



Yahoo Japan Corporation FY2004-3Q Results

(Oct.-Dec., 2004)

Jan. 20, 2005



Statements made at the meeting or included in the documents that are not historical facts are forward-looking statements about the future performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates.

Yahoo Japan Corporation cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, the items mentioned in the Risk Factors in “Results for the Three Months Ended December 31, 2004”.

The Company changed its accounting methods from FY2003. Figures before FY2002 in this document are retroactively adjusted using the new accounting methods introduced from FY2003.



FY2004-3Q Highlights (1)

- Advertising sales grew substantially, particularly those of the Media and Listing business divisions, while personal service sales of the Auction and other business divisions also expanded favorably. Reflecting these conditions, net sales for the third quarter increased by 17.0% from the previous quarter and 54.2% year on year, to ¥30,965 million, and ordinary income rose by 11.9% from the previous quarter and 38.0% from a year earlier, to ¥15,466 million, and net sales and ordinary income exceeded the estimated figures.
- Amid growing demand for Internet advertising among industries, the Group continued its focus on selling advertising to National Clients. Sales of such core products as Brand Panel and Super Banner were strong. Due to the many advertising campaigns conducted to the period and also influenced by the introduction of video-clip advertising, advertising sales to the highly branding-conscious automobile, digital consumer product, cosmetics, and food product industries increased. Sponsor Site sales were also favorable. As a result, advertising sales reached a record high, rising 25.8% from the previous quarter and 81.0% year on year, to ¥10,550 million.
- In the Auction Business Division, transaction volumes, which have recovered since the latter part of September, expanded thanks to year-end demand and various sales promotions. Monthly transaction volume in December hit a record high of ¥58.0 billion and quarterly transaction volume also hit a record high of ¥166.6 billion helping transaction volume for the 2004 calendar year exceed ¥500.0 billion. Net sales for the third quarter rose 22.4% from the previous quarter and 29.1% year on year, to ¥7,481 million.



FY2004-3Q Highlights (2)

- **Centered on Sponsor Site sales, the advertising sales of the Listing Business Division continued to expand favorably. Yahoo! Rikunabi-related sales also posted gains thanks to booming market conditions.**
- **To meet the diversified needs of its users, Yahoo! BB Business Division added Yahoo! BB Hikari, a new comprehensive broadband service based on optical fiber connections, to complement its ADSL service. As a result of posting sales promotion expenses for the introduction campaign in advance, at the point when the subscriber line was connected, the business division incurred additional costs temporarily during the quarter that pushed down operating income compared with the previous quarter.**
- **The Shopping Business Division initiated a variety of sales promotion measures based on its full-scale introduction of the Yahoo! Points system in the third quarter. Moreover, the business division reinforced its sales and store support organizations with the aim of adding more stores. Consequently, although net sales climbed 18.8% from the previous quarter, a revision in the method of calculating royalties paid to Yahoo! Inc. resulted in the booking of a one-time prior period cost, and this prior period cost and the increase in other costs caused the Shopping Business Division to post an operating loss for the quarter.**
- **Daily access exceeded one billion page views for the first time on October 20, 2004.**

FY2004-3Q Financial Results

(Consolidated)

Consolidated subsidiaries at the end of FY2004-3Q

- ◆ BridalConcierge Corp.
- ◆ broadcast.com japan k.k.
- ◆ eS! Books Research Corp. **NEW!**
- ◆ GeoCities Japan Corp.
- ◆ NETGENE Co., Ltd.
- ◆ Seven and Y Corp. (formerly e-Shopping! Books CORP.)
- ◆ Surfmonkey Asia Inc. **NEW!**
- ◆ VACS Corporation
- ◆ Y's Insurance Inc.
- ◆ BridalNet, Inc.
- ◆ egg-i.inc.
- ◆ Firstserver, Inc. **NEW!**
- ◆ Indival, Inc.
- ◆ Netrust, Ltd
- ◆ UniCept, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.

Affiliated companies (equity method) at the end of FY2004-3Q

- ◆ All About, Inc.
- ◆ Tavigator, Inc.
- ◆ INTAGE Interactive Inc.
- ◆ Yume no Machi Souzou linkai Co., Ltd. **NEW!**



FY2004-3Q Statement of Income

	Oct.-Dec. 2004	Oct.-Dec. 2003	Changes
Net Sales (¥ M)	30,965	20,081	54 %
Cost of Sales (¥ M)	2,233	1,324	69 %
Gross Profit (¥ M)	28,732	18,757	53 %
Operating Income (¥ M)	15,458	11,106	39 %
Ordinary Income (¥ M)	15,466	11,206	38 %
Quarterly Net Income (¥ M)	9,252	6,648	39 %
EPS (¥)	1,225	3,527	-65 %
Number of Shares Outstanding (Average of Period)	7,546,747	1,884,940	300 %
EPS After Retroactive Adjustments (¥) *	1,225	881	39 %
Fully Diluted EPS (¥)	1,222	3,514	-65 %
Number of Shares Assuming Full Dilution	7,570,990	1,891,840	300 %
Fully Diluted EPS After Retroactive Adjustments(¥)*	1,222	878	39 %

* In May 2004 and Nov. 2004, there were 1:2 share splits

* The retroactive adjusted figures of EPS are adjusted for share splits

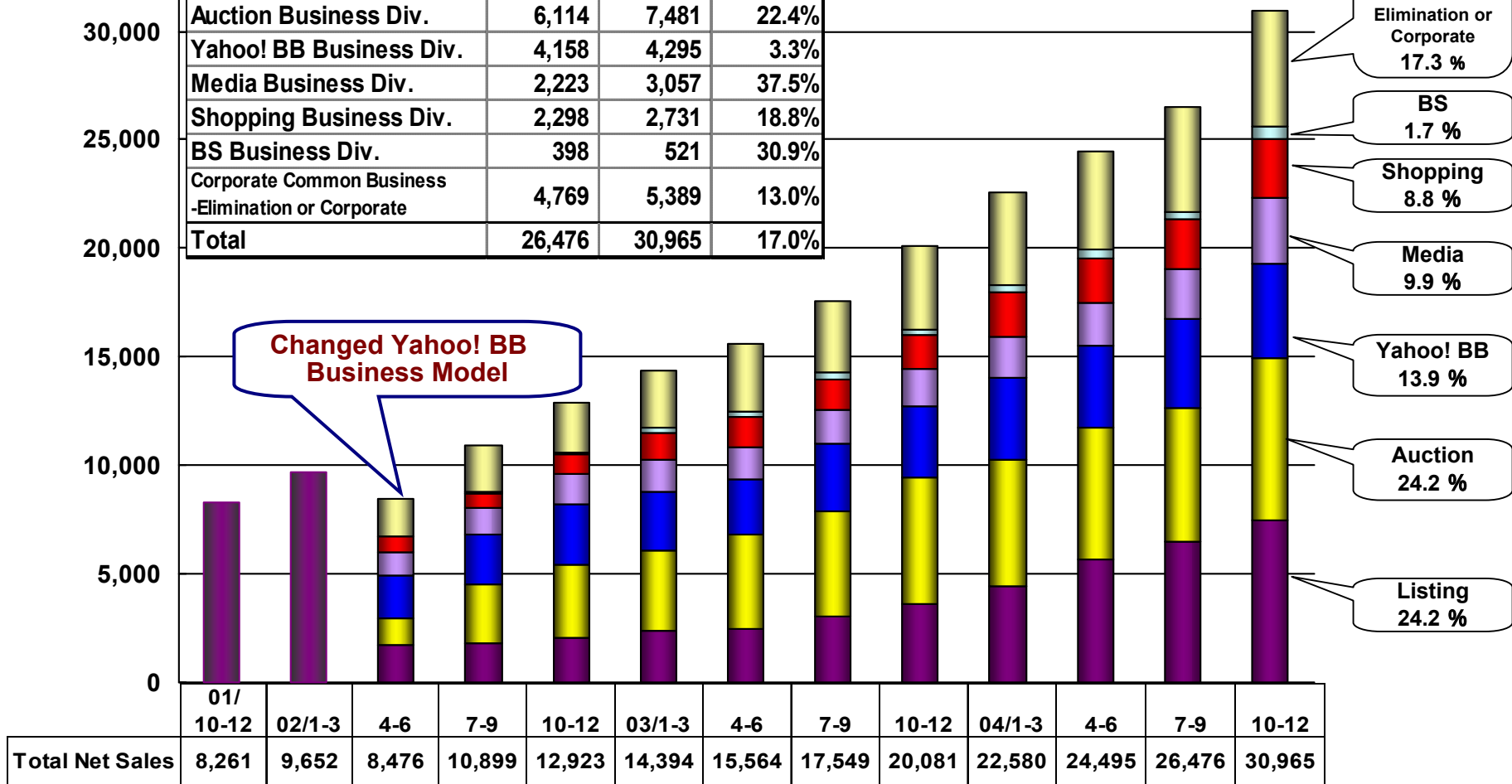
* Number of Shares Outstanding and Number of Shares Assuming Full Dilution excluding treasury stocks



Quarterly Net Sales

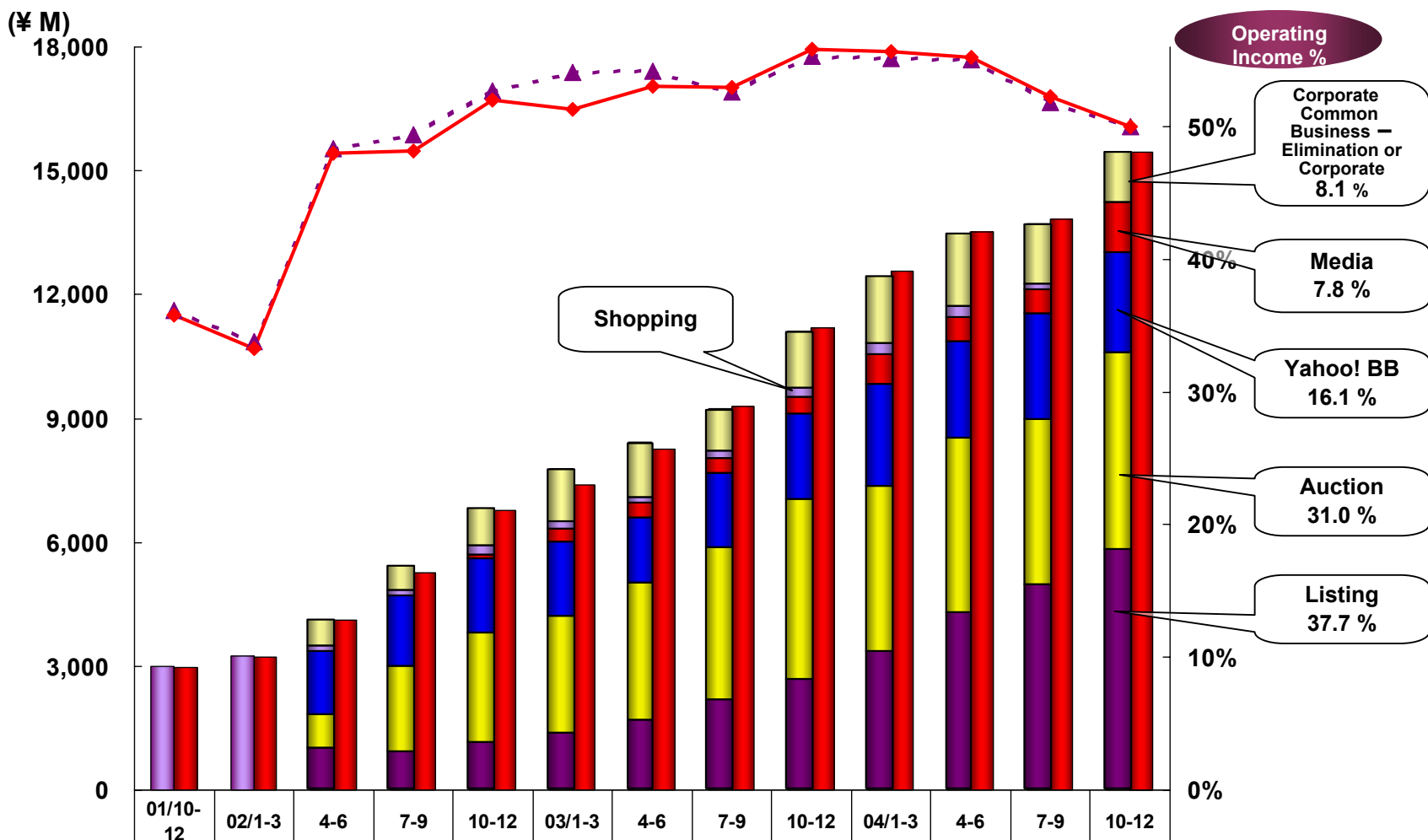
(¥ M) FY 2004-3Q Sales Breakdown

	2Q Sales	3Q Sales	Change
Listing Business Div.	6,514	7,488	15.0%
Auction Business Div.	6,114	7,481	22.4%
Yahoo! BB Business Div.	4,158	4,295	3.3%
Media Business Div.	2,223	3,057	37.5%
Shopping Business Div.	2,298	2,731	18.8%
BS Business Div.	398	521	30.9%
Corporate Common Business - Elimination or Corporate	4,769	5,389	13.0%
Total	26,476	30,965	17.0%





Quarterly Profits



	01/10-12	02/1-3	4-6	7-9	10-12	03/1-3	4-6	7-9	10-12	04/1-3	4-6	7-9	10-12
Operating Income	2,983	3,261	4,094	5,382	6,807	7,788	8,433	9,227	11,106	12,443	13,470	13,718	15,458
Ordinary Income	2,956	3,212	4,107	5,251	6,782	7,382	8,257	9,285	11,206	12,559	13,516	13,826	15,466
Operating Margin	36%	34%	48%	49%	53%	54%	54%	53%	55%	55%	55%	52%	50%
Ordinary Margin	36%	33%	48%	48%	52%	51%	53%	53%	56%	56%	55%	52%	50%



SG&A Breakdown

(¥M)

Main reason for change on quarterly base

	04/3Q	Share	03/3Q	Annual change	04/2Q	Quarterly change
SG&A Total	13,273	100.0%	7,650	73.5%	10,872	22.1%
Personnel expenses	2,478	18.7%	1,858	33.3%	2,136	16.0%
Business commissions	1,826	13.8%	858	112.8%	1,491	22.5%
Sales commissions	1,311	9.9%	779	68.1%	1,012	29.4%
Depreciation expenses	1,235	9.3%	816	51.4%	1,020	21.1%
Royalties	1,098	8.3%	524	109.7%	682	61.1%
Communication charges	1,097	8.3%	734	49.4%	1,033	6.2%
Lease and utility expenses	745	5.6%	361	106.2%	533	39.8%
Sales promotion costs	721	5.4%	354	103.4%	370	94.7%
Content provider fees	611	4.6%	423	44.4%	605	1.0%
Payment commissions	406	3.1%	170	137.9%	270	50.5%
Allowance for doubtful debt accounts	268	2.0%	142	88.5%	218	22.8%
Advertising costs	255	1.9%	82	210.5%	208	22.1%
Packing and transport expenses	194	1.5%	115	68.1%	163	19.0%
Compensation payment	181	1.4%	54	230.2%	230	-21.4%
Others	847	6.2%	380	125.3%	901	-5.8%

Increase in personnel (+221 people/Q)

Temporary employees, the settlement operations of personal service sales, and Yahoo! BB's call center, etc.

Increase in advertising sales

Increase in servers and equipment related to expanded office floor space

Additional cost due to recalculation of Royalties (see next page)

Expansion of office space due to increased personal

Cost of Yahoo! Points and additional cost for change of accounting timing of Yahoo! BB subscriber acquisition campaign

Expanded transaction volumes of the Yahoo! ezPay

Growth in sales receivables of individual and corporate customers, and increase in aged sales receivables for individual customers for which the estimated loss percentage is high



Extraordinary Issues for SG&A

Licensing Agreement with Yahoo! Inc.

Yahoo Japan Corporation has discussed with Yahoo! Inc. regarding the interpretation of the provisions provided in the License Agreement that relates to the method of royalty calculation and confirmed the detail of royalty calculation. The confirmed method reflects facts that the current the Company's business structure is much different from the expected business structure at the execution date of the license agreement. The major points of agreement were adopting (1) the consolidated income rather than the non-consolidated income, and (2) the net sales rather than gross profit. The agreed method of calculation for royalties will be applied retroactively to the calendar year 2004, with the difference for the period from January to September 2004 (¥210 million in total) being booked in the third quarter of the fiscal year ending March 2005, together with the royalties from October to December 2004 calculated by agreed method. For the period starting from January 1, 2005, the "cost of goods and sales" of Seven and Y Corp. should be deducted from the net sales, since the gross margin structure of Seven and Y Corp. is materially different from those of other business of the Company. In addition, when the Company plans to enter into new business that has different gross margin structure than those of existing the Company's business, both parties will discuss the appropriate calculation method to be applied to such new business.

Confirmed Calculation Method (*Ad Sales Comissions are on consolidated base)

For the calendar year 2004

$[(\text{Consolidated Net Sales}) - (\text{Ad Sales Commissions}^*)] \times 3\%$

After January 2005

$[(\text{Consolidated Net Sales}) - (\text{Ad Sales Commissions}^*) - (\text{Cost of Goods and Sales of Seven and Y Corp.})] \times 3\%$

Accounting for the Difference Arising for the Period from January to September 2004

January to March 2004 : booked as extraordinary loss in third quarter of fiscal year ending March 2005.

April to September 2004 : added to royalties booked under SG&A for the quarter.

Yahoo! BB : Posted sales promotion expenses for an introduction campaign in advance, in order to match the accounting timing with that of revenue recognition

Before Sept. 2004: Account for the cost when the gift coupon is decided to be sent out

After Oct. 2004: Account for the cost when the subscriber line was connected

Approx. ¥140 million of additional cost took place in FY2004-3Q



FY2004-3Q Balance Sheet

(¥M)	12/31/2004	9/30/2004	Increase/ Decrease	Major Reasons for Changes
< Assets >				
Current Assets	75,444	68,308	7,135	Income from operating activities
Cash and Cash Equivalents	54,565	50,730	3,835	Increase in sales of personal services and sales of Sponsor Site etc.
Accounts Receivable-Trade	18,108	15,718	2,389	
Allowance for Doubtful Accounts	-1,207	-999	-207	Growth in sales receivables of individual and corporate customers, and increase in aged sales receivables for individual customers for which the estimated loss percentage is high
Fixed Assets	33,575	31,978	1,596	Increase in servers, etc.
Tangible Fixed Assets	11,637	10,442	1,195	
Investment Securities	9,716	10,417	-701	Decrease due to mark-to-market evaluation of marketable securities
Long-term Loans	4,772	5,862	-1,090	
Total Assets	109,019	100,287	8,731	
< Liabilities >				
Current Liabilities	21,379	21,142	237	Decrease due to an interim payment of income taxes
Accounts Payable-Other	7,035	7,087	-51	
Accrued Income Taxes	8,363	10,663	-2,299	
Long-term Liabilities	1,962	2,500	-538	
Total Liabilities	23,342	23,643	-301	
< Minority Interests in Consolidated Subsidiaries >				
Minority Interests in Consolidated Subsidiaries	451	315	135	
< Shareholders' Equity >				
Common Stock	6,637	6,503	133	Exercise of stock options
Additional Paid-in Capital	1,718	1,584	133	Increase in profit
Retained Earnings	73,144	63,892	9,252	
Total Shareholders' Equity	85,225	76,328	8,897	
Total Liabilities, Minority Interests and Shareholders' Equity	109,019	100,287	8,731	



FY2004-3Q Cash Flow Statement

(¥M) Major Items	Oct.-Dec. 2004	Major Reasons for Changes
<u>Operating Activities</u>	<u>7,980</u>	
Net Income before Income Taxes	15,335	Increase in net income before income taxes
Depreciation/ Amortization	1,243	
Increase in Allowance for Doubtful Accounts	191	
Additions to reserve for point system	259	Increase in sales of personal services and sales of Sponsor Site etc.
Proceeds from Interest and Dividends	-172	
Increase in Accounts Receivable—Trade	-2,386	
Other Receivable/Payable	699	Increase in accrued liabilities
Payment of income taxes and other taxes	-8,483	Purchase of servers and other equipment and fixtures related to expanded office floor space, and the purchase of software
<u>Investing Activities</u>	<u>-4,373</u>	
Purchase of Fixed Assets	-2,981	Purchase of stock of affiliates
Acquisition/ Sales of Investment Securities	-423	
Expenditures from acquisition of stocks of subsidiaries	-1,128	Purchase of stock of subsidiaries
Proceeds from Interest and Dividends	139	Interest of a loan based on finance scheme for Yahoo! BB business
<u>Financing Activities</u>	<u>228</u>	
Proceeds/ Redemption of Short-term Loan	-12	Refund of subsidiary
Issuance of New Shares	267	Exercise of stock options
<u>Net Change in Cash Flows</u>	<u>3,835</u>	



Investments and Others

Company Name	Status	Shares	Business	Purpose
Surfmonkey Asia Inc.	Acquired Shares	100.0%	Filtering services of offensive content for houses and schools	Add filtering function to search, message board, chat and other services
Firstserver, Inc.	Acquired Shares	57.7%	Server rentals, domain registrations, and other Internet related information treatment services.	Strengthen the hosting business (server rental business) and domain business as a core for corporate business, and expand and stabilize business service revenues
Yume no Machi Souzou linkai Co., Ltd	Acquired Shares	30.2%	Offer on-line delivery service, "Demae-kan"	In order to meet the diversified needs of Internet users, utilize know-how of "Demae-kan" and expand regional information services
AccessPort Inc.	Plan to Acquire Shares	33.4%	Maintenance of Japanese keyword search services "JWord"	Using the company's "JWord services" to, meet the needs of the Internet users and advertisers
Alps Mapping K.K. *	Buisness transfer Contract Made	-	Planning and production of a variety of maps and supplying map data and regional information	Using the map data and know-how of the company, enrich regional information services
CREO CO., LTD	Plan to Acquire Shares	36.9%	System development; planning, development, and software package sales; and support services, such as help desks	Tie-up with CREO, which has many highly qualified engeneers, to speed up development of services and improve their quality

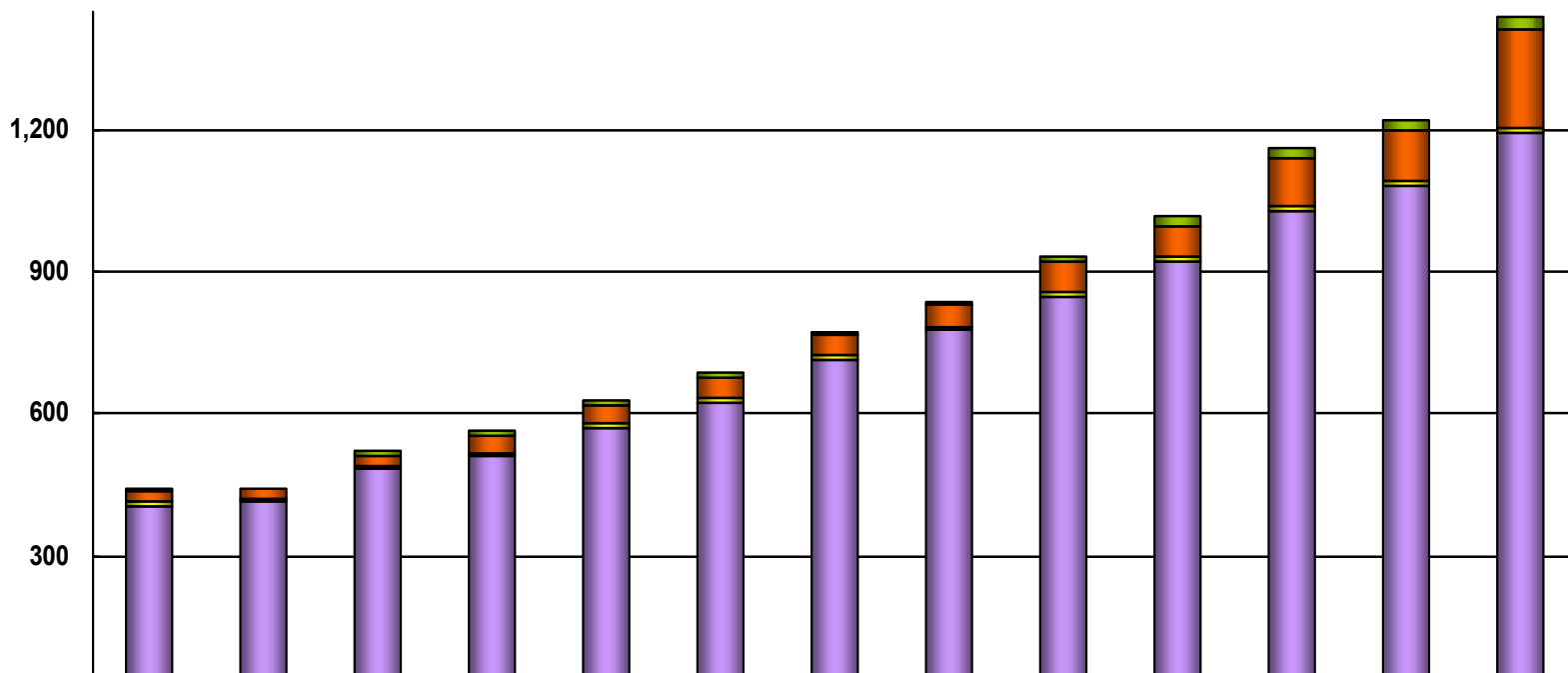
* On Jan. 18, 2005, Nagoya district court permitted Alps Mapping K.K., which has applied for reorganization under the Civil Rehabilitation Law, to transfer its business. Accordingly, Yahoo Japan Corporation will take over Alps Mapping K.K.'s business through its 100% subsidiary broadcast.com (broadcast.com changed its name to Alps Mapping K.K. on the same day.)



Number of Directors and Employees

Number of People

(at the End of Quarter)



	01/12	02/3	6	9	12	03/3	6	9	12	04/3	6	9	12
Directors of Subsidiaries	4	4	6	10	10	9	8	8	12	18	24	19	26
Employees of Subsidiaries	22	17	21	38	37	44	44	45	65	67	101	108	209
Directors of Y!J	9	9	8	8	8	8	9	9	8	8	9	9	9
Employees of Y!J	407	414	484	510	572	625	714	776	850	923	1,029	1,083	1,196
Total	442	444	519	566	627	686	775	838	935	1,016	1,163	1,219	1,440

■ The above figures are net figures, excluding the duplication of employees and directors with Yahoo Japan Corporation.



Review of FY2004-3Q Business Outlook

(Consolidated)

Millions of yen

(Consolidated)	FY2004-3Q (Actual)	FY2004-3Q (Projection)
Net Sales	30,965	27,500 ~ 30,000
Ordinary Income	15,466	12,850 ~ 15,050
Net Income	9,252	8,000 ~ 9,300

With the ad revenue and Personal service revenue of Auction Business Division stronger than projected, net sales exceeded the projected range

Despite the change in royalty calculation method and accounting timing of Yahoo! BB sales promotion cost, ordinary income also exceeded the range due to the increase in net sales



FY2004-4Q Business Outlook

(Consolidated)

By continuation of aggressive investments for future business expansion and increase of cost of subsidiaries, SG&A on consolidated base will increase. Comparing with the FY2004-3Q excluding the temporary cost (Part of royalties and Y!BB campaign cost, etc.), additional ¥1.9-2.2 billion of SG&A will take place. The following is the business outlook for 4Q:

Millions of yen

As of Jan. 20, 2005 (Consolidated)	FY2004-3Q (Actual)	FY2004-4Q (Projection)	FY2004-1Q to 3Q accumulation (Actual)	FY 2004 full year (Projection)
Net Sales	30,965	33,000 ~ 35,400	81,937	114,937 ~ 117,337
Ordinary Income	15,466	15,250 ~ 17,200	42,810	58,061 ~ 60,010
Net Income	9,252	9,150 ~ 10,300	26,204	35,355 ~ 36,505

* Since the business environment of the Group can fluctuate substantially in the short term, it is extremely difficult to forecast performance for the full fiscal year with a high degree of confidence. Therefore, the Group announces its financial results on a quarterly basis together with the business outlook only for the following quarter. The above “FY 2004 full year projection” is the aggregation of the FY 2004-1Q to 3Q actual accumulation with FY2004-4Q projection.



Start of Full-Scale Settlement Services

1. Entry of Yahoo Japan Corporation into the Internet Banking Business

The Company, together with Aozora Bank, Ltd., will be shareholders of Aozora Trust Bank, Ltd. We will offer banking service that serves the needs of individual customers, targeting to be No.1 pure Internet play bank.

Aozora Bank

Know-how in banking business, supply in human resources

Aozora Trust Bank

Know-how in Internet business, supply in human resources

Yahoo! JAPAN

- Creating a synergy effect with auction business and shopping business and serving the needs of customers, we will improve the customer satisfaction and develop a new revenue base.
- Achieve sound banking management and a high degree of security in operations.
- Plan to start Internet banking business in the first half of 2006

2. Start of the credit card issuance business

Tie-up with Nippon Shinpan Co., Ltd. and start issuing the Company's own credit card, outsourcing the operations to Nippon Shinpan. By synergizing with Yahoo! JAPAN services, and mutually complementing the above mentioned "Internet banking business", try to improve the customer satisfaction and develop a new revenue base. Plan to start in the first half of 2005.



Review of Operations



Business Divisions of Yahoo! JAPAN

Listing Business Div.

Directory search services, Information listing services, and regional information services. Includes sponsor site services

Auction Business Div.

Provides platform for sales of goods between individuals and for auctions by enterprises, provision of on-line payment system

Yahoo! BB Business Div.

Acquires customers of Yahoo! BB, provides ISP Service, and offers Yahoo! Mail, etc.

Media Business Div.

Provides useful information, both free of charge and for fees

Shopping Business Div.

Provides on-line shopping mall with quality stores and variety of products

Business Solutions (BS) Business Div.

Provides services to enterprises based on the technology and experience of Yahoo! JAPAN

Corporate Common Business - Elimination or Corporate

P&L from Ad Sales of Y!J top pages and Premium Member fees are added to the P&L of Headquarters



Listing Business Div.

Directory Search : Offer better search services, revitalize Sponsor Site, improve function as the hub of Yahoo! JAPAN's services

- Overture's system changeover was successful, and Sponsor Site revenue was favorable.
- Aiming for the expansion of search related services and revenue growth, the Company plans to invest in AccessPort, Inc. which offers JWord (Plan to acquire 33.4%)

Information Listing Services : Aiming to expand information listing sales, try to introduce the best charging model for each service

- The revenue from Yahoo! Rikunabi was favorable along with the favorable conditions in the market. One-time temporary job matching service "Shotworks" started its mobile services.
- Added "Domestic medical science" and renewed "Yahoo! Auto", "Yahoo! Gourmet", aiming to expand page views and unique users.

Regional Information : Diversifying local sales channels, development of targeted ad products

- Expanded services on "Yahoo! Map" and "Yahoo! Gourmet"
- Agreed with Alps Mapping K.K. , which plans and produces a variety of maps, to take over its business

<Measures and Policies>

- Target the personalization of interface and search results.
- Try to improve information listing services modeled on the collaboration with Recruit Co., Ltd. on Yahoo! Rikunabi. Also, aim to improve the services for users based on service infrastructure such as Yahoo! Points.
- Reinforce regional information by adding various services, personalizing the interface, etc.



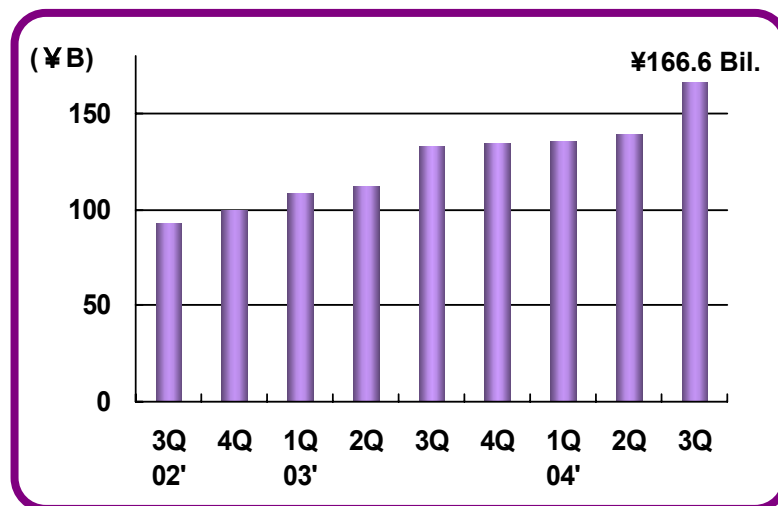
Auction Business Div.

- Transaction volume recovered from the latter half of September, and continued strong backed up by year-end demand and sales promotion activities. Aiming to improve security measures and expand the transactions, increased personnel cost and business commissions. Sales increased by 22.4% qoq. Although the payment commissions increased due to increase in transaction volume of Yahoo! ezPay, operating income jumped 19.5% qoq
- Annual transaction volume of calendar 2004 exceeded ¥500 billion
- Increased the personnel for Patrol Team, and continued the countermeasures for security. Also, started to detect potential fraud, aiming for higher securities
- Thanks to the name change and price cut, usage rate of “Yahoo! ezPay” increased

<Measures and Policies>

- Carry out active measures to ensure safety of Yahoo! Auction services from point of view of achieving medium to long-term growth
- Promote large stores to increase the number of items
- Try to stimulate existing users' interest in purchasing at auction site through various campaigns

Turnover from Yahoo! Auction





Yahoo! BB Business Div.

- Since Oct. 2004, posting sales promotion expenses for introduction campaigns in advance, at the point when the subscriber line is connected, instead of when the gift coupon is granted. This increased the SG&A expenses of the division temporarily, and operating income decreased
- Started to accept applications for “Yahoo! BB Hikari”. Backed up by the image of high-technology, attracted ADSL subscribers
- Expanded exclusive services for Yahoo! BB members by increasing size of mail boxes, offering advance sales for tickets to concerts, and others

<Measures and Policies>

- Aim to acquire more subscribers with promotion of Yahoo! BB ADSL and new products such as “Yahoo! BB Hikari”
- Expand Yahoo! BB member exclusive services (content, tickets, etc.) and improve the value of Yahoo! BB members



Media Business Div.

- Ad sales were favorable supported by the sales of banners in “Yahoo! News”, “Yahoo! Finance” and others to National Clients
- Carried out activities such as distribution of fashion news in “Yahoo! Beauty” and increased the pages where ad can be listed, and introduced of video and sound ad products, in order to attract interest of advertisers to post ads
- Began a Disaster Information Service to provide flash reports in the case of earthquakes. In addition, Lifeline information is conveyed through Yahoo! Messenger and Yahoo! Topics in case of emergency.
- Paid fortune telling services on Yahoo! Fortune Telling performed well partially because of the New Year season. Other content also sold steadily
- Started to sell insurance products of Y’s Insurance on Internet

<Measures and Policies>

- Provide useful services and content, and increase page views, unique users, and time spent by each user, to boost media power
- Develop appealing ad products with Ad Div. and increase ad revenue
- Increase paid content and establish a mall of paid content, to increase personal service sales
- Increase the exposure of Y’s Insurance and aim at expansion of transaction volume



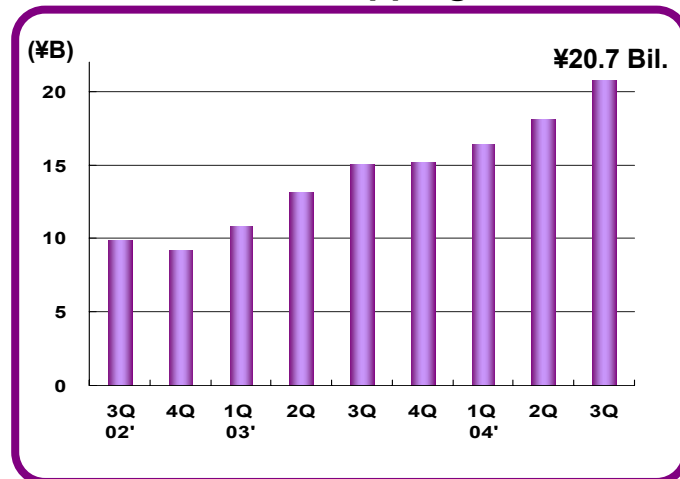
Shopping Business Div.

- **Yahoo! Shopping:** Utilizing the point system that was introduced in 2Q, promoted shopping service on the site. Started to offer in-house seminar on starting on-line stores, in order to speedup the process. Also, simplified the process for opening stores for shops with high Internet literacy. Improved the store management system
- **Books:** Changed the name of the site to “SevenAndY”, and started to sell CDs and DVDs
- **Travel:** Started on-line reservation for super-discount overseas flight tickets. Also, expanded the transaction volume of business travel through campaigns
- **Ticket :** Offered advance artist concert tickets exclusively for Yahoo! BB members of famous artists. Also, aimed at expansion of users through Yahoo! Points and gift campaigns

<Measures and Policies>

- **Yahoo! Shopping:** Focus on the expansion of number of stores
- **SevenAndY:** aim at increasing the variety of items such as CDs or DVDs that is sold on Yahoo! Shopping site
- **Yahoo! Travel:** Expand the variety of products and improve the content, to position itself as a travel site
- **Yahoo! Tickets:** Through various projects, aim at stable sales. Also, utilize various functions to actively promote sales activities

Turnover from Shopping Business



* Turnover from Shopping Business includes turnover from Yahoo! Travel, SevenAndY and Yahoo! Tickets



Business Solutions (BS) Business Div.

Yahoo! Research

- Strengthened the sales organization of Business Sales Div. and the development of new customers was favorable
- Started to sell “Yahoo! Research Self”, which enables users to create the research request themselves

Yahoo! Domain / WebHosting

- Sales was favorable together with the expansion of services
- Made Firstserver, Inc., which has a strong customer base as a server rental and domain registration company, a subsidiary

Yahoo! Portal Solutions

- Sites of NIPPONTRAVEL AGENCY CO., LTD. and Japan Football Association HP launched. Also, completed system integration with Hitachi, Ltd., a business partner

<Measures and Policies>

- Promote “Yahoo! Research Self” aggressively and aim to expand the client base of large companies, consulting companies, and small-middle companies
- Based on the technologies of Firstservers, Inc. aim to expand the services and functions of Yahoo! Domain and Yahoo! WebHosting
- Promote sales activities of Yahoo! Portal Solutions based on the collaboration with Hitachi, Ltd.



Site to create questionnaires for “Yahoo! Research Self”

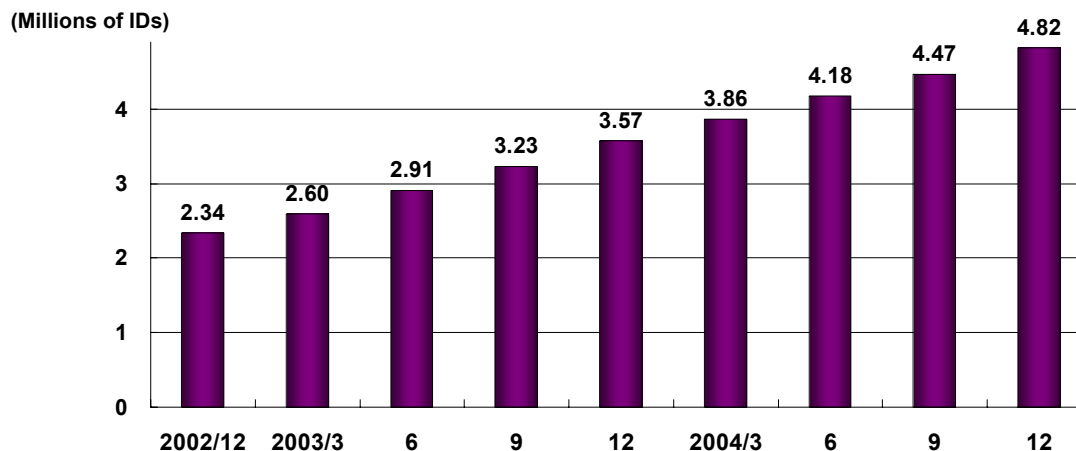




Corporate Common Business – Premium Member Trend

- Growth in number of Yahoo! Premium members on a daily basis during the quarter was the largest in past two years. (3.8 thousand IDs)
The total members reached 4.82 million IDs. (end of Dec., 2004)
- Member acquisition and retention through promotion activities
(Extension of campaign to waive Premium membership fee, member registration campaign, various point campaign, member only bargain, fortune telling package, comic package, gift of movie tickets, mortgage with favorable interest rate, etc.)
- Through various campaigns and special treatment, the recognition rate of Yahoo! Premium improved from 67.2% (Aug. 2004) to 71.3% (Nov. 2004)

Number of Premium Members (As of the end of each month)



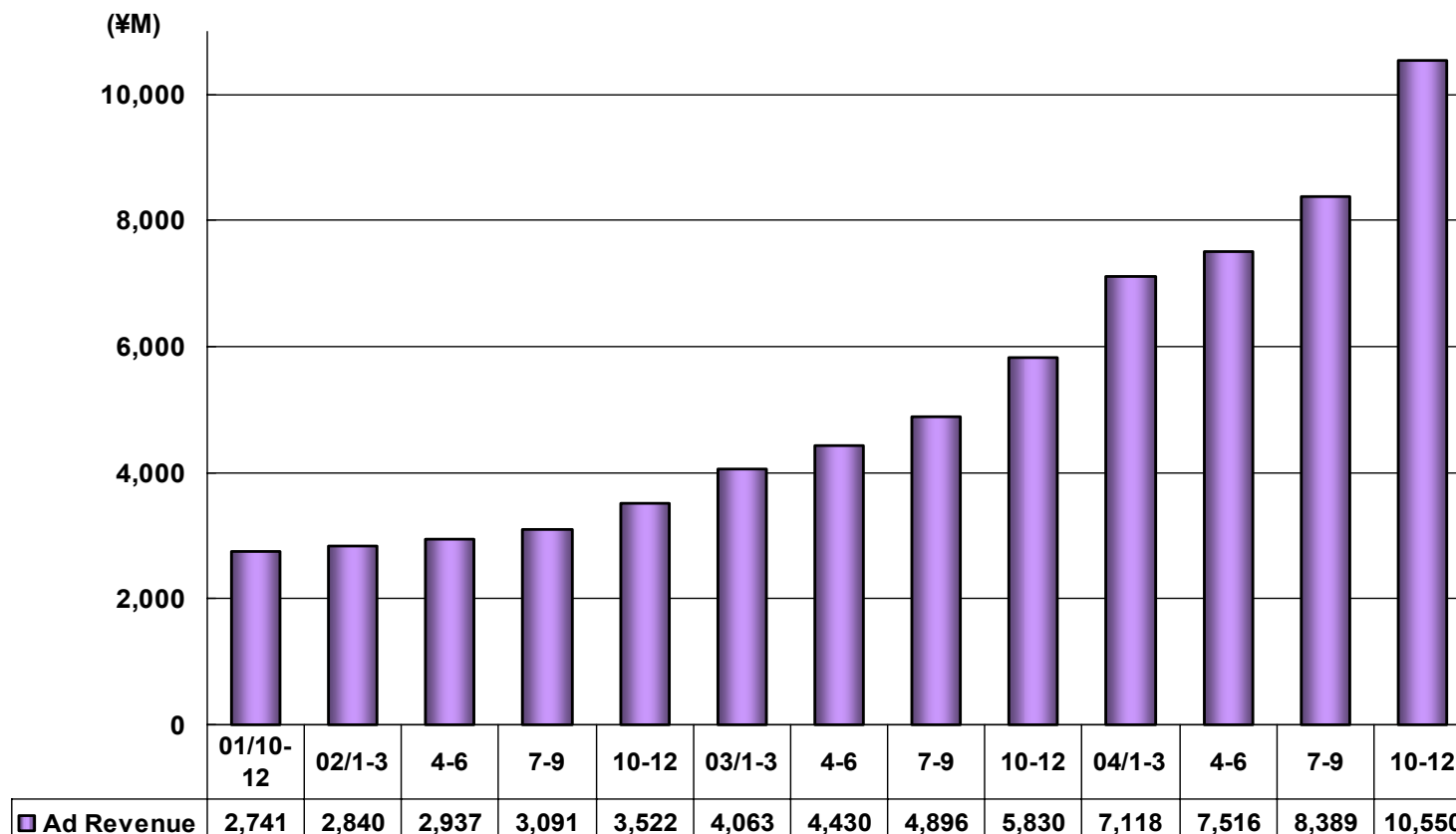


Advertising Revenue



Advertising Revenue

Amid growing demand for Internet advertising among industries, and influenced by the introduction of video-clip advertising, branding ad sales were favorable. Sponsor Site sales also remained strong



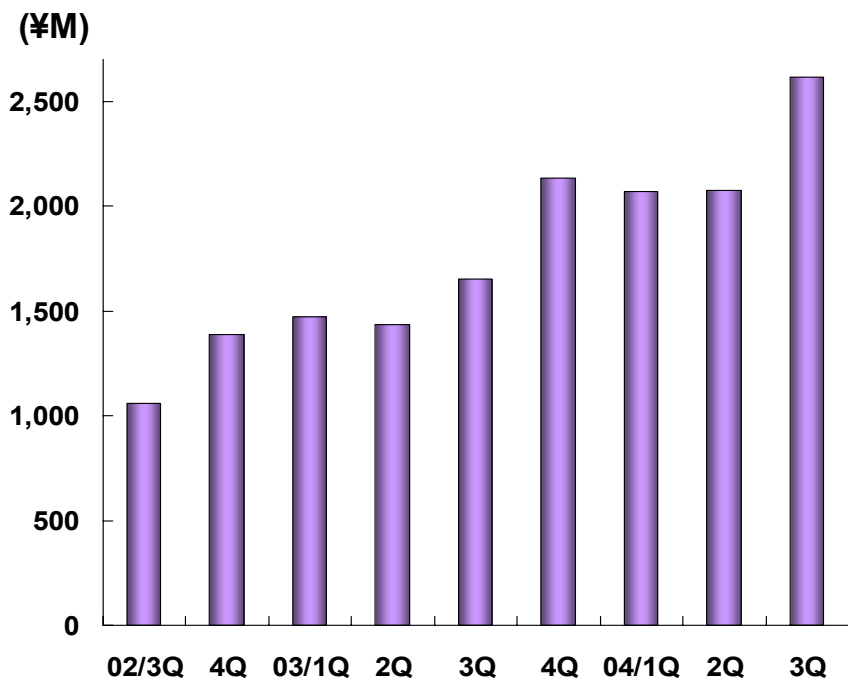
● The above figures include revenue from Sponsor Site



National Client Trends

Average sales for National Clients jumped up drastically

Sales for National Clients: ¥ 2,074 M (04-2Q) ¥ 2,615 M (04-3Q)



National Clients

- Nikkei Advertising Research Institute: Top 100 companies in advertising expenditure (2003)
- Video Research TV Ad Statistics: Top 100 (East) and Top 50 (West) companies in advertising (2003)
- MRS: Top 100 companies in advertising expenditure in newspapers and magazines (2003)

Yahoo! JAPAN defined the above companies and political parties and public offices as national clients. The figures of national clients for each period also include major target companies of the period.

● The above figures exclude revenue from Sponsor Site



Advertising Sales by Industry

Industries with large increases in ad spending

- Finance/Insurance/Securities
- Transportation/Leisure
- Computers/Office Equipment

Industries with large increase in rate of ad spending (*)

- Information Processing Service/Software
- Foods
- Transportation/Leisure

	03/3Q	4Q	04/1Q	2Q	3Q
Finance/Insurance/Securities	21.9%	21.2%	23.0%	19.9%	21.5%
Recruitment Services	13.0%	11.5%	10.8%	9.9%	8.8%
Autos (Transport Equipment)	5.2%	4.7%	6.2%	9.1%	8.0%
Real Estate/Construction	4.8%	6.5%	6.3%	7.2%	7.0%
Transportation/Leisure	3.9%	4.5%	3.9%	4.8%	6.0%
Computers/Office Equipment	9.2%	7.1%	7.8%	4.7%	5.8%
Cosmetics/Toiletry	2.3%	2.7%	3.5%	4.1%	5.0%
Internet Information Site/Mail Service	5.3%	4.2%	4.2%	4.5%	4.4%
Educational Service/Universities, etc.	4.3%	4.5%	3.3%	3.7%	3.0%
Beverage/Amenities	1.9%	3.2%	3.6%	4.1%	2.7%
Information Processing Service/Software	1.4%	2.1%	2.0%	0.7%	2.5%
Telephone/Telecommunications Services	0.3%	0.2%	0.6%	0.3%	2.4%
Software for entertainment	1.1%	1.9%	1.4%	2.6%	2.4%
Foods	1.0%	1.7%	0.7%	1.8%	2.3%
Others	24.4%	24.0%	22.7%	22.6%	18.2%

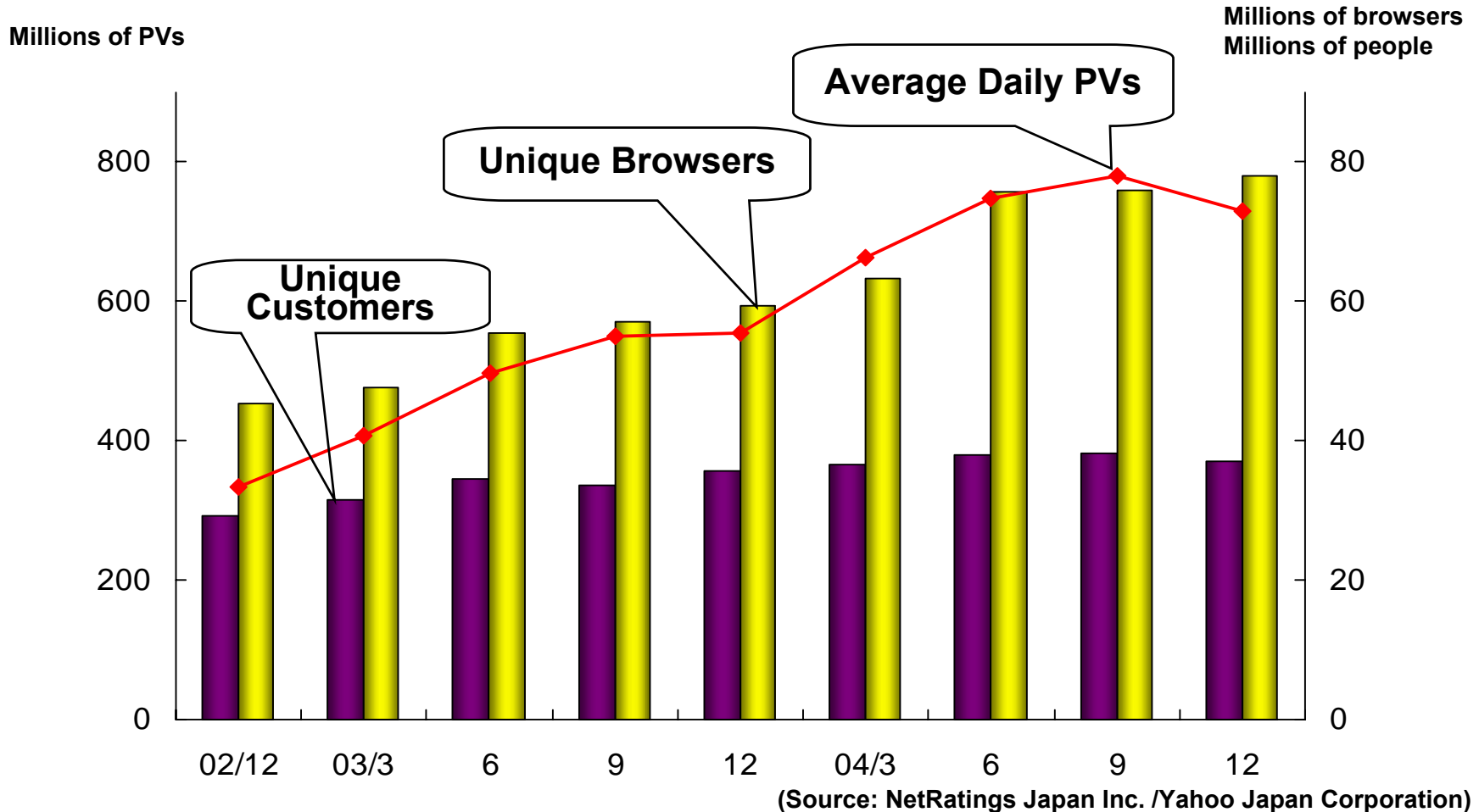
● The above figures exclude revenue from Sponsor Site

(*) In the order of increasing rate excluding the industries in "Others"





Number of Page Views and Unique Users

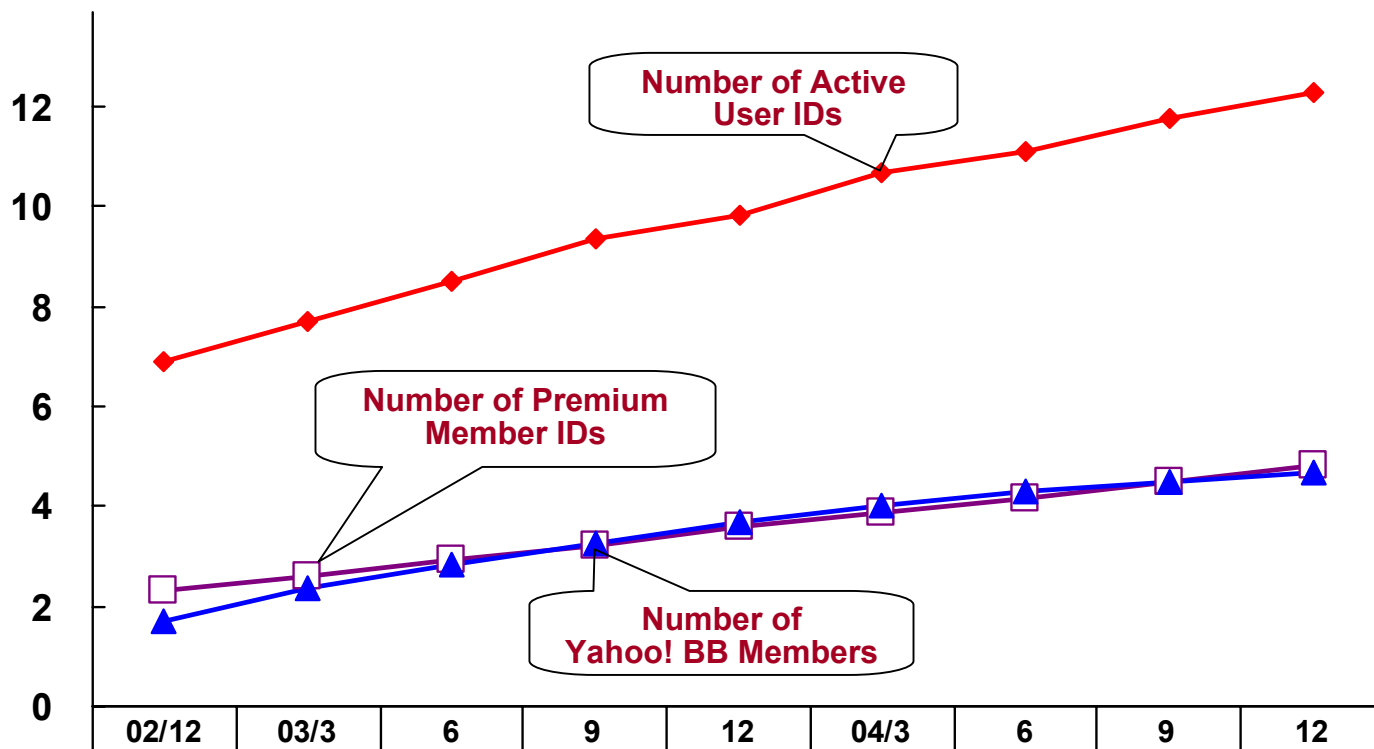


- The Number of Unique Browsers is the total number of unique browsers accessing our services.
- The Number of unique customers (unit: people) is compiled using the duplication rate of access by people from home and work from the Internet Survey of NetRatings Japan, Inc. based on the data of Nielsen/NetRatings (NetView AMS JP) regarding access by individuals from home and work.



Number of Yahoo! JAPAN Users

(Millions of IDs and lines)

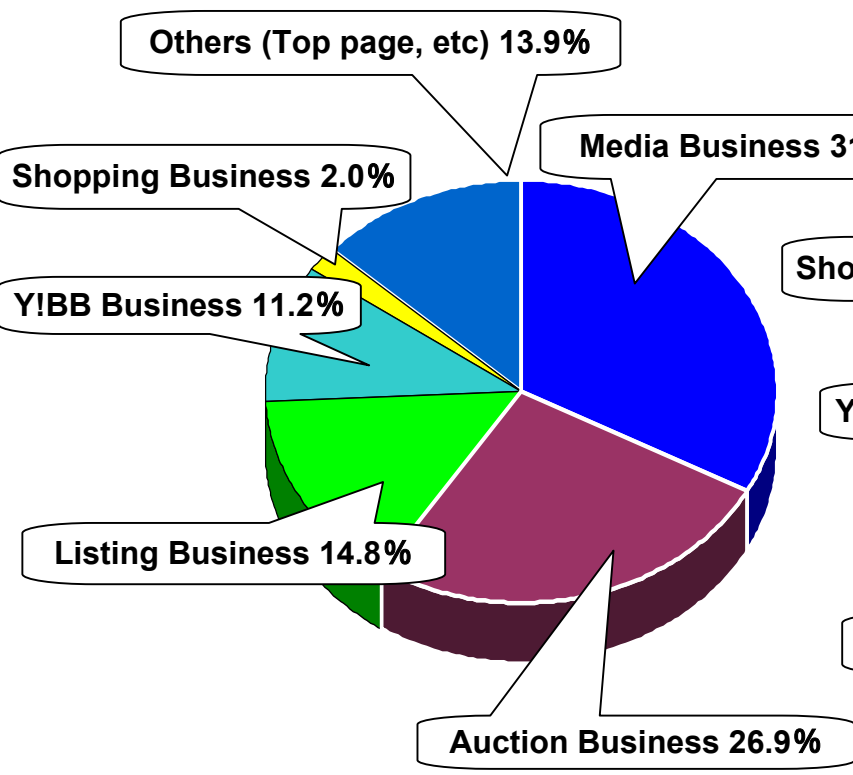


◆ Active User IDs	6.92	7.70	8.50	9.38	9.85	10.69	11.12	11.76	12.31
□ Premium Member IDs	2.34	2.60	2.91	3.23	3.57	3.86	4.18	4.47	4.82
▲ Yahoo! BB Members	1.69	2.36	2.82	3.25	3.69	4.00	4.28	4.49	4.66

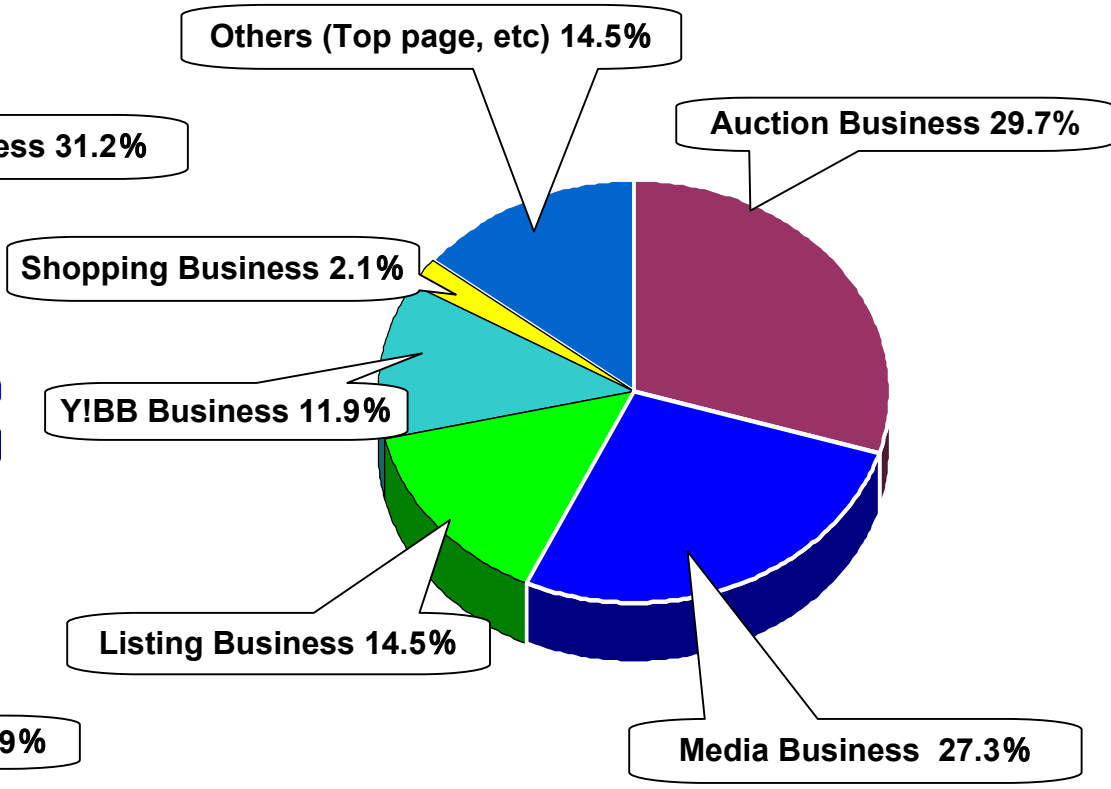
* Number of Active User IDs = Number of Yahoo! JAPAN IDs, which logged in each month.



Monthly Page Views by Business Division (consolidated)



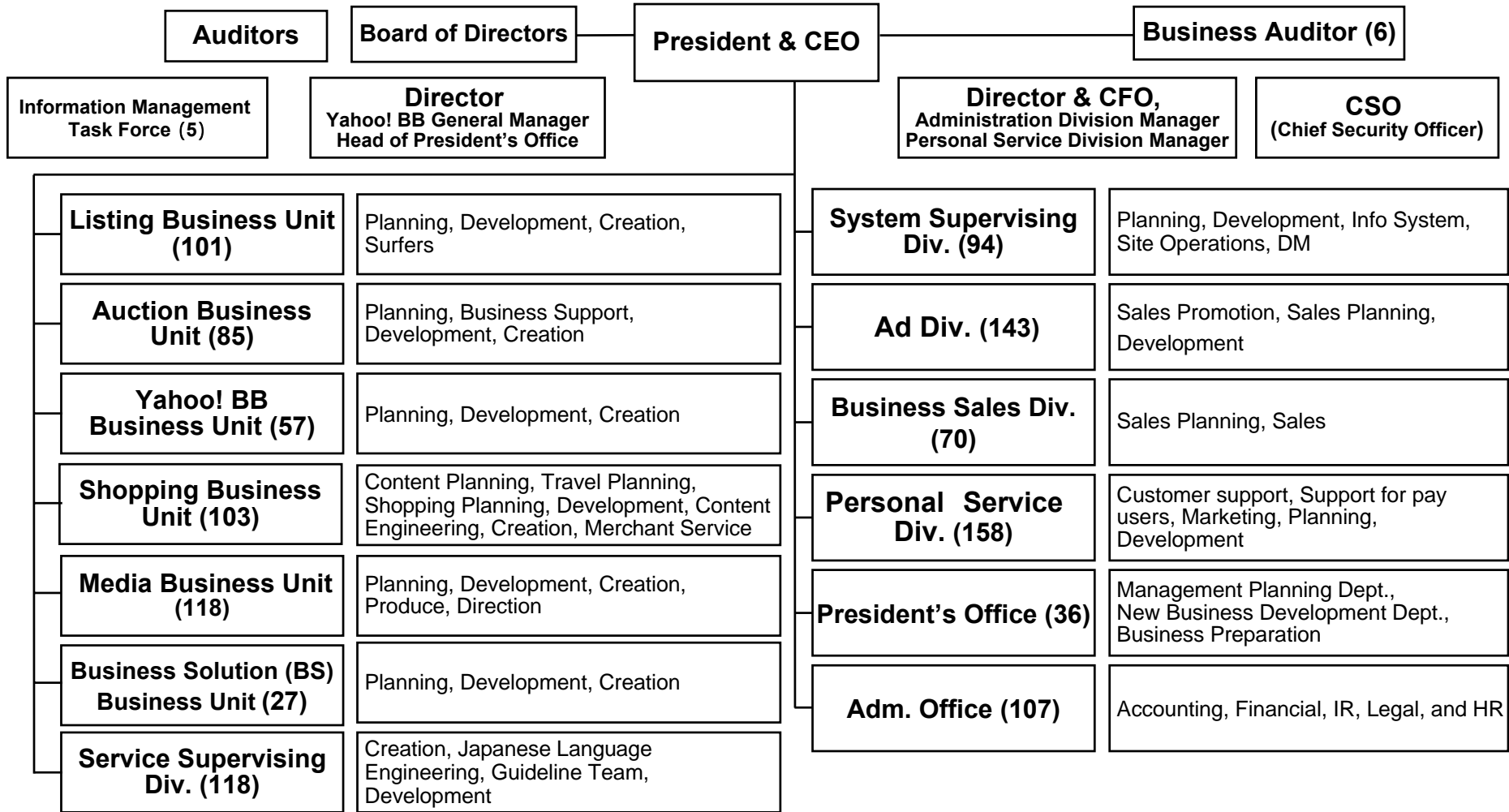
Total 23.42B PVs
Sept. 2004



Total 22.65B PVs
Dec. 2004



Organization Chart



Total : 1,229 people (Jan. 1, 2005)

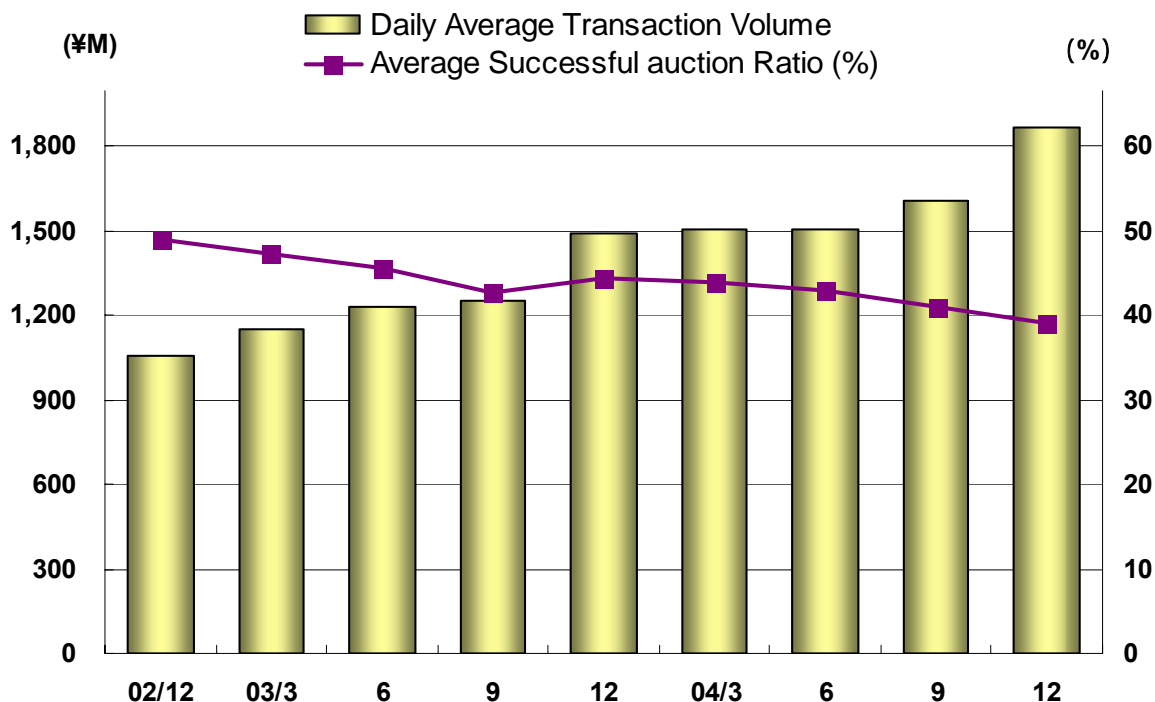


Auction Business Data

Dec. 2004 Auction Data

◆ Total Listed Items (average)	7.07 million items	◆ Daily Average New Listings	575 thousand items
◆ Daily Average Transaction Volume (*)	¥ 1.87 billion	◆ Average Closing Price	¥ 6,373
◆ Average Successful Auction Ratio	39 %	◆ Number of Unique Browsers	18.91 million browsers
◆ Number of Stores (month end)	3,312 stores		

(*) Daily average transaction volume does not include cancellations or adjustments.



* During a free listing campaign, the average ratio of successful auctions per day is calculated excluding the average ratio on the final day of the campaign.



FY2004-3Q Major Clients

■ Finance/ Insurance/ Securities

AIFUL
ORIX Credit
TAKEFUJI

■ Recruitment Services

SOFTBANK Human Capital
STAFF SERVICE GROUP

■ Autos

Honda Motor
Mazda Motor
Toyota Motor

■ Real Estate/ Construction

Daikyo
RECRUIT

■ Transportation/ Leisure

All Nippon Airways
Japan Airlines International

■ Computers/ Office Equipment

Dell
Hewlett-Packard Japan

■ Cosmetics/ Toiletry

DHC
Kao
Orbis
Shiseido

■ Internet Information Site/ Mail Service

AccessPort
Carview

■ Education Service

NIS (NOVA)
TAC

■ Drinks/ Amenities

Asahi Breweries
Coca-Cola (Japan)
Kirin Brewery

■ Information Processing Service/Software

Microsoft

■ Home Appliance/ AV Equipment

Matsushita Electric Industrial
Sony Marketing (SONY)

● The above are the major clients of Yahoo! JAPAN's advertising sales excluding Sponsor Site.



Yahoo Japan Corporation IR information is available at :
<http://ir.yahoo.co.jp/en/>