in Japanese Mobile Market

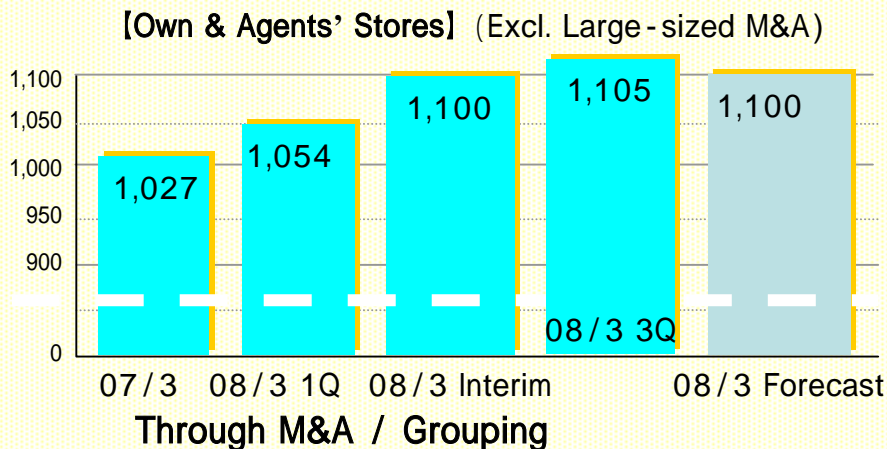
## Market Demand and Telepark's Sales Volume / Market Share



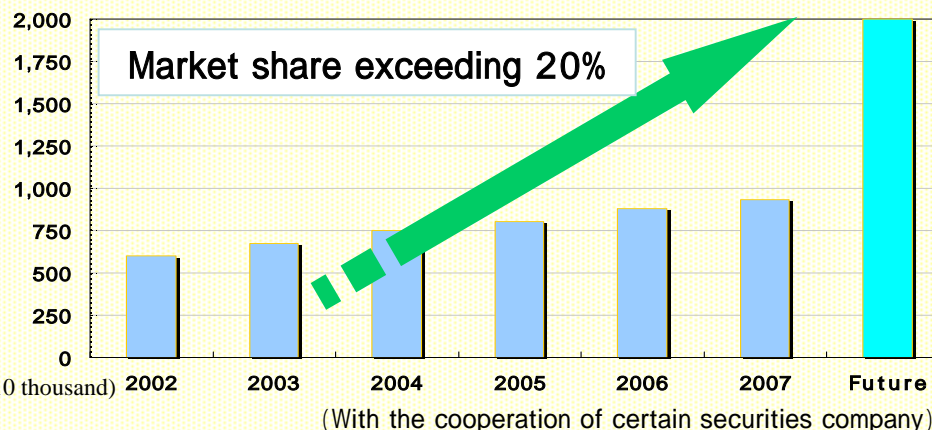


## Mobile Action Plans for the Year ending March 08

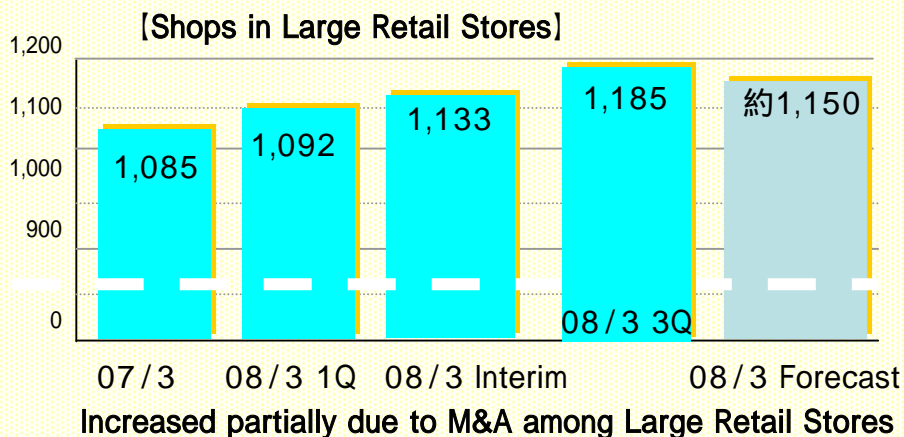
### Expansion of Sales



### Rapidly Growing Market for Corporate Clients Reaching 20 million handsets in few years



### Expansion of Business w/ Large Retail Stores



### [Strengthening of Sales for Corporate Clients]

: June 06: Established Corporate Sales Dept.  
Currently consists of approx. 70 staff

- Boosted by stricter compliance with Personal Info. Protection Law & internal control system in addition to MNP effect
- “Consulting Marketing” to propose optimal solutions incl. carries & price plans depending on each company’s needs
- Expanding client base starting with Mitsui Group
- Cooperation with Mitsui & Co.
- Promoting “Mo-Vino”, service to unify mgmt. of billing & usage for mobile phones for corporate clients
- Marketing for SMEs via sales agents

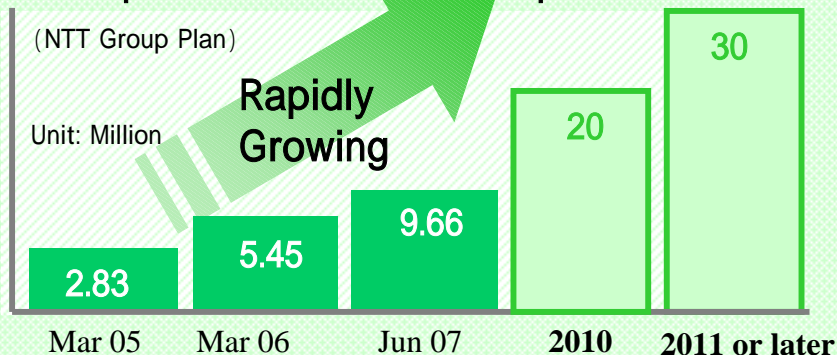


## 1. Business Strategy

### Business Expansion in FTTH Market

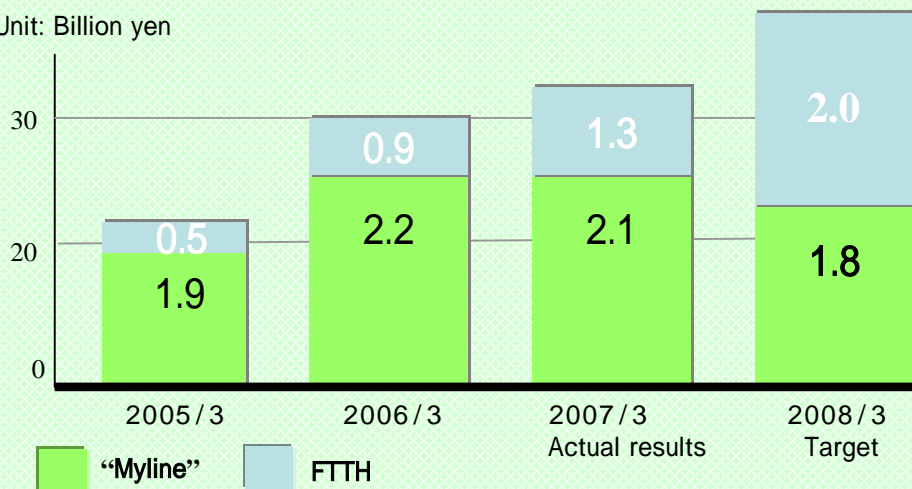
#### [Market Environment]

#### Expected Subscribers for Optical Fibers



### Gross Margin by Business Category

Unit: Billion yen



## 2. Action Plans

### Expansion of FTTH Business

- Marketing for One Unit Homes
- Shift of Sales Force from “Myline” to FTTH Business
- Acquiring New Sales Agents
- Start Content Service Business such as video picture & IP telephone

### Continuing Traditional “Myline” Business

- Profit Contribution with Stable Income

**Business Expansion  
Profit Increase**

## Existing Business

Prepaid Mobile Phones/Prepaid Mobile Cards sold at 20 Thousand Convenience Stores

## New Development : Settlement Business



(For Overseas Calls, E-money, and Contents, etc.)

Expansion of Business with 40 Thousand Convenience Stores to Secure Sales Channel for Future Growth

Strengthening of E-settlement business using PIN(\*)

Sale of iTunes Card for music distribution sites

Sale of Settlement Card for leading online shopping site



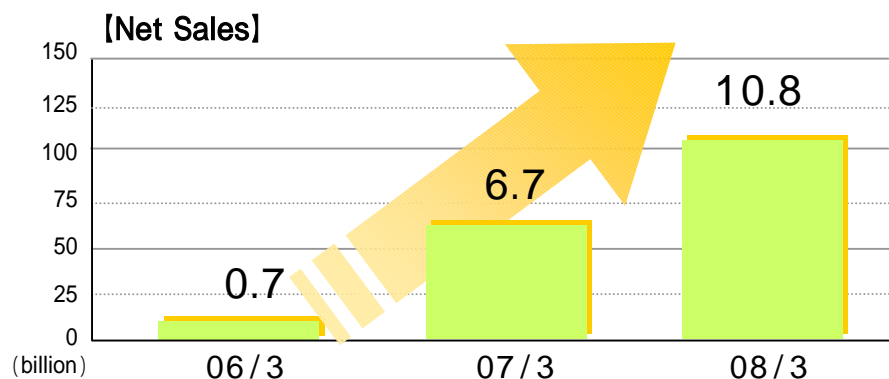
(\*) PIN:

Personal Identification Number

Password accessed by users

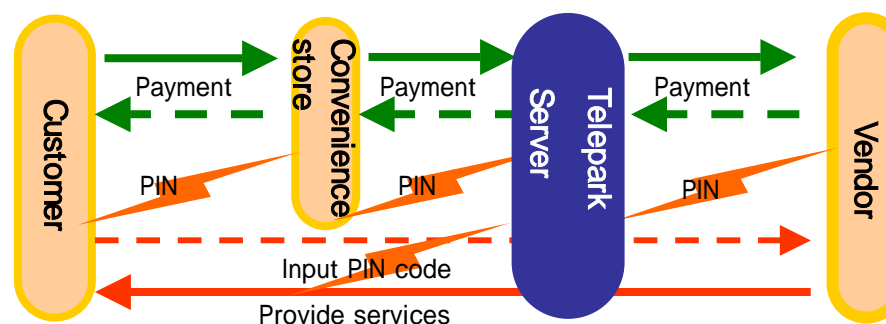
to utilize the PIN-based services

### Rapid Growth

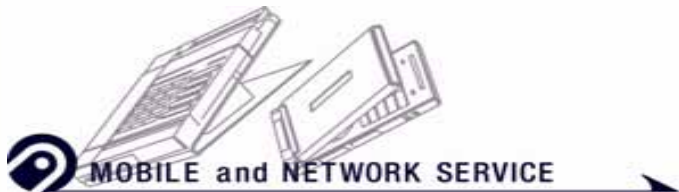


### PIN system

Telepark controls PIN server & issues PIN code



# Synergy Effect from Acquisition of Telecompark Corporation

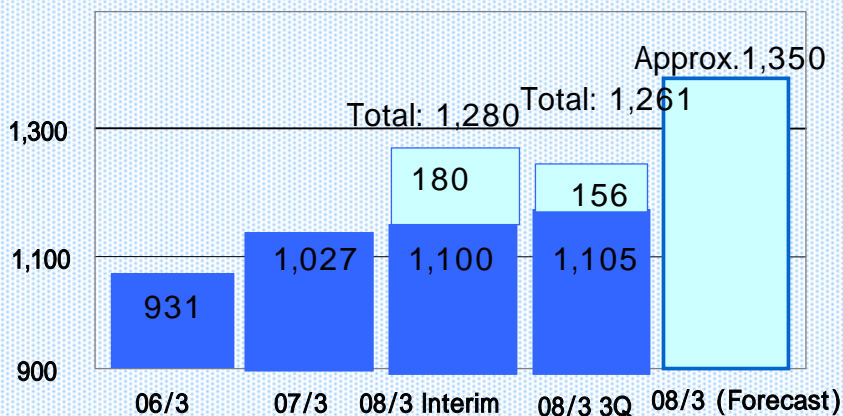


## Aggressive Implementation of M&A Activities / Increase Market Share to Realize Higher Earnings as a Largest Mobile-phone Dealer in Japan

- Increase of Net Sales & Income: Huge Step forward Mid-Term Business Plan “Challenge5000”
- Increase of Mobile-phone Handset Sales & Market Share: 3.63 mil handsets (7.4%) in FY ended March 2007  
4.00 + 0.2 mil handsets (8.1% + 0.4%) in FY ending March 2008 (Forecast)  
( Telecom SANYO data as of March 2007: 801 mil yen of Net Asset, 38.4 bill yen of Net Sales, 383 mil yen of Operating Income and 0.47 mil handset sales )
- Expansion of Sales Channel Especially in West Japan Areas  
Obtainment of 64 Carrier Stores Directly Owned & Managed & 182 Agent Stores with Strong Sales Power
- Utilization of Advantage of Scale  
Increase of Volume & Manufacturer Incentives as well as Stock Commissions  
Cost Reduction by Streamlining Physical Distribution & Inventory Control Systems

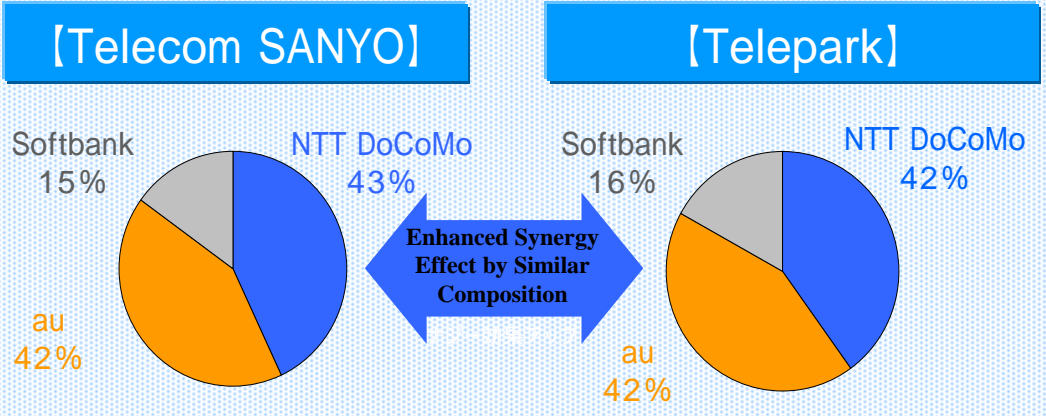
### Expansion of Sales Channels

[Own & Agents' Stores]



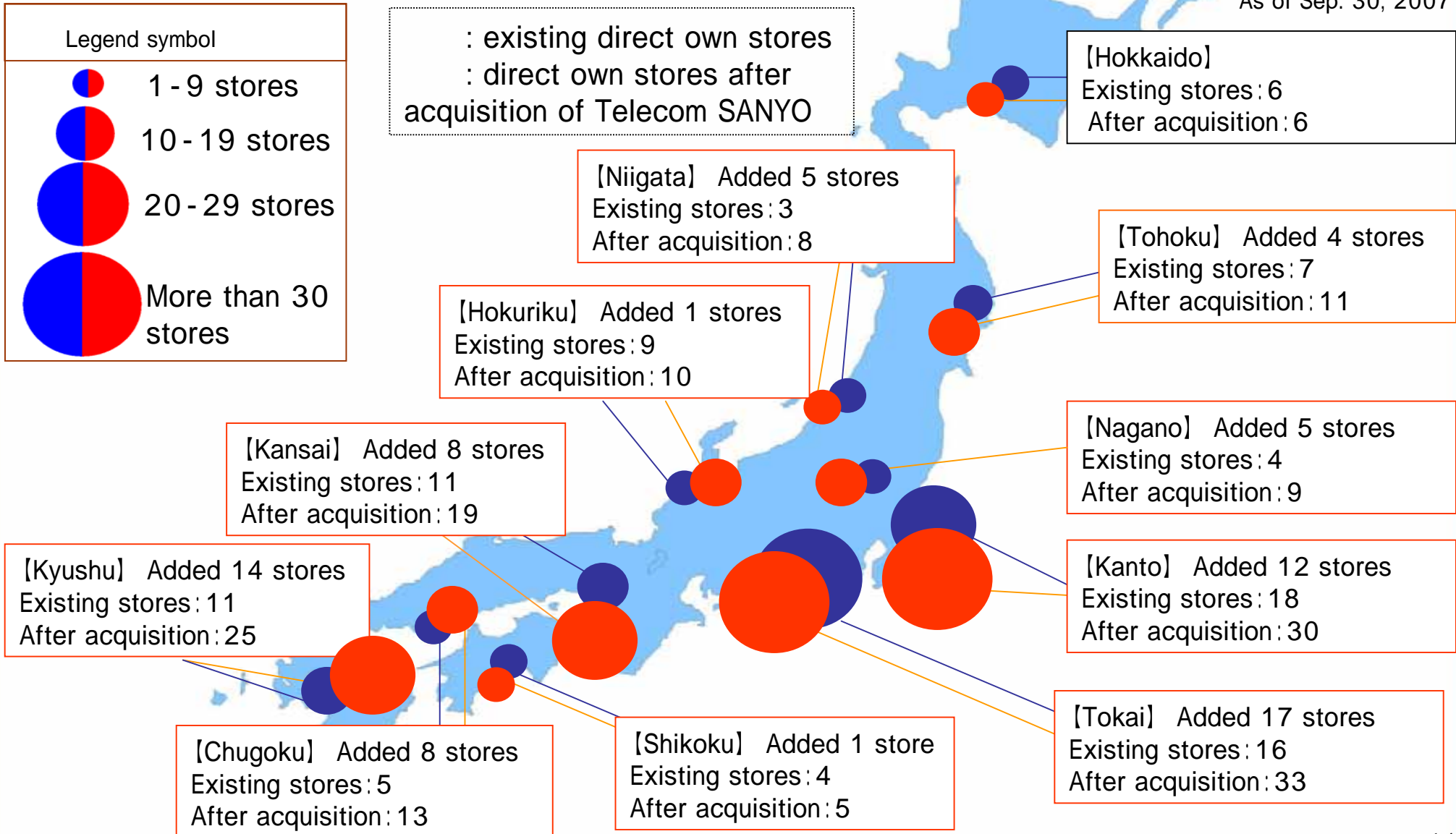
### Mobile Carrier Composition as of the end of Mar 07

\*Both Companies Have Well-balanced Relationship w/ All Major Carriers



## Increase of Direct Own Stores from 94 to 169

As of Sep. 30, 2007



**\* Acquisition amount**

: 4.8 bill. yen - Net asset 1.0 bill. yen ( provisional based on Telepark's accounting standard ) = 3.8 bill. yen

380 mil. yen of annual goodwill amortization for ten years

**\* P/L contribution**

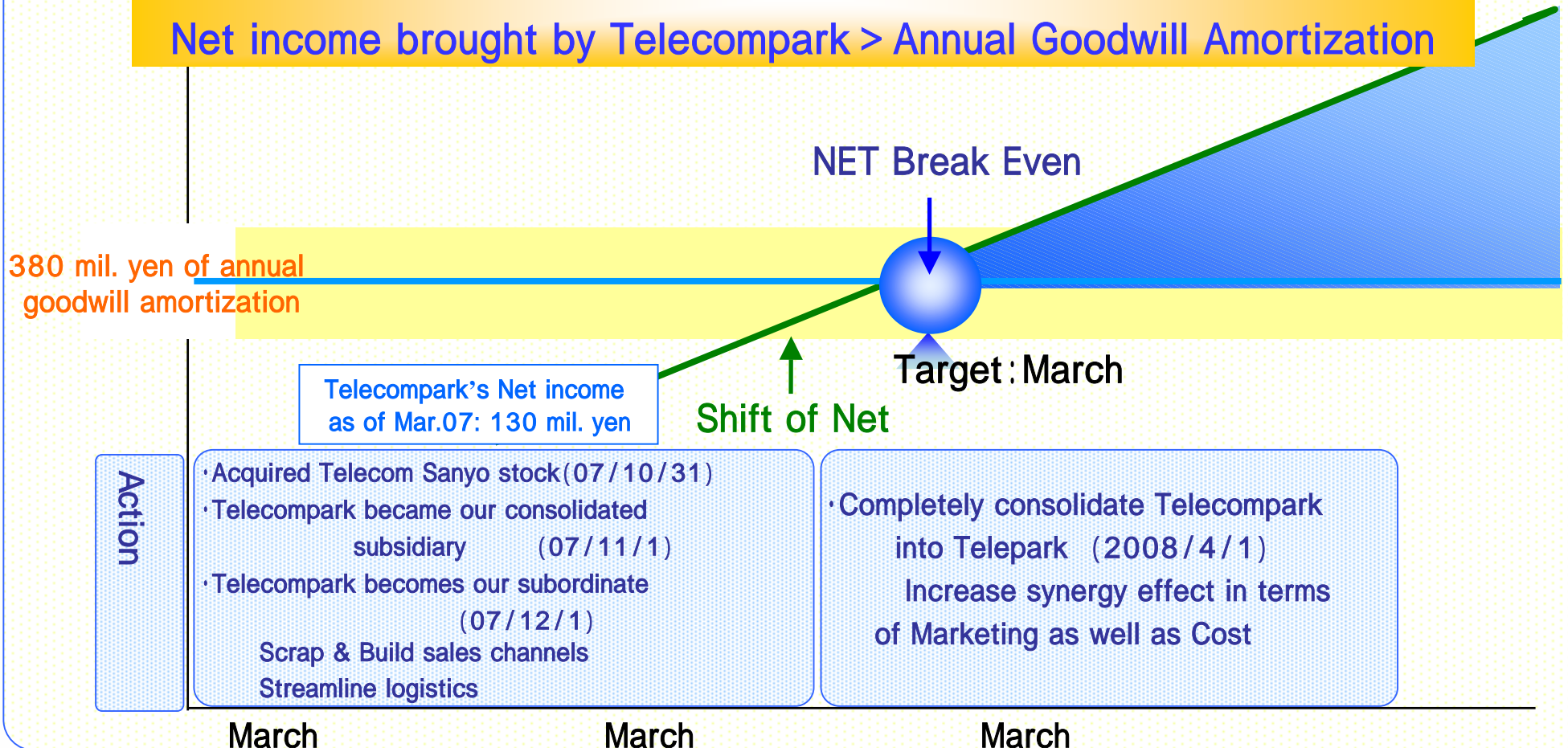
Increase volume & maker incentives

Increase stock commission

Reduction of expense (by streamlining logistics)

As of March 2010

Net income brought by Telecompark > Annual Goodwill Amortization



Action

- Acquired Telecom Sanyo stock (07/10/31)
- Telecompark became our consolidated subsidiary (07/11/1)
- Telecompark becomes our subordinate (07/12/1)
- Scrap & Build sales channels
- Streamline logistics

- Completely consolidate Telecompark into Telepark (2008/4/1)
- Increase synergy effect in terms of Marketing as well as Cost

March

March

March

# Financial Strategy / Return to Shareholders & Future Telecommunication Market

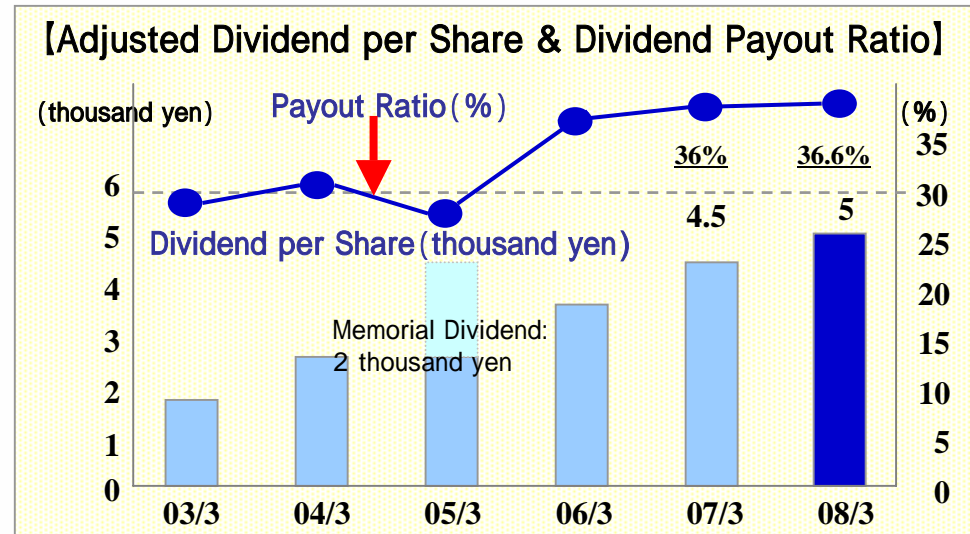
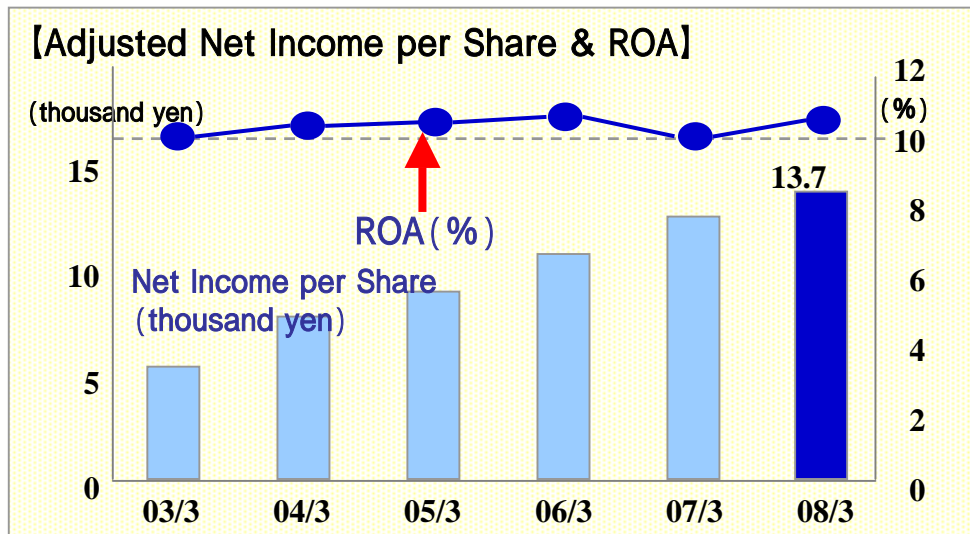


## Financial Strategy & Dividend Policy

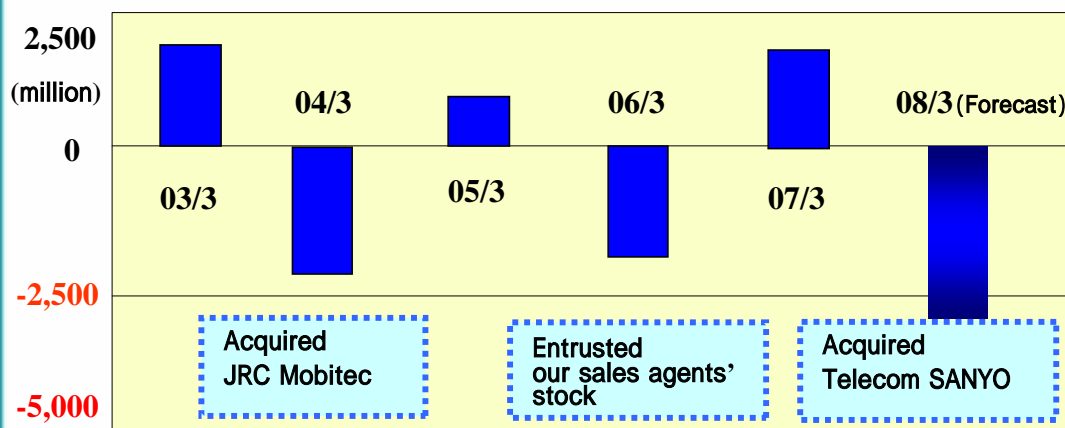
( ) Adjusted based on split-ups of stock implemented on 20 Jan 2006

Increasing Net Sales while Securing Asset Efficiency:  
 ROA over 10% Level    Increasing Net Income per Share ( )

Targeting Dividend Payout Ratio over 30% Level  
 Dividend per Share ( ) Continuously Increasing



## FCF (Free Cash Flow) & Future Activities



### Future Activities

- Return to shareholders considering "Total Rate of Returns"  
 (Dividend increase / Share buyback, etc.)
- M&A
- New Business Investment