



# **Yahoo Japan Corporation FY2004-4Q Results & Annual Results**

**(For the terms ended March 31, 2005)**

**Apr. 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 Fiscal Year and the Three Months Ended March 31, 2005”.**

**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 Highlights (1)

(Apr. 2004 – Mar. 2005)

- **Yahoo Japan Corporation and its consolidated subsidiaries and affiliates posted strong gains during the fiscal year under review. Net sales rose 55.4% year on year, to ¥117.7 billion while operating income advanced 46.0%, to ¥60.1 billion, and ordinary income increased 46.0%, to ¥60.2 billion. Net income amounted to ¥36.5 billion, a 47.1% increase year on year. Operating margin for the fiscal year was 51.1%.**
- **During calendar year 2004, Japan's overall advertising market turned upward for the first time in four years. According to Dentsu Inc.'s report on "Japanese Advertising Expenses in 2004," Internet advertising expanded to ¥181.4 billion, exceeding radio advertising for the first time. Amid this jump in growth, the Group aggressively marketed core products, such as Brand Panel for top pages, to National Clients. Sponsor Site sales were also strong. As a result, advertising sales for the fiscal year reached a record high, soaring 74.8% from the previous fiscal year, to ¥38.9 billion.**
- **In business services other than advertising, sales were favorable for Yahoo! Rikunabi, the employment information site launched in April 2004. Moreover, the number of merchant stores registered on Yahoo! Auctions reached 3,556 at the end of March 2005, climbing 1,145 stores, or 47.5%, within the space of one year. Yahoo! Shopping also added many new stores during the fiscal year, ramping up its total number of stores to 3,298 at the end of March 2005, a gain of 1,674 stores, or 103.1%. Yahoo! Shopping conducted a variety of sales promotions based on the Yahoo! Point System to increase transaction volume. Yahoo! Research and other services for corporate customers also performed well, and business service sales rose sharply to ¥23.6 billion, up 74.4%.**



# FY2004 Highlights (2)

(Apr. 2004 – Mar. 2005)

- In the Group's personal service business, the number of Yahoo! Premium member IDs surpassed 5 million at the end of February 2005 while the number of registered Yahoo! Wallet member IDs exceeded 10 million in January 2005. Yahoo! Wallet is a secure registration service for a user's payment method for Yahoo! JAPAN's fee-based content and other services. Yahoo! Auctions' transaction volume remained level in the first half due to strengthened measures for security. However, transaction volume moved up sharply in the second half thanks to year-end demand and promotion campaigns. Yahoo! BB's ISP revenues were also strong. As a result, personal service sales rose to ¥48.1 billion, up 35.8%.
- Total commerce transaction volume for the fiscal year rose 25.6%, to ¥681.8 billion. This figure includes transaction volumes for Yahoo! Auctions, Yahoo! Shopping, Yahoo! Travel, 7 & Y, and Yahoo! Tickets.
- Daily access exceeded one billion page views for the first time on October 20, 2004.



# FY2004-4Q Highlights

(Jan. 2005 – Mar. 2005)

- Supported by good growth in the advertising and business service sales of the Listing Business Division and in the sales of Seven and Y Corp., net sales for the fourth quarter expanded 15.7% from the previous quarter and 58.7% year on year, to ¥35,841 million. Ordinary income increased 13.0% from the previous quarter and 39.2% from a year earlier, to ¥17,485 million. As a result, net sales and ordinary income of the quarter exceeded the projected range.
- In addition to growing Sponsor Site sales, there was strong branding-conscious advertising demand, particularly among National Clients. As a result, advertising sales reached a record high, rising 18.3% from the previous quarter and 75.4% year on year, to ¥12,485 million.
- Bolstered partially by the full-scale start to the recruiting season, the employment information site Yahoo! Rikunabi performed well during the quarter, helping business service sales of the Listing Business Division expand favorably. Advertising sales of Listing Business Division also posted growth.
- During the quarter, the Auction Business Division increased the convenience of its Yahoo! ezPay service by adding Internet bank accounts as well as credit cards to its payment method. Moreover, it increased the safety of its service by prohibiting the listing of items for auction with the intention of using the payment from the winner of the auction to purchase the item and make a profit. Operating income declined compared with the previous quarter because of the booking of estimated amounts when compensation claims were filed during the quarter in addition to the previously used method of booking actual amounts when paid.
- The Shopping Business Division continued to focus on attracting new stores, and strengthened its support for stores already on the site. At the end of March, 2005, a total of 3,298 stores were registered on Yahoo! Shopping, an increase of 488 stores, or 17.4%, from the previous quarter.

# FY2004 Financial Results

## (Consolidated)

### Consolidated subsidiaries at the end of FY2004

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

### Affiliated companies (equity method) at the end of FY2004

- ◆ AccessPort Inc. (changed its name to JWord Inc. on April 1, 2005) NEW!
- ◆ All About, Inc. NEW!
- ◆ INTAGE Interactive Inc.
- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD. NEW!
- ◆ CREO. CO., LTD. NEW!
- ◆ Tavigator, Inc.



# FY2004 Statement of Income

	FY2004	FY2003	Changes
Net Sales (¥M)	117,779	75,776	55 %
Cost of Sales (¥M)	8,931	5,292	69 %
Gross Profit (¥M)	108,847	70,483	54 %
Operating Income (¥M)	60,187	41,211	46 %
Ordinary Income (¥M)	60,295	41,308	46 %
Net Income (¥M)	36,521	24,826	47 %
EPS (¥)	4,766	12,892	-63 %
Number of Shares Outstanding (Average of Period)	7,629,257	1,915,795	298 %
EPS After Retroactive Adjustments (¥)*	4,766	3,276	45 %
Fully Diluted EPS (¥)	4,750	12,851	-63 %
Number of Shares Assuming Full Dilution	7,654,008	1,922,010	298 %
Fully Diluted EPS After Retroactive Adjustments (¥)*	4,750	3,265	45 %

**Notes:**

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 are excluding treasury stocks.



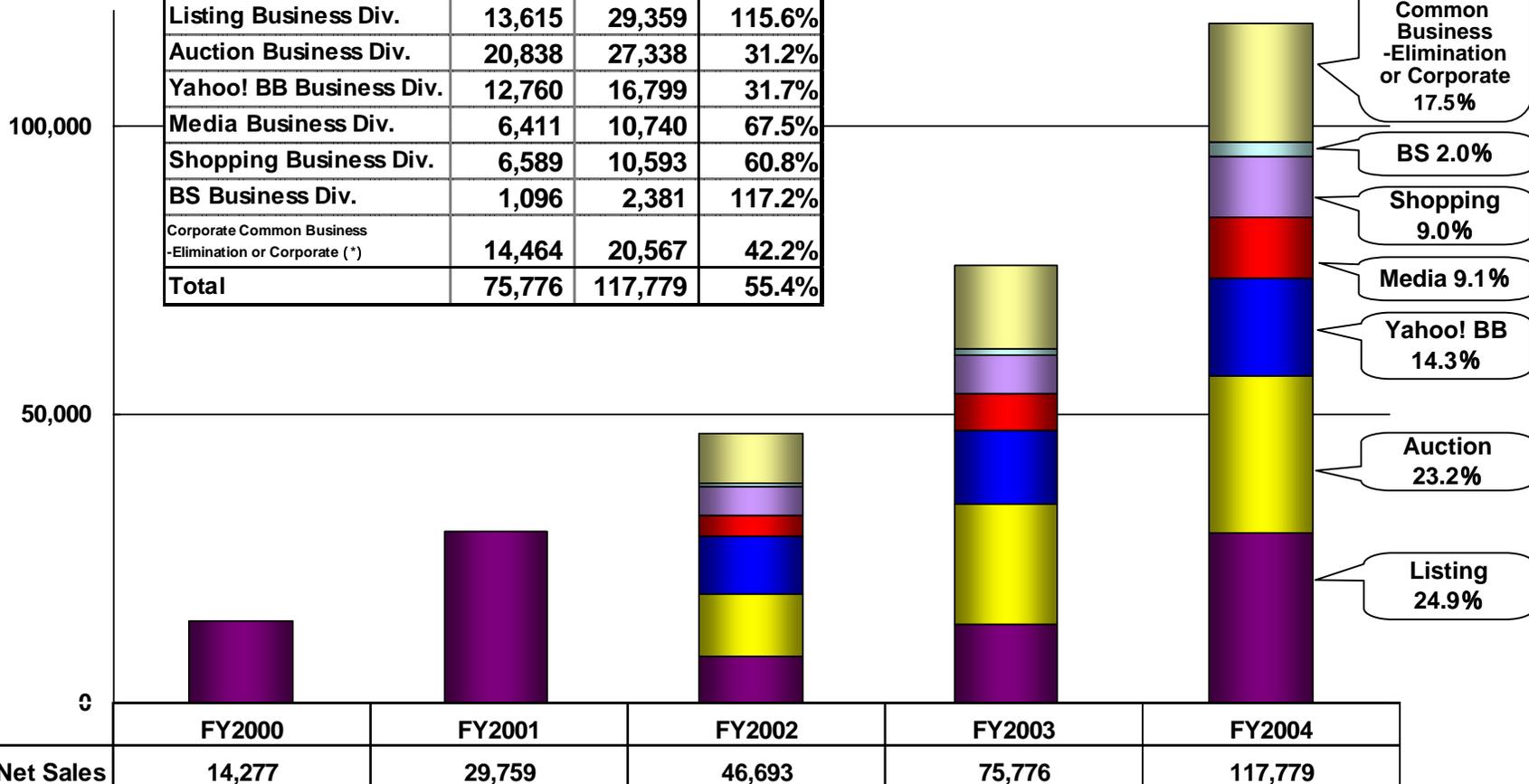
# Annual Net Sales

FY2004 Net Sales Up 1.6 Times Year-on-Year

FY 2004 Sales Breakdown

(¥ M)

	FY2003	FY2004	Changes
Listing Business Div.	13,615	29,359	115.6%
Auction Business Div.	20,838	27,338	31.2%
Yahoo! BB Business Div.	12,760	16,799	31.7%
Media Business Div.	6,411	10,740	67.5%
Shopping Business Div.	6,589	10,593	60.8%
BS Business Div.	1,096	2,381	117.2%
Corporate Common Business -Elimination or Corporate (*)	14,464	20,567	42.2%
<b>Total</b>	<b>75,776</b>	<b>117,779</b>	<b>55.4%</b>



Notes: Net Sales includes Agency Commissions.

Segment disclosure started from FY 2002.

(\*) Elimination or shared amounts are combined in this category.

Sales %

Corporate Common Business -Elimination or Corporate 17.5%

BS 2.0%

Shopping 9.0%

Media 9.1%

Yahoo! BB 14.3%

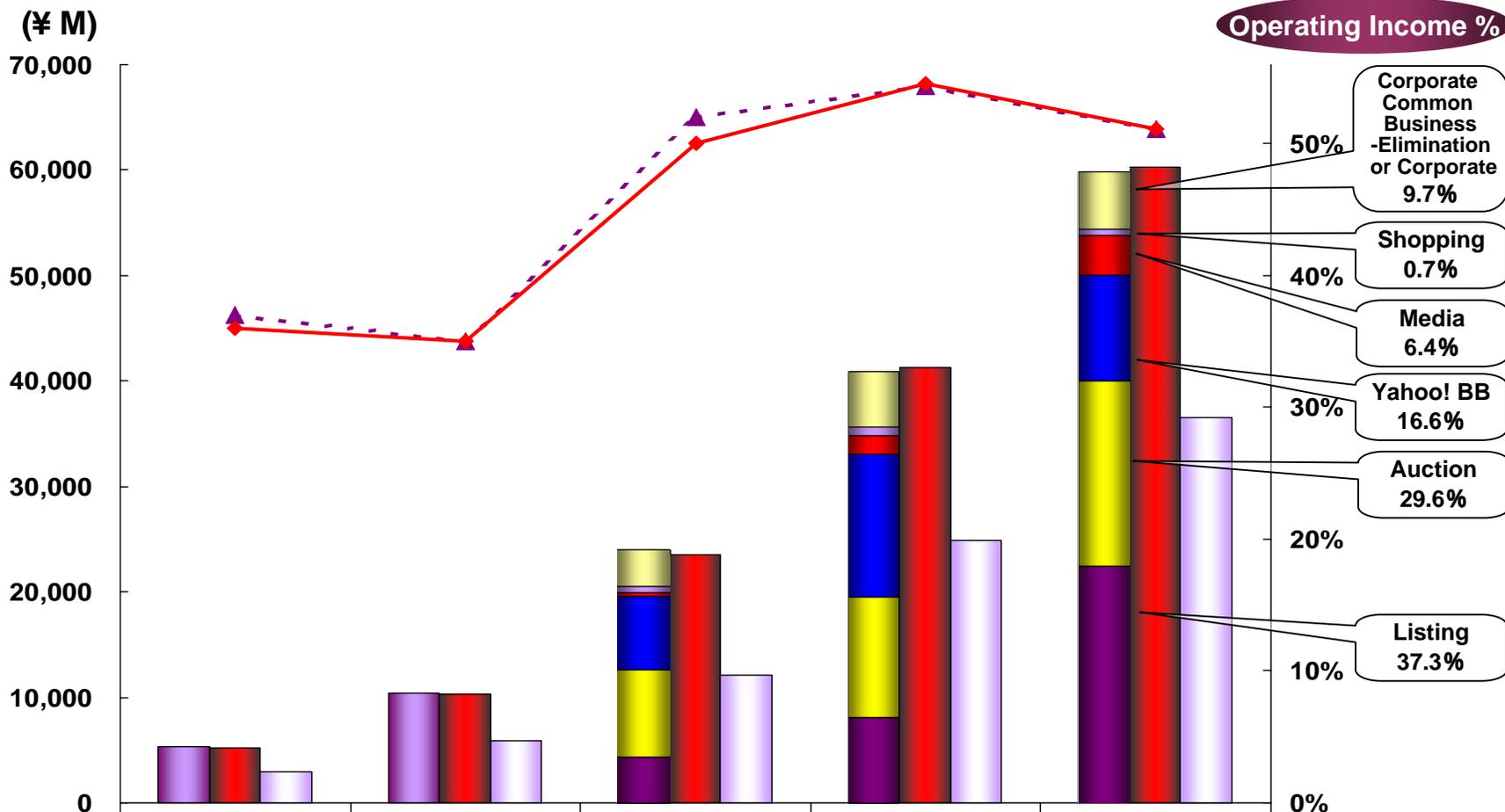
Auction 23.2%

Listing 24.9%



# Annual Profits

Both FY2004 Operating Income and Net Income Up 1.5 Times, Year-on-Year



	FY2000	FY2001	FY2002	FY2003	FY2004
Operating Income	5,308	10,406	24,072	41,211	60,187
Ordinary Income	5,208	10,318	23,524	41,308	60,295
Net Income	2,972	5,868	12,096	24,826	36,521
Operating Margin	37%	35%	52%	54%	51%
Ordinary Margin	36%	35%	50%	55%	51%

Notes: Net Sales and margins include Agency Commissions.





# FY2004 Balance Sheet

(¥M)	Major Items	End of FY2004 (3/31/2005)	End of FY2003 (3/31/2004)	Increase/ Decrease	Major Reasons for Changes
<b>&lt; Assets &gt;</b>					
	Current Assets	92,410	55,726	36,684	Increase in income from operating activities
	Cash and Cash Equivalents	68,992	39,643	29,348	Increase in personal service and Sponsor Site sales
	Accounts Receivable-Trade	18,293	12,847	5,445	
	Allowance for Doubtful Accounts	-1,364	-733	-631	Increase in receivables for businesses and individual customers and increase in aged sales receivables for individual customers for which the estimated loss percentage is high
	Fixed Assets	37,833	26,683	11,149	Additional installations (servers, etc.)
	Tangible Fixed Assets	11,875	8,075	3,800	
	Intangible Fixed Assets	5,563	1,646	3,917	Additional software
	Investment Securities	13,946	9,194	4,752	Acquisition of affiliated company shares
	<b>Total Assets</b>	<b>130,244</b>	<b>82,410</b>	<b>47,834</b>	
<b>&lt; Liabilities &gt;</b>					
	Current Liabilities	31,564	19,563	12,001	Increase in operating expenses and purchase of software
	Account Payable-Trade	1,228	636	591	
	Account Payable-Other	7,618	4,181	3,437	
	Accrued Income Taxes	16,676	11,688	4,987	
	Long-term Liabilities	2,158	2,772	-613	
	<b>Total Liabilities</b>	<b>33,723</b>	<b>22,335</b>	<b>11,387</b>	
<b>&lt; Minority Interests in Consolidated Subsidiaries &gt;</b>					
	Minority Interests in Consolidated Subsidiaries	461	267	193	
<b>&lt; Shareholders' Equity &gt;</b>					
	Common Stock	6,692	6,399	292	Exercise of stock options
	Additional Paid-in Capital	1,773	1,480	292	
	Retained Earnings	83,461	47,066	36,394	Increase in profit
	<b>Total Shareholders' Equity</b>	<b>96,059</b>	<b>59,806</b>	<b>36,253</b>	
	<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>130,244</b>	<b>82,410</b>	<b>47,834</b>	



# FY2004 Cash Flow Statement

(¥M)	Major Items	FY2004 (Apr.2004-Mar.2005)	Major Reasons for Changes
<b><u>Operating Activities</u></b>		<b><u>46,083</u></b>	
	Net Income before Income Taxes	60,730	Increase in net income before income taxes
	Depreciation	4,531	
	Increase in Accounts Receivable - Trade	-5,034	Increase in personal service and Sponsor Site sales
	Increase in Accounts Payable - Trade	538	
	Other Receivables / Payables	4,172	Increase in Accounts Payable-Other
	Income Taxes, etc	-20,089	
<b><u>Investing Activities</u></b>		<b><u>-17,119</u></b>	
	Purchase of Fixed Assets	-9,928	Purchase of servers and other equipment, fixtures related to expanded office floor space and purchase of software
	Acquisition/ Sales of Investment Securities	-5,078	
	Acquisition of Stocks of Subsidiaries	-1,060	Acquisition of affiliated company shares
	Guarantee Deposit and Others	-1,365	
<b><u>Financing Activities</u></b>		<b><u>384</u></b>	
	Financing/Repayment of Short-term Loans	-132	Financing and redemption of short-term loans of subsidiaries
	Issuance of New Shares	584	Exercise of stock options
<b><u>Net Change in Cash Flows</u></b>		<b><u>29,348</u></b>	

# FY2004-4Q Financial Results

## (Consolidated)

### Consolidated subsidiaries at the end of FY2004-4Q

- ◆ ALPS MAPPING K.K. NEW!
- ◆ BridalNet, Inc.
- ◆ CURIOCITY CORP. NEW!
- ◆ eS!Books Research CORP.
- ◆ GeoCities Japan Corporation
- ◆ NETGENE Co., Ltd.
- ◆ Seven and Y Corp.
- ◆ UniCept, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ BridalConcierge Corp.
- ◆ broadcast.com japan k.k.
- ◆ egg-i.inc.
- ◆ Firstserver, Inc.
- ◆ Indival, Inc.
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### Affiliated companies (equity method) at the end of FY2004-4Q

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- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.
- ◆ CREO. CO., LTD. NEW!
- ◆ Tavigator, Inc.



# FY2004-4Q Statement of Income

	FY2004-4Q (Jan.-Mar. 2005)	FY2003-4Q (Jan.-Mar. 2004)	Changes
Net Sales (¥M)	35,841	22,580	59 %
Cost of Sales (¥M)	3,256	1,508	116 %
Gross Profit (¥M)	32,585	21,072	55 %
Operating Income (¥M)	17,539	12,443	41 %
Ordinary Income (¥M)	17,485	12,559	39 %
Quarterly Net Income (¥M)	10,316	7,726	34 %
EPS (¥)	1,308	3,843	-66 %
Number of Shares Outstanding (Average of Period)	7,884,950	2,010,123	292 %
EPS After Retroactive Adjustments (¥)*	1,308	1,024	28 %
Fully Diluted EPS (¥)	1,304	3,830	-66 %
Number of Shares Assuming Full Dilution	7,907,388	2,016,897	292 %
Fully Diluted EPS After Retroactive Adjustments (¥)*	1,304	1,020	28 %

**Notes:**

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 are excluding treasury stocks.



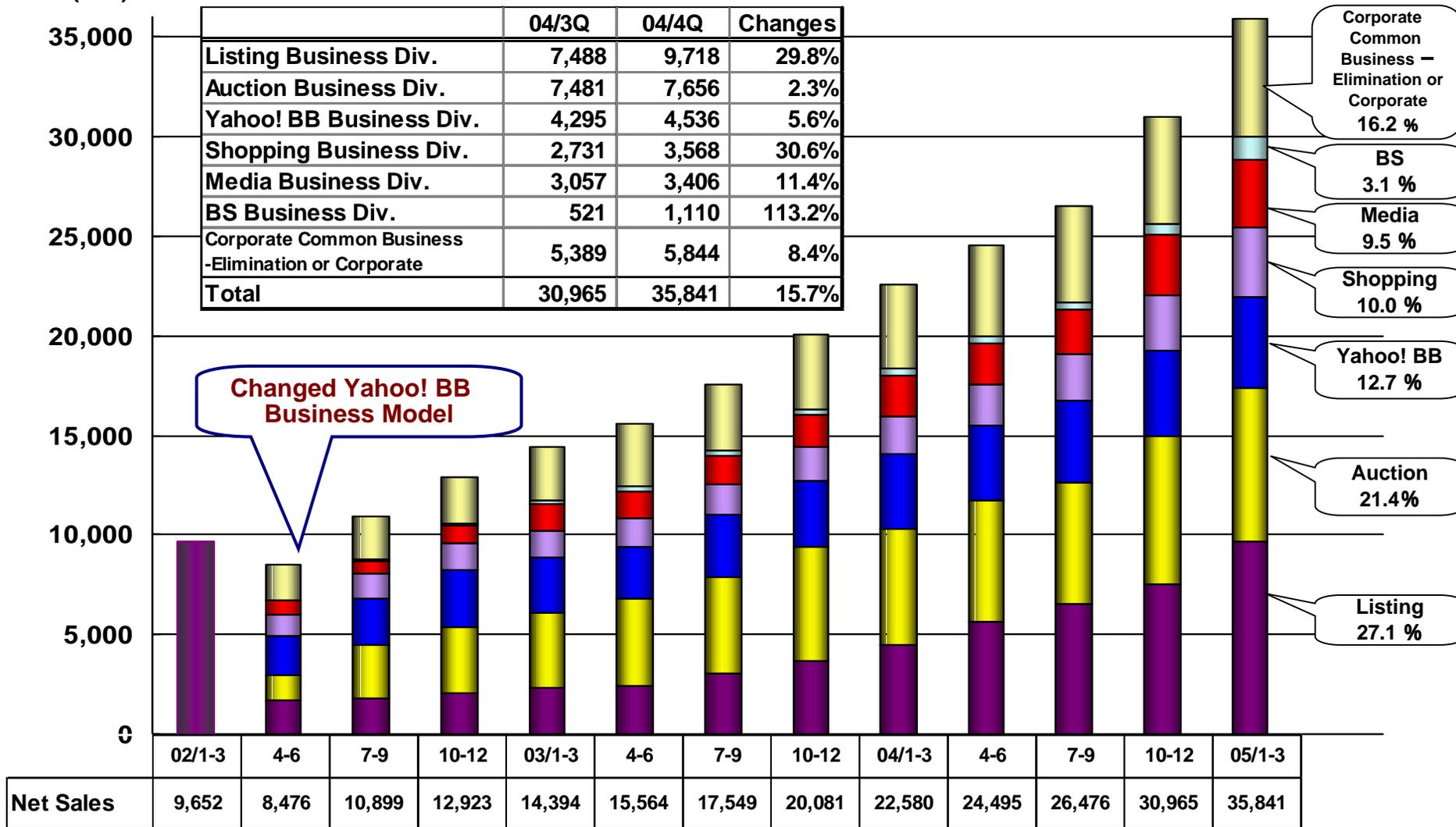
# Quarterly Net Sales

(¥ M)

## FY 2004-4Q (Jan. – Mar. 2005) Sales Breakdown

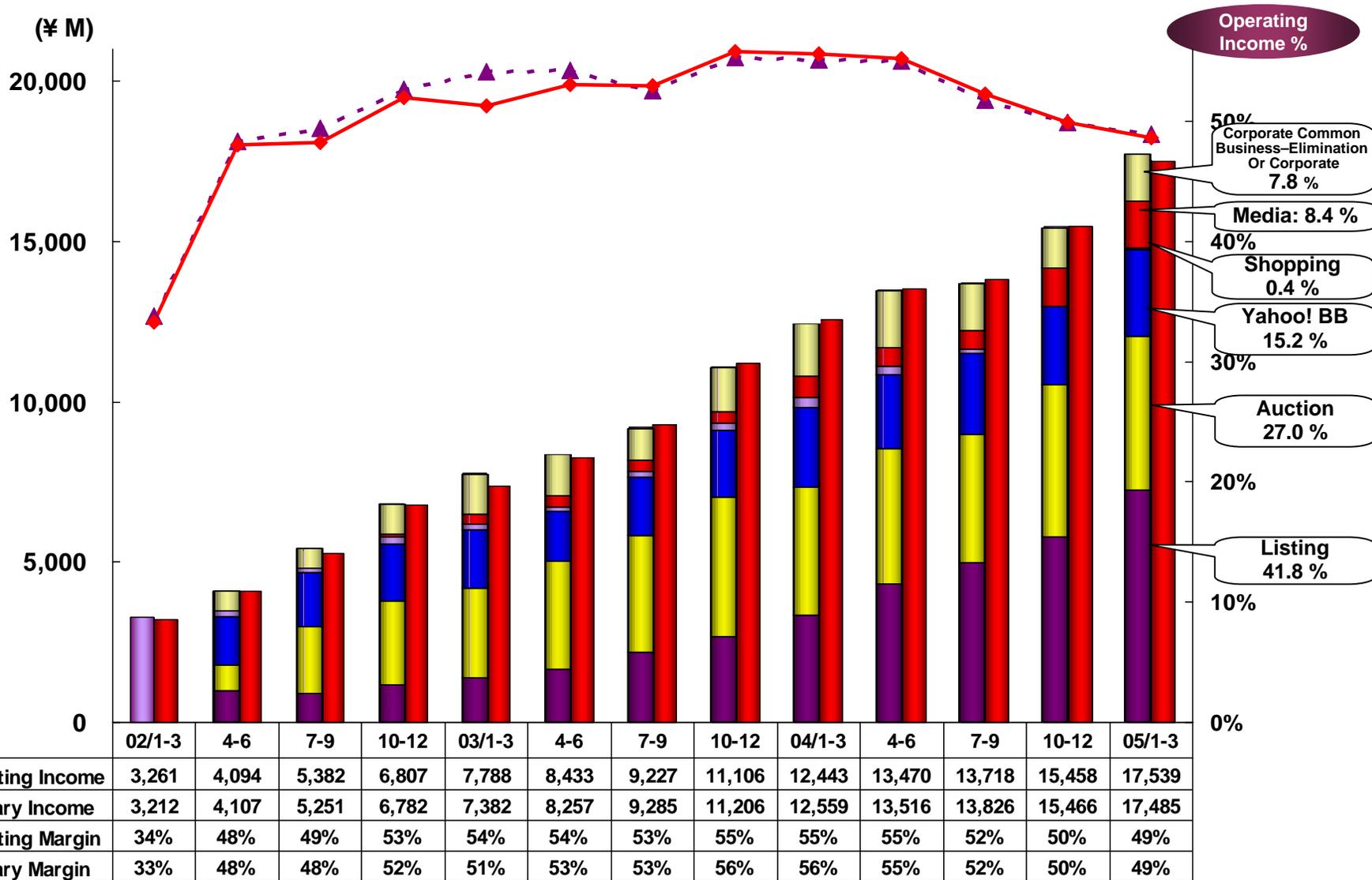
	04/3Q	04/4Q	Changes
Listing Business Div.	7,488	9,718	29.8%
Auction Business Div.	7,481	7,656	2.3%
Yahoo! BB Business Div.	4,295	4,536	5.6%
Shopping Business Div.	2,731	3,568	30.6%
Media Business Div.	3,057	3,406	11.4%
BS Business Div.	521	1,110	113.2%
Corporate Common Business - Elimination or Corporate	5,389	5,844	8.4%
<b>Total</b>	<b>30,965</b>	<b>35,841</b>	<b>15.7%</b>

Sales %





# Quarterly Profits





# SG&A Breakdown

(¥M)

	04/4Q (05/1-3)	%	03/4Q (04/1-3)	Annual changes	04/3Q (04/10-12)	Quarterly changes	Main reason for changes on quarterly base
<b>SG&amp;A Total</b>	<b>15,046</b>	<b>100.0%</b>	8,628	74.4%	13,273	13.4%	
Personnel expenses	2,850	18.9%	1,915	48.9%	2,478	15.0%	Increase in personnel (1,755 in total: +315 people/Q including +188/Q in subsidiaries)
Business commissions	1,894	12.6%	992	90.8%	1,826	3.7%	
Sales commissions	1,500	10.0%	928	61.6%	1,311	14.4%	
Depreciation expenses	1,386	9.2%	923	50.0%	1,235	12.2%	
Communication charges	1,166	7.8%	805	44.8%	1,097	6.3%	Additional cost incurred in 04/3Q due to revision of calculation method for Royalties
Royalties	960	6.4%	583	64.6%	1,098	-12.6%	
Lease and utility expenses	802	5.3%	348	130.0%	745	7.7%	Additional cost incurred in 04/3Q due to change in timing of accounting for the cost of Yahoo! BB subscriber acquisition campaign
Content provider fees	615	4.1%	444	38.5%	611	0.7%	
Sales promotion costs	606	4.0%	276	119.7%	721	-15.8%	Growth in transaction volume of Yahoo! ezPay and sales of books
Payment commissions	521	3.5%	206	152.8%	406	28.4%	Campaign ads for “Yahoo! Business Travel Plan” and acquisition of naming rights for Fukuoka Yahoo! JAPAN Dome
Advertising costs	361	2.4%	70	410.6%	255	41.9%	
Compensation payment	324	2.2%	145	123.1%	181	79.4%	In 04/4Q, accounted for compensation payment both on payment basis and claim basis
Allowance for doubtful debt accounts	255	1.7%	197	29.2%	268	-4.6%	
Amortization of business rights	217	1.4%	-	n.a.	-	n.a.	Shorter settlement cycle adopted by Overture, Inc.
Others	1,589	10.5%	796	100.5%	1,041	52.4%	One-time amortization of business rights that arose due to business transfer from ALPS MAPPING K.K.



# FY2004-4Q Balance Sheet

(¥M)	Major Items	3/31/2005	12/31/2004	Increase/ Decrease	Major Reasons for Changes
<b>&lt; Assets &gt;</b>					
	<b>Current Assets</b>	<b>92,410</b>	<b>75,444</b>	<b>16,966</b>	Increase in income from operating activities
	Cash and Cash Equivalents	68,992	54,565	14,426	
	Accounts Receivable-Trade	18,293	18,108	185	Shorter settlement cycle adopted by Overture, Inc.
	Allowance for Doubtful Accounts	-1,364	-1,207	-157	
	<b>Fixed Assets</b>	<b>37,833</b>	<b>33,575</b>	<b>4,258</b>	
	Tangible Fixed Assets	11,875	11,637	238	
	Intangible Fixed Assets	5,563	4,875	688	
	Investment Securities	13,946	9,716	4,230	Acquisition of affiliated company shares
	<b>Total Assets</b>	<b>130,244</b>	<b>109,019</b>	<b>21,224</b>	
<b>&lt; Liabilities &gt;</b>					
	<b>Current Liabilities</b>	<b>31,564</b>	<b>21,379</b>	<b>10,184</b>	Increase in operating expenses and purchase of software
	Accounts Payable-Other	7,618	7,035	583	
	Accrued Income Taxes	16,676	8,363	8,312	
	<b>Long-term Liabilities</b>	<b>2,158</b>	<b>1,962</b>	<b>196</b>	
	<b>Total Liabilities</b>	<b>33,723</b>	<b>23,342</b>	<b>10,381</b>	
<b>&lt; Minority Interests in Consolidated Subsidiaries &gt;</b>					
	Minority Interests in Consolidated Subsidiaries	461	451	9	
<b>&lt; Shareholders' Equity &gt;</b>					
	Common Stock	6,692	6,637	54	Exercise of stock options
	Additional Paid-in Capital	1,773	1,718	54	
	Retained Earnings	83,461	73,144	10,316	Increase in profit
	<b>Total Shareholders' Equity</b>	<b>96,059</b>	<b>85,225</b>	<b>10,833</b>	
	<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>130,244</b>	<b>109,019</b>	<b>21,224</b>	



# FY2004-4Q Cash Flow Statement

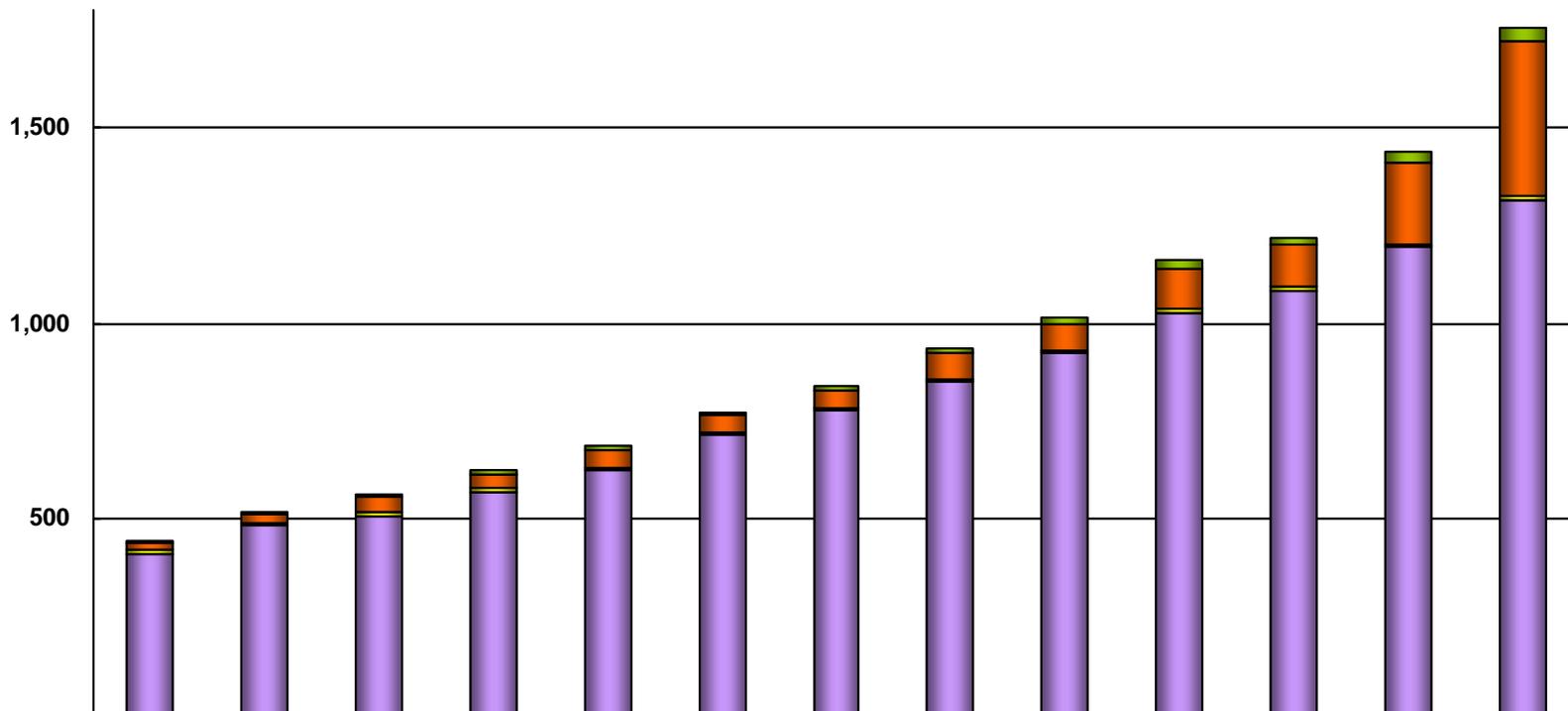
(¥M)	FY2004-4Q (Jan.-Mar. 2005)	Major Reasons for Changes
<b><u>Operating Activities</u></b>		
	<b>20,896</b>	
Net Income before Income Taxes	17,505	Increase in net income before income taxes
Depreciation	1,425	
Additions to Reserve for Yahoo! Points	197	
Gain/ Loss under the Equity Method	360	
Decrease in Accounts Receivable-Trade	121	Shorter settlement cycle adopted by Overture, Inc.
Decrease in Accounts Payable-Trade	-87	
Other Receivables/Payables	828	Increase in Accounts Payables - Other
Consumption Tax Payable and Others	312	
<b><u>Investing Activities</u></b>		
	<b>-6,668</b>	
Purchase of Fixed Assets	-2,649	Purchase of servers and other equipment, fixtures related to expanded office floor space and the purchase of software
Acquisition/ Sales of Investment Securities	-3,003	Acquisition of affiliated company shares
Guarantee Deposit and Others	-895	
Transfer of Business	-308	Transfer of business from ALPS MAPPING K.K.
<b><u>Financing Activities</u></b>		
	<b>197</b>	
Financing/ Repayment of Short-term Loans	100	Financing and redemption of short-term loans of subsidiaries
Issuance of New Shares	109	Exercise of stock options
<b><u>Net Change in Cash Flows</u></b>	<b>14,426</b>	



# Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	02/3	6	9	12	03/3	6	9	12	04/3	6	9	12	05/3
Directors of Subsidiaries	4	6	10	10	9	8	8	12	18	24	19	26	34
Employees of Subsidiaries	17	21	38	37	44	44	45	65	67	101	108	209	397
Directors of Yahoo! JAPAN	9	8	8	8	8	9	9	8	8	9	9	9	8
Employees of Yahoo! JAPAN	414	484	510	572	625	714	776	850	923	1,029	1,083	1,196	1,316
<b>Total</b>	<b>444</b>	<b>519</b>	<b>566</b>	<b>627</b>	<b>686</b>	<b>775</b>	<b>838</b>	<b>935</b>	<b>1,016</b>	<b>1,163</b>	<b>1,219</b>	<b>1,440</b>	<b>1,755</b>

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



# Review of FY2004-4Q Business Outlook (Consolidated)

(Millions of yen)

(Consolidated)	FY2004-4Q (Jan. – Mar. 2005) (Actual)	FY2004-4Q (Jan. – Mar. 2005) (Projection at Jan.20, 2005)
Net Sales	35,841	33,000 ~ 35,400
Ordinary Income	17,485	15,250 ~ 17,200
Quarterly Net Income	10,316	9,150 ~ 10,300

With the ad business, Yahoo! Rikunabi related business and other businesses favorable, net sales, ordinary income and quarterly net income exceeded the projected range.



# FY2005-1Q Business Outlook(1)

(Consolidated)

(Millions of yen)

As of Apr. 20, 2005 (Consolidated)	FY2004-1Q (Apr. - Jun. 2004) (Actual)	FY2004-4Q (Jan. - Mar. 2005) (Actual)	FY2005-1Q (Apr. - Jun. 2005) (Projection)
Net Sales	24,495	35,841	36,600 ~ 39,200
Ordinary Income	13,516	17,485	15,650 ~ 17,250
Quarterly Net Income	8,311	10,316	8,900 ~ 10,000

■ As for the major factors taken into consideration in the above business outlook, see next slide.

\* 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.



# FY2005-1Q Business Outlook(2) (Consolidated)

## 1) Factors expected to lead to an increase in SG & A expenses in 2005-1Q

As we maintain our commitment to making investments aimed at future business expansion, expenses will increase due to additional costs incurred related to recruiting (personnel and training expenses for new graduates and mid-career recruits); newly-launched credit card business; increase in transfer agent commissions; set-up of a data center and others. As a result, for FY2005-1Q, additional SG & A expenses of ¥1.6 billion to ¥ 2.6 billion are expected.

## 2) Factors expected to lead to an increase in Non-operating expenses in 2005-1Q

With the following companies newly accounted for by the equity method, the amount of amortization of investment gap will increase. As a result, ordinary income could decline compared to that of 2004-4Q. Non-operating expenses will increase as follows:

**2004-4Q: approx. ¥85 million      In and after 2005-1Q: approx. ¥1,016 million**

Major factors of the increase in non-operating expenses:

- ValueCommerce Co., Ltd.      **Approx. ¥830 million**
- JWord Inc.      **Approx. ¥ 90 million**



## Special Notes for 2005-1Q

Cash flows are expected to decrease in 2005-1Q due to the following factors:

### Cash flows from operating activities:

- Payment of income taxes, consumption taxes and others

Approx. ¥18.0 billion

### Cash flows from investing activities:

- Payment for acquisition of shares of ValueCommerce Co., Ltd.

Approx. ¥10.9 billion

- Payment for acquisition of shares of Aozora Trust Bank, Ltd.

Approx. ¥12.0 billion to ¥13.0 billion

\*Payment could be divided into several installments, resulting in only a part of the above outflow of cash.

### Cash flows from financing activities:

- Payment of dividends

Approx. ¥3.3 billion



# Investments and Others

## Investments in FY2004-4Q (Jan.-Mar. 2005)

Company Name	Amount (¥ M)	Shares	Impact on B/S (¥ M) 2004-4Q	Businesses	Purposes
ALPS MAPPING K.K.	308 (Transfer of Business)	100.0%	308	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	1,634	36.9%	1,634	System development; planning, development, and sales of software packages; and support services, such as help desks	Tie-up with CREO, which has many highly qualified engineers, to speed up development of services of Yahoo! JAPAN and improve their quality
AccessPort Inc. (Changed its name to JWord Inc. on April 1, 2005)	950	33.4%	1,392	Operation of Japanese keyword search service "JWord"	Using the company's "JWord services," meet the needs of the Internet users and advertisers
CURIOCITY CORP.	123	90.7%	123	Operation of an online shopping mall	By making CURIOCITY CORP. a subsidiary, synergies are expected between the two companies' businesses

**Note: The cash outflow related to CURIOCITY CORP. takes place in 2005-1Q.  
Other investments' cash outflow took place in 2004-4Q**

**\*The percentage of shares held by Yahoo JAPAN Corporation is figures as of March 31, 2005.**



# Acquisition of Shares of ValueCommerce

Completed a tender offer targeted at ValueCommerce Co., Ltd. on Apr.11, 2005 and acquired 49.71% of shares.  
(Acquisition value: approx. ¥10.9 billion)

In acquiring shares of ValueCommerce, an affiliate marketing company, the Company is aiming at the following:

## 1. Vitalize eCommerce within Yahoo! JAPAN

Post affiliate ads of stores in “Yahoo! Shopping,” “Yahoo! Auctions,” etc., on the web-sites of partners of ValueCommerce and seek to increase transaction volume.

## 2. Utilize affiliate ads on community services on Yahoo! JAPAN

Place affiliate ads on “Yahoo! Blogs,” “Yahoo! GeoCities,” etc. on which it is not appropriate to post ordinary Internet ads.

## 3. Develop its own affiliate marketing business

Affiliate marketing is becoming a mainstream form of Internet advertising. By entering this business, the Company aims at utilizing other websites than Yahoo! JAPAN’s as its new business resources.

The logo for Sigma Xi, featuring a large white Greek letter sigma (Σ) centered within a light purple oval. To the right of the oval is a large purple exclamation point. Below the exclamation point is a small purple square with the letters "TM" to its right.

# **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.

**Shopping Business Div.**

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

**Media Business Div.**

Provides useful information, both free of charge and for fees

**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 Yahoo! JAPAN top pages and Premium Member fees are added to the P&L of Headquarters



# Listing Business Div.

## Directory Search :

- Due to the increase in page views of search services in Jan. and greater exposure of Sponsor Site, Sponsor Site revenue was favorable. Started Sponsor Site listing on category pages from Mar. 2005.
- Launched “Yahoo! Translation” and beta version of “Yahoo! Product Search,” expanding our services.

## Information Listing Services :

- Increased the exposure of “Yahoo! Rikunabi” on the entire Yahoo! JAPAN website, seeking revenue growth.
- Launched “Yahoo! Marriage”(marriage broker service), seeking to increase personal service sales in the future.

## Regional Information :

- Further improved the search function and event information provided in “Yahoo! Get Local,” to expand the user base and to increase the advertising and information listing revenues.
- Introduced mobile services for “Yahoo! Coupons” and “Yahoo! Get Local.”

## <Measures and Policies>

- Personalize search results and provide a wide variety of purpose-based search functions such as “Yahoo! Product Search” and “Yahoo! Knowledge” .
- Improve information listing services modeled on the collaboration with Recruit Co., Ltd. on “Yahoo! Rikunabi.” Also, improve user services based on service infrastructure such as Yahoo! Points.
- Further develop regional information services based on the map database of ALPS MAPPING K.K. Increase community-based information provided by users and businesses. Also, aim at timely provision of a wider range of advantageous information(coupons & bargains).



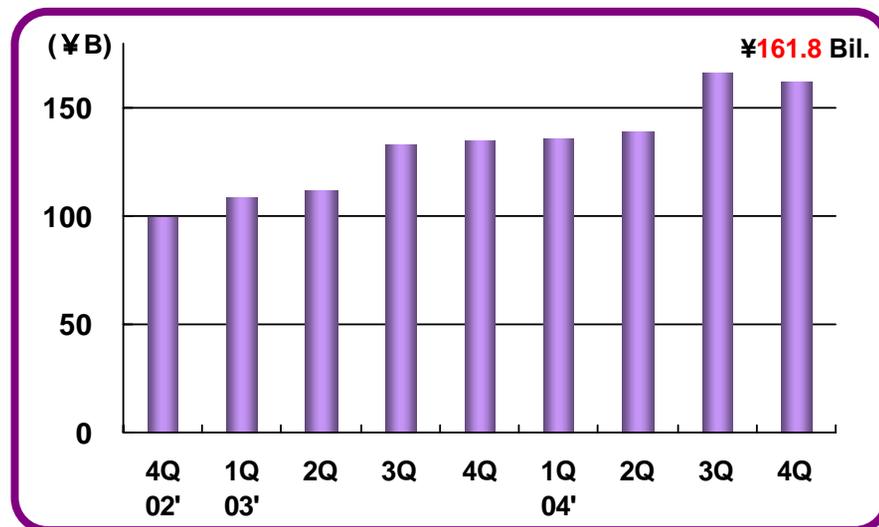
# Auction Business Div.

- Operating income slightly decreased due to smaller transaction volume compared to 3Q in which year-end demand boosted the volume, and accounting for the compensation cost both on payment basis and claim basis.
- Maintained commitment to security through regular patrols and other measures. In order to promote safer and securer transactions, banned listing of goods not on hand with the intention of using the payment to purchase the item and make a profit.
- To offer greater convenience to users, added online banking as a payment method in “Yahoo! ezPay,” introduced RSS Feed (a technology to distribute news headlines and summaries) and started to provide real estate assessment services etc.

## <Measures and Policies>

- Carry out active measures to ensure safety of Yahoo! Auctions services in order to achieve medium to long-term growth.
- Utilize the Yahoo! Points system and affiliate services of ValueCommerce Co.,Ltd. to solicit more visitors.
- Boost Yahoo! Mobile auctions by utilizing QR code.
- Increase revenues by introducing high-value-added pay options and diversified ad products.
- Improve the user environment in terms of service procedures, interfaces, etc.

Turnover from Yahoo! Auctions





# System Fee Modification for Special Categories of Yahoo! Auctions

- Revised system fees for special categories such as automotive and motorcycle bodies and real estate items, effective from March 21, 2005. Under the revised scheme, fees for listing were raised, while fees for successful auctions were lowered, in view of the nature of those items which, in many cases, buyers would like to see first-hand before making decisions.
- From March 21 to June 20, 2005, transitional rates lower than the revised ones will be applied as campaign period rates.

## ■ Details of System Fee Modification

Category	System Fee	Before Modification	After Modification	Campaign Price
Automotive Body	Listing	¥525	¥2,940	¥2,940
	Closing bid	¥3,150	¥2,940	¥0
Motorcycle Body	Listing	¥525	¥1,890	¥1,890
	Closing bid	¥3,150	¥1,890	¥1,050
Truck Body	Listing	¥525	¥2,940	¥2,940
	Closing bid	¥3,150	¥2,940	¥0
Bus Body	Listing	¥525	¥2,940	¥2,940
	Closing bid	¥3,150	¥2,940	¥0
Real Estate (Immovables)	Listing	¥525	¥2,940	¥2,940
	Closing bid	¥3,150	¥2,940	¥2,940

## ■ Campaign Period

Apply to the closing bids from March 21 to June 20, 2005



# Yahoo! BB Business Div.

- Anticipating a home-moving rush around the end of the old fiscal year and the beginning of the new fiscal year, carried out a series of campaigns. Personal and business service sales were both strong. Net Sales grew by 5.6% qoq and operating income by 7.4%.
- Renewed Yahoo! BB front page and added a new service of providing terrestrial broadcasting programs in “Yahoo! BB Hikari TV package.” Also, distributed content related to Fukuoka SoftBank HAWKS and major artists exclusively to Yahoo! BB members, further enhancing membership value.
- Conducted joint campaigns with other services such as Yahoo! Auctions and Yahoo! Shopping, aiming at increasing sales of each service as well as Yahoo! BB membership value.

## <Measures and Policies>

- Aim to acquire more subscribers through continued promotion of “Yahoo! BB ADSL” and accelerated sales activities for “Yahoo! BB Hikari.”
- Expand Yahoo! BB member exclusive services (content, tickets, etc.) and improve the value of Yahoo! BB membership.



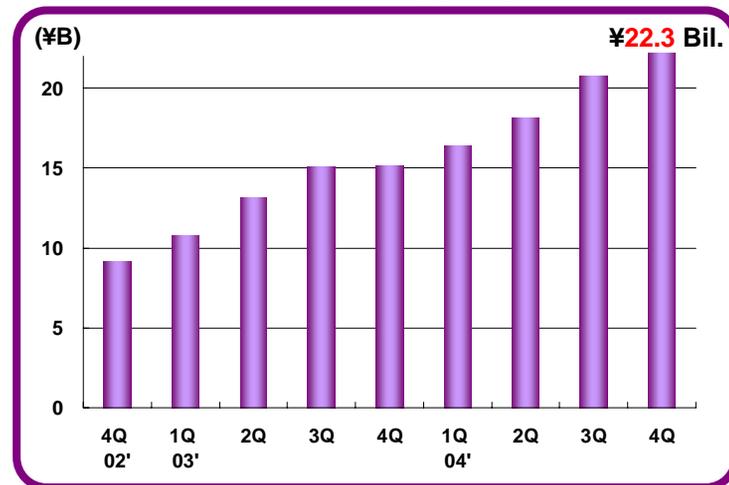
# Shopping Business Div.

- **Yahoo! Shopping:** Renewal of the Yahoo! Shopping front page and introduction of “Yahoo! Product Search” beta version increased the efficiency of soliciting viewers. Started to recruit more stores through agencies, while improving support for the existing stores through conferences, etc.
- **Books:** Seven and Y started to sell CDs and DVDs and accept sales reservation for a wider range of items, offering greater convenience to customers.
- **Travel:** Through promotion of business travel services and a renewal of search functions, sought to increase the number of transactions, average sales per purchase and number of viewers.
- **Ticket :** Expanded the assortment of tickets for regular sales and advance sales exclusively for members. Conducted registration campaigns for alert service, aiming at expansion of registered user base.

## <Measures and Policies>

- **Yahoo! Shopping:** Focus on the expansion of number of stores. Also, utilize affiliate programs through the tie-up with ValueCommerce Co.,Ltd.
- **Yahoo! Books & Seven and Y:** Plan projects that turn viewers into actual buyers. Redo the website to achieve greater convenience.
- **Yahoo! Travel:** Further develop product variety and content, to establish its position as comprehensive travel site and increase transaction volume.
- **Yahoo! Tickets:** Explore more convenient methods to receive tickets. Expand sales through projects in collaboration with popular artists, etc.

Turnover from Shopping Business



\* Turnover from Shopping Business includes turnover from Yahoo! Travel, Seven and Y and Yahoo! Tickets



# Media Business Div.

- Ad sales were favorable supported by the sales of banners in “Yahoo! News”, “Yahoo! Finance” and others to National Clients.
- Launched “Yahoo! Music” as Japan’s largest music download service. Sales from personal services including “Yahoo! Streaming” and “Yahoo! Finance VIP Club” were strong. Launched game software download service from March 2005.
- Through the tie-up with Y’s Insurance Inc., launched “Yahoo! Insurance” in which users can request information and buy insurance products.

## <Measures and Policies>

- Provide useful services and content to increase page views, the number of unique users, and time spent by each user, to boost media power.
- Develop appealing ad products collaborating with Ad Div. and increase ad revenue.
- Increase pay content and establish a mall of pay content, to increase personal service sales.
- Expand transaction volume by increasing the exposure of “Yahoo! Insurance” as well as the number of items handled.



# Business Solutions (BS) Business Div.

## Yahoo! Research

- Focused on selling “Yahoo! Research Compact” and “Yahoo! Research Self” services.
- The number of monitors registered for marketing research reached 420 thousand: 365 thousand PC monitors and 55 thousand mobile phone monitors.
- Plan to account for sales related to “Yahoo! Research” on a net basis, changing from a gross basis, effective from April 2005.

## Yahoo! Domain / WebHosting

- Made Firstserver, Inc. a subsidiary and established a full business cooperation framework.
- Started test marketing for new product packages.

## Yahoo! Portal Solutions

- Focused on sales activities targeting at educational and public institutions. Plan to launch websites for several clients in FY2005-1Q.

## <Measures and Policies>

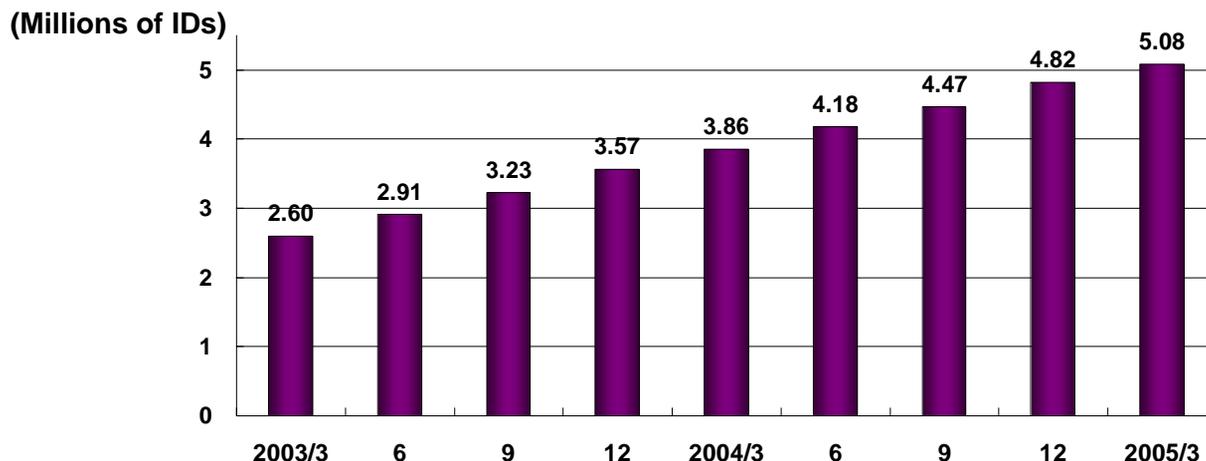
- Start to develop new hosting services and aim to commercialize them by the end of the first half of FY2005.
- Continue sales activities for Yahoo! Portal Solutions based on the collaboration with Hitachi, Ltd.



# Corporate Common Business – Premium Member Trend

- The Yahoo! Premium membership topped 5 million IDs at the end of Feb. 2005 and reached 5.08 million IDs at the end of Mar. 2005.
- Member acquisition and retention through promotional campaigns exclusively for Yahoo! Premium members and cross-marketing with Yahoo! BB members.  
(Campaign to exempt new Yahoo! BB members from Premium membership fee for twelve months, member exclusive advance ticket sale of concerts by Yumi Matsutoya, New Year's gift campaign, member registration campaign, various point campaigns, member only bargain, gifts of Oscar-winning movie tickets, etc.)
- Enhanced membership value by upgrading member exclusive content and services(Free distribution of streamings to members: Special images of Yumi Matsutoya and the collection of short mysteries, "ZOO").

## Number of Premium Members (at the End of Month)





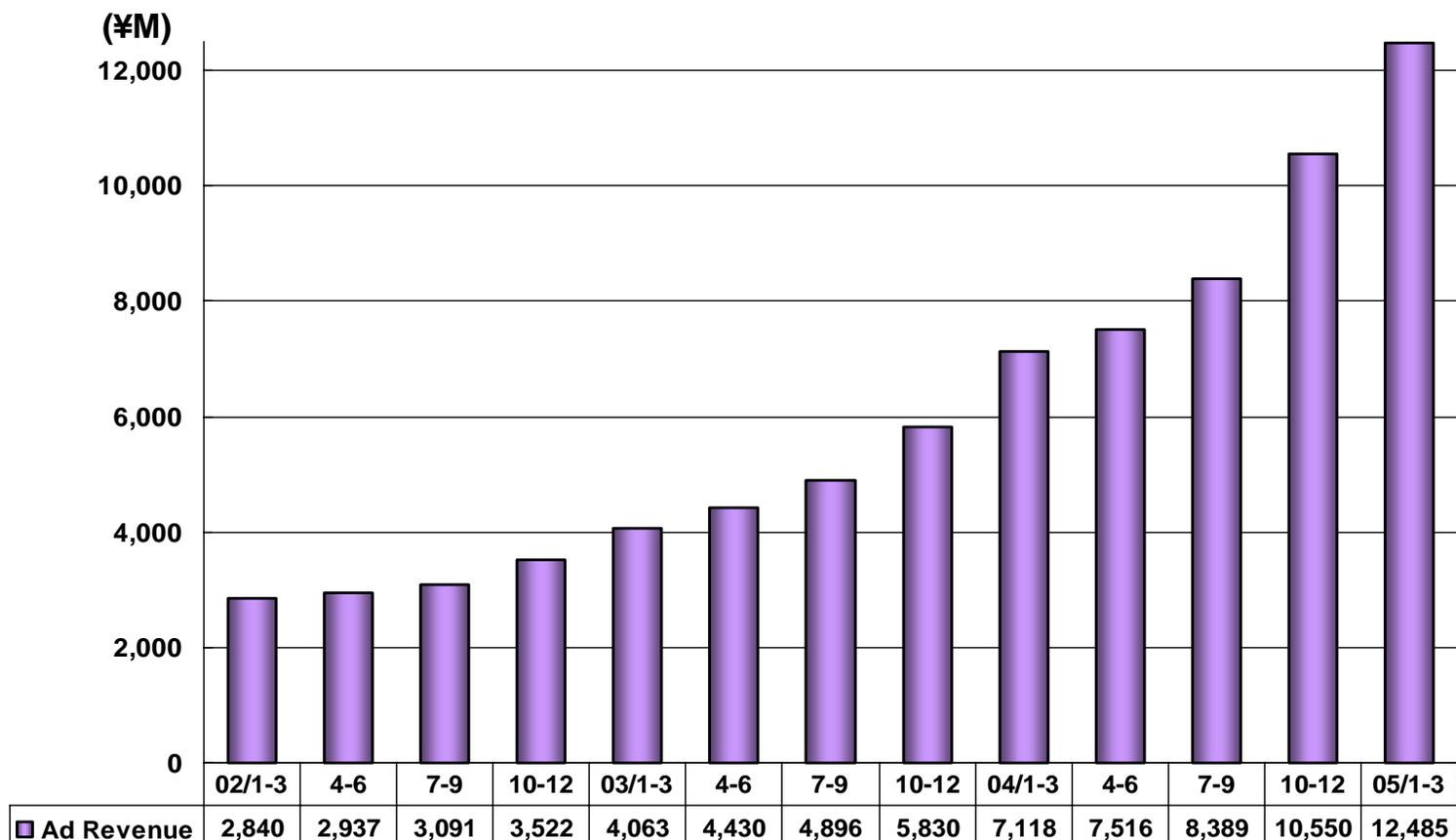
**Advertising Revenue**

TM



# Advertising Revenue

Demand for Internet advertising continued to grow among industries following the demand rise seen in 3Q. Advertising related sales including Sponsor Site sales continued to expand, also supported by the special demand around the end of the fiscal year.



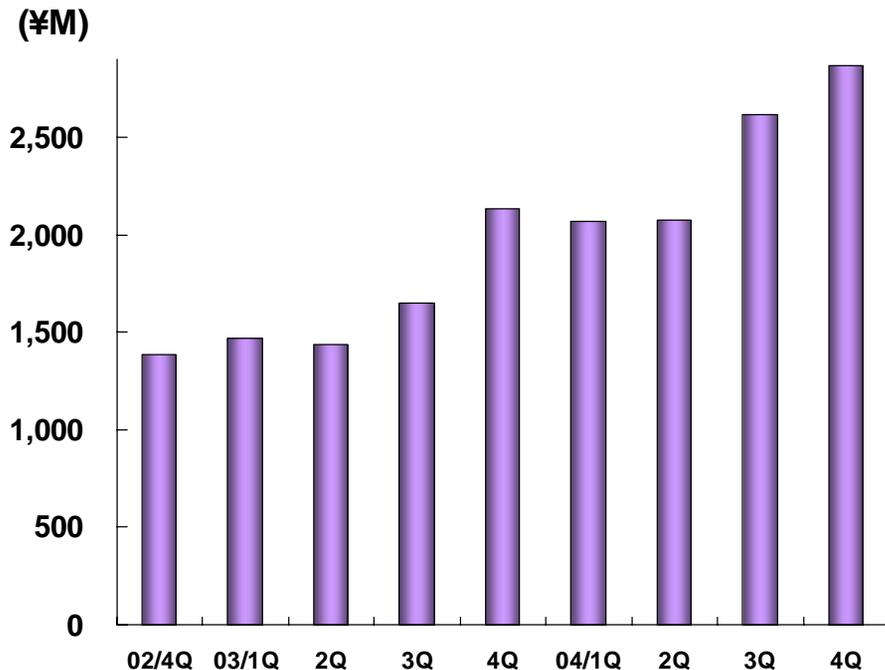
● The above figures include revenue from Sponsor Site



# National Client Trends

Average sales for National Clients remained strong

Sales for National Clients:      ¥ 2,615 M (04-3Q)      ¥ 2,866 M (04-4Q)



## 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, 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

- Beverage/ Amenities
- Real Estate/ Construction
- Educational Services/ Universities, etc.

## Industries with high growth rate of ad spending (\*)

- Beverage/ Amenities
- Government and Other Public Institutions
- Educational Services/ Universities, etc.

	03/4Q	04/1Q	2Q	3Q	4Q
Finance/ Insurance/ Securities	21.2%	23.0%	19.9%	21.5%	20.5%
Autos (Transport Equipment)	4.7%	6.2%	9.1%	8.0%	8.9%
Recruitment Services	11.5%	10.8%	9.9%	8.8%	8.7%
Real Estate/ Construction	6.5%	6.3%	7.2%	7.0%	8.4%
Cosmetics/ Toiletry	2.7%	3.5%	4.1%	5.0%	6.5%
Transportation/ Leisure	4.5%	3.9%	4.8%	6.0%	6.3%
Beverage/ Amenities	3.2%	3.6%	4.1%	2.7%	5.7%
Educational Services/ Universities, etc.	4.5%	3.3%	3.7%	3.0%	4.7%
Computers/ Office Equipment	7.1%	7.8%	4.7%	5.8%	4.5%
Internet Information Site/ Mail Service	4.2%	4.2%	4.5%	4.4%	2.9%
Information Processing Service/ Software	2.1%	2.0%	0.7%	2.5%	2.5%
Government and Other Public Institutions	2.0%	0.9%	1.2%	1.2%	2.1%
Marriage Information Related Service	3.3%	2.8%	2.3%	2.3%	2.1%
Foods	1.7%	0.7%	1.8%	2.3%	1.9%
Others	20.8%	21.0%	22.0%	19.5%	14.3%

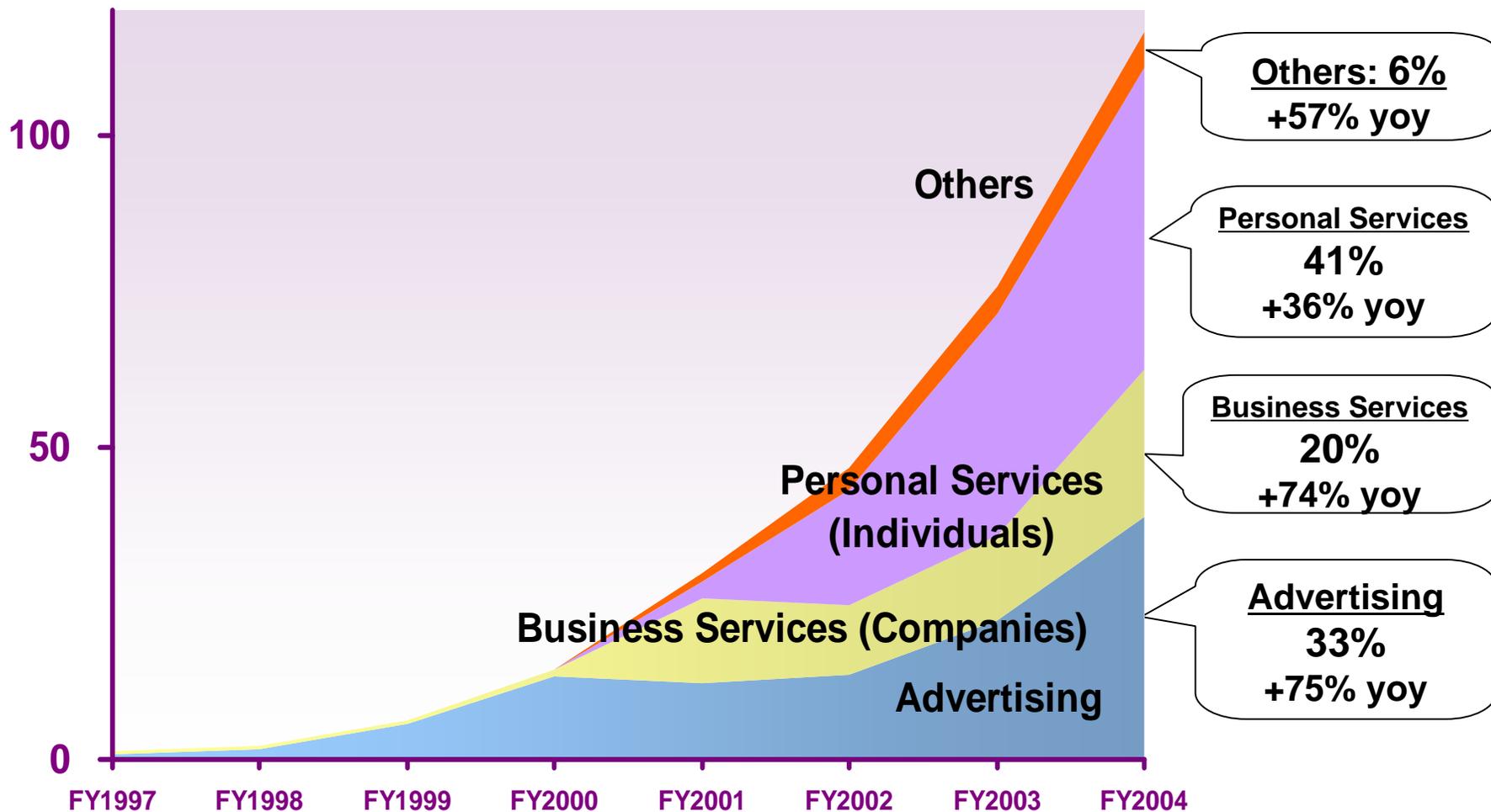
- The above figures exclude revenue from Sponsor Site
- (\*) In the order of growth rate excluding the industries in "Others"





# Sales by Revenue Classification

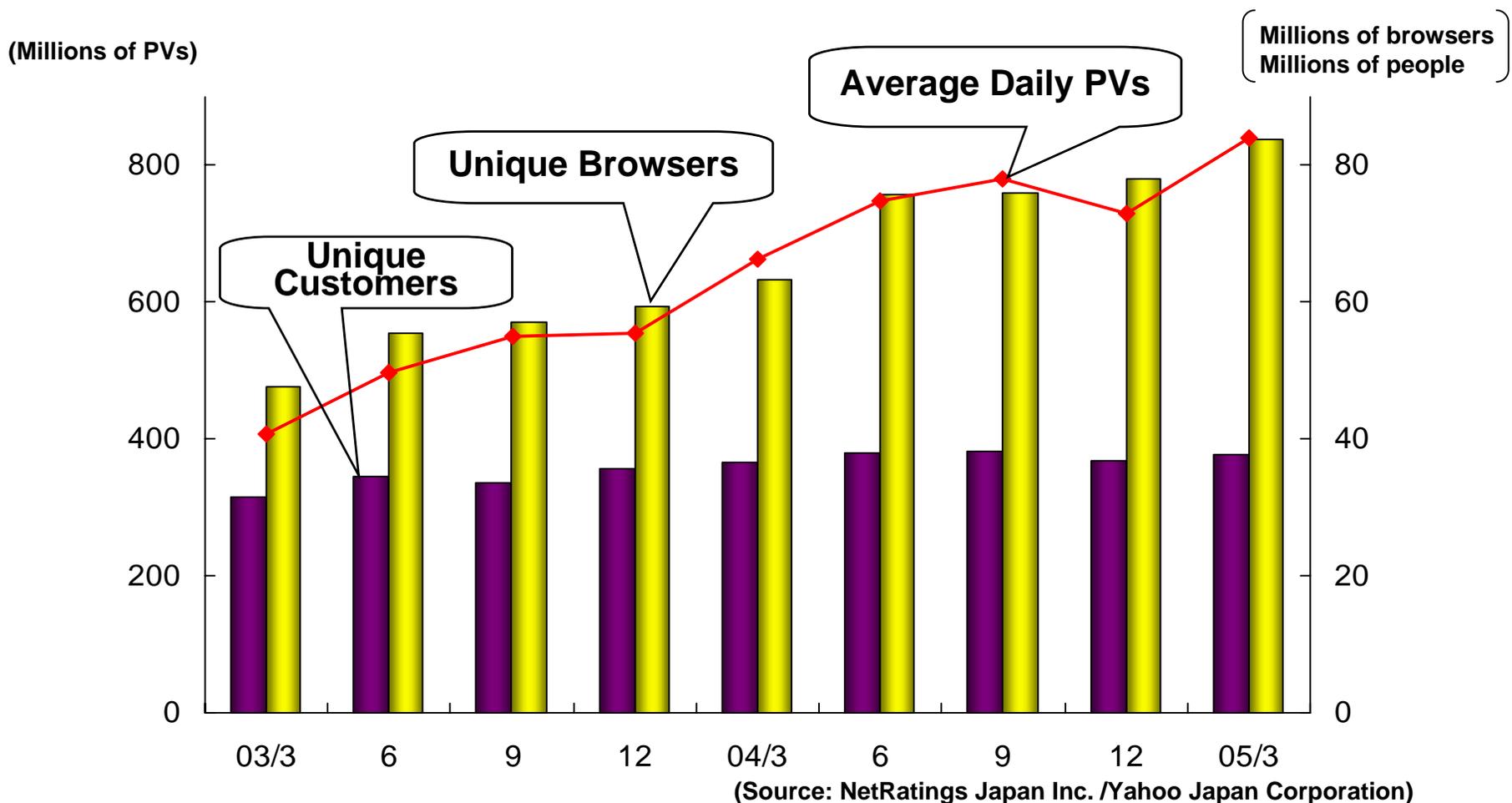
(¥ Billion)



● Sales includes Agency Commissions



# Number of Page Views and Unique Users

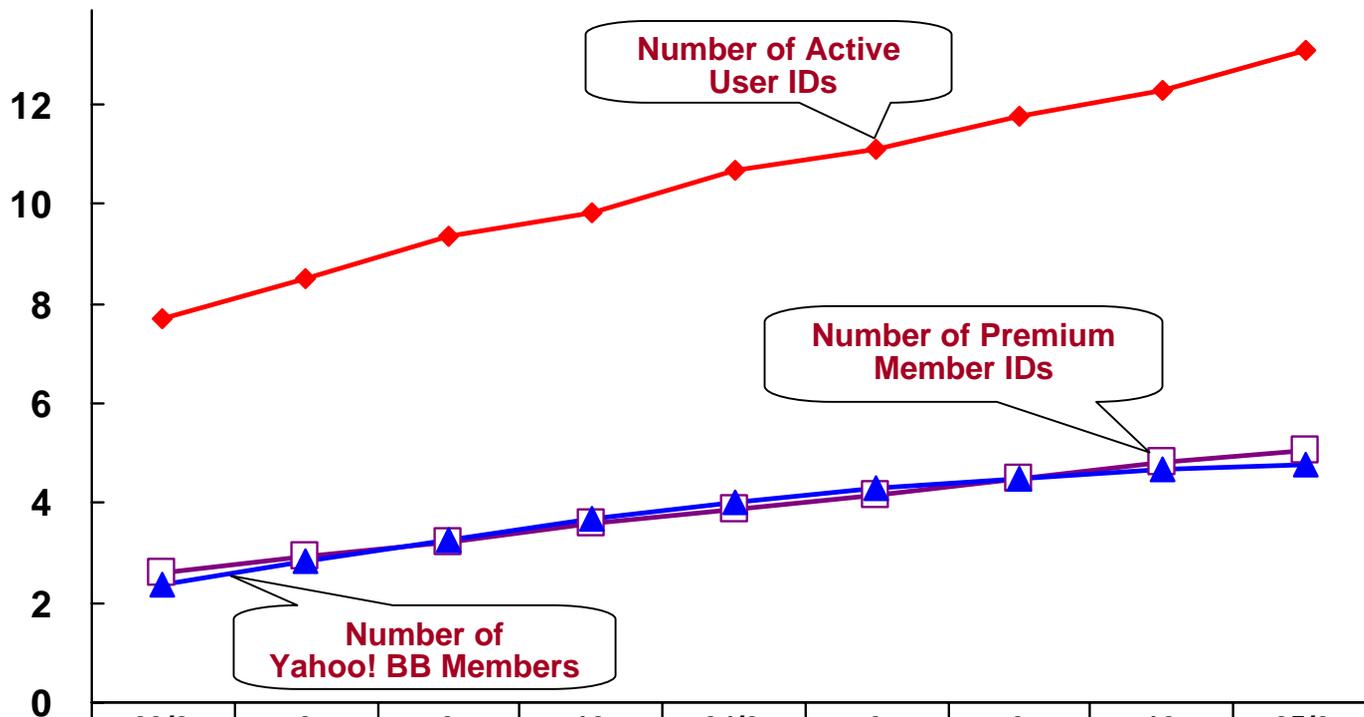


- The Number of Unique Browsers is the total number of unique browsers accessing our services.
- The Number of Unique Customers (unit: people) is compiled using the duplication rate of access by people from home and work from the Internet Survey of NetRatings Japan, Inc. based on the data of Nielsen/NetRatings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



# Number of Yahoo! JAPAN Users

(Millions of IDs and lines)

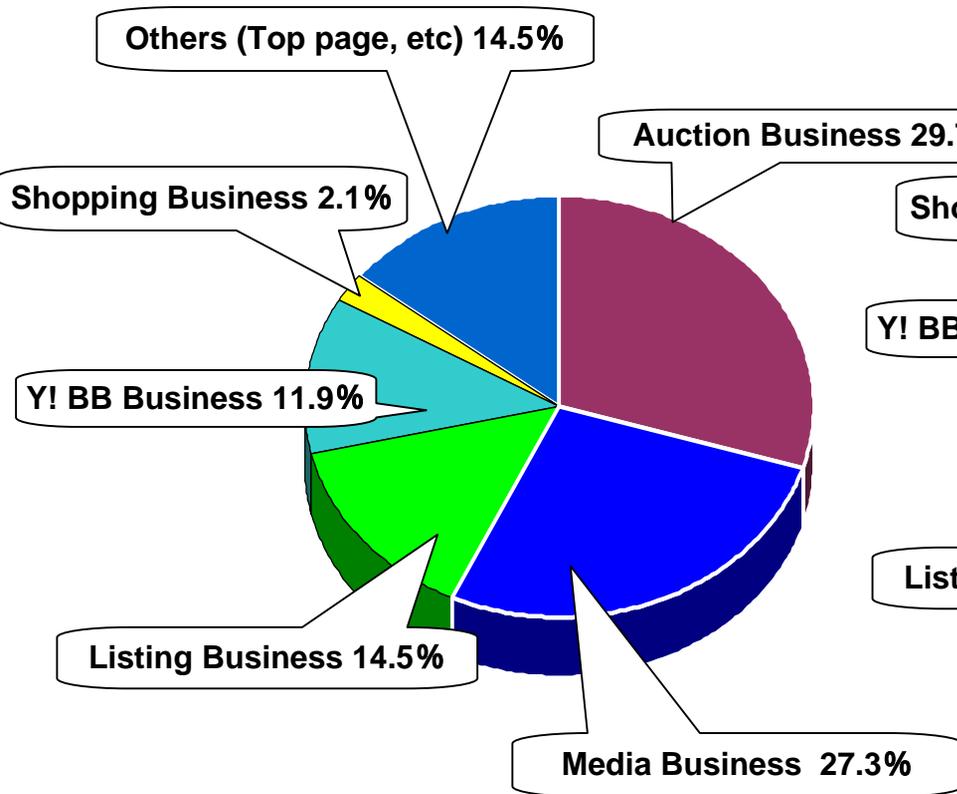


	03/3	6	9	12	04/3	6	9	12	05/3
◆ Active User IDs	7.70	8.50	9.38	9.85	10.69	11.12	11.76	12.31	13.10
□ Premium Member IDs	2.60	2.91	3.23	3.57	3.86	4.18	4.47	4.82	5.08
▲ Yahoo! BB Members	2.36	2.82	3.25	3.69	4.00	4.28	4.49	4.66	4.78

\* Number of Active User IDs = Number of Yahoo! JAPAN IDs that logged in each month.

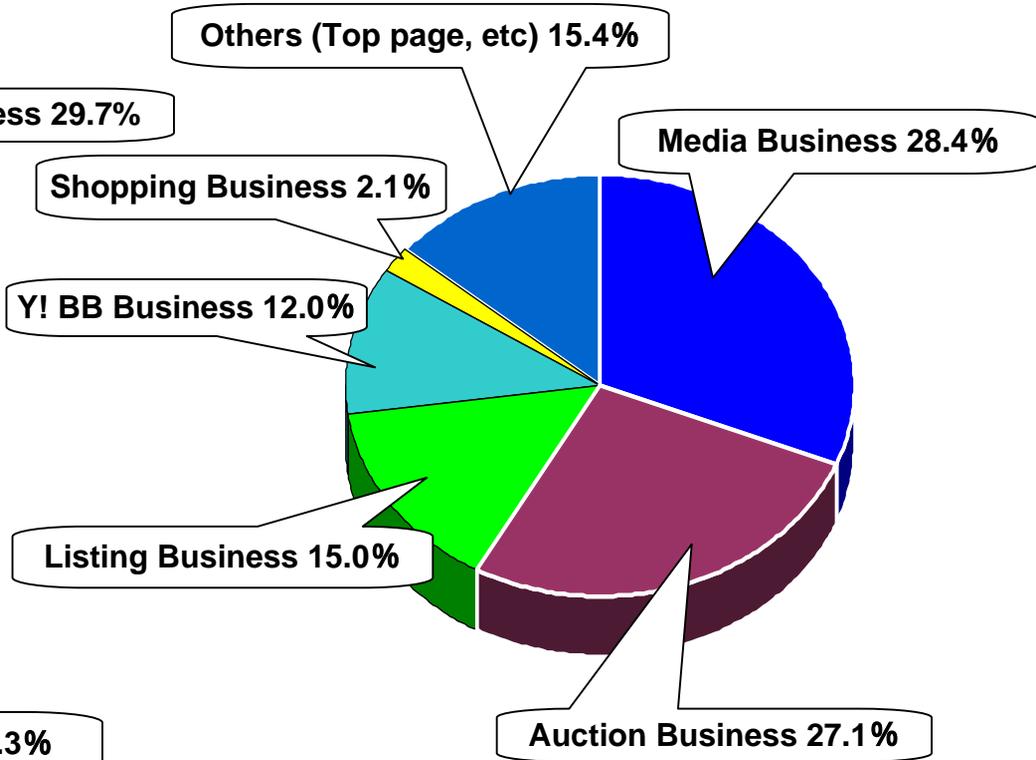


# Monthly Page Views by Business Division (consolidated)



Total 22.65B PVs

**Dec. 2004**

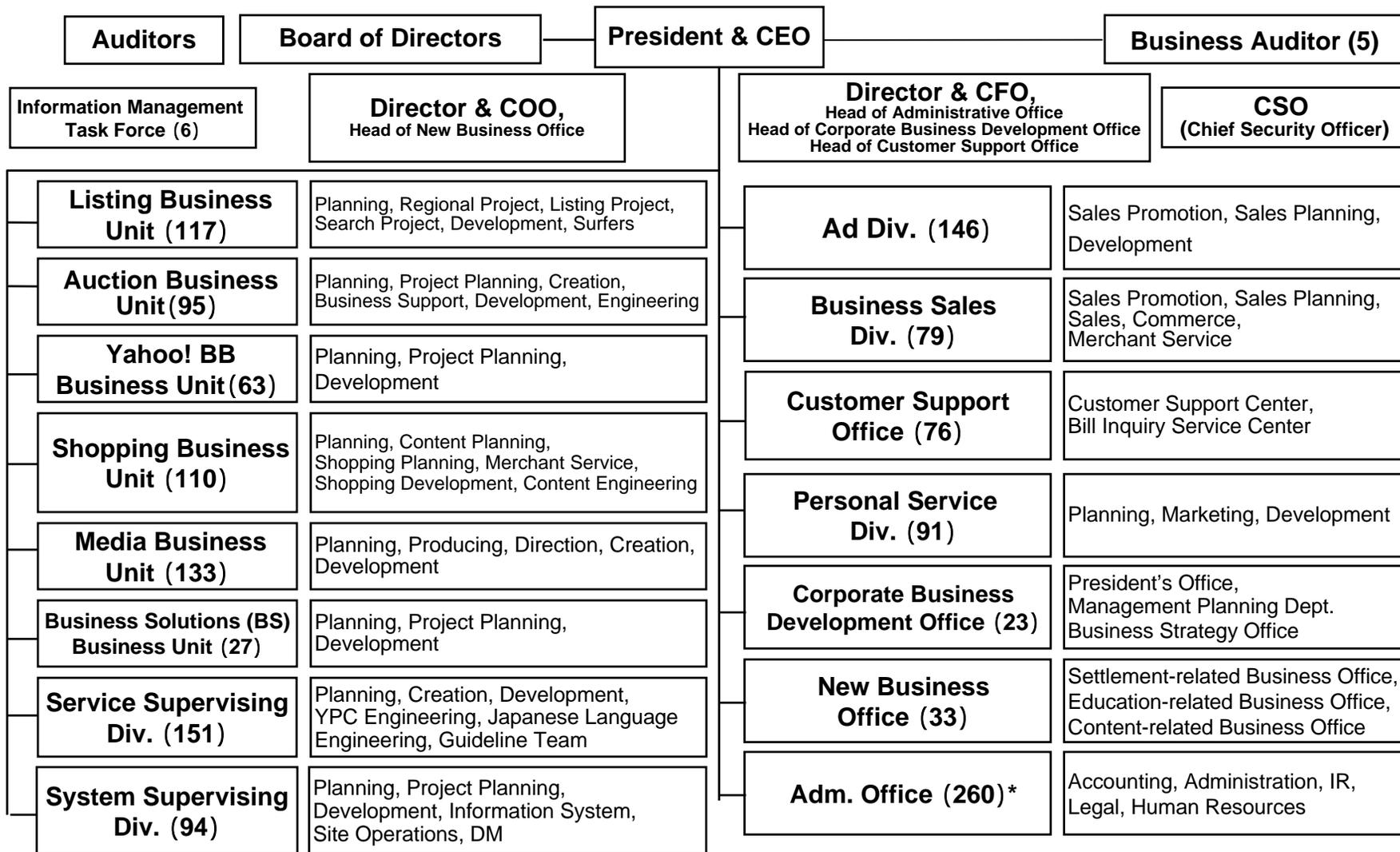


Total 26.05B PVs

**Mar. 2005**



# Organization Chart



**Total : 1,510 people (Apr. 1, 2005)**

\* 152 new recruits who are temporarily assigned to the Human Resources Dept. are included in the personnel number of Administrative Office.

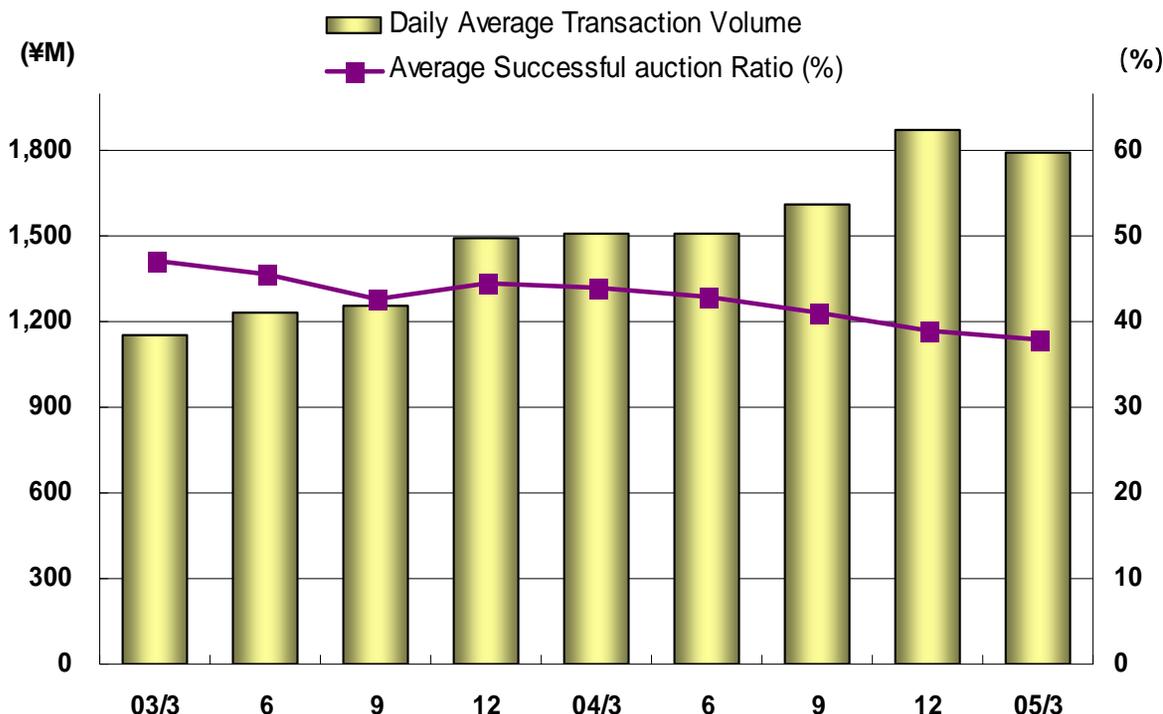


# Auction Business Data

## Mar. 2005 Auction Data

◆ Total Listed Items (average)	7.63 million items	◆ Daily Average New Listings	641 thousand items
◆ Daily Average Transaction Volume(*)	¥ 1.79 billion	◆ Average Closing Price	¥ 5,827
◆ Average Successful Auction Ratio	38 %	◆ Number of Unique Browsers	19.22 million browsers
◆ Number of Stores (month end)	3,556 stores		

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



\* The average ratio of successful auctions per day is calculated excluding the average ratio on the final day of the free listing campaign.



# Advertising Sales by Industry (Fiscal Year)

## Industries with large increases in ad spending

- Finance/ Insurance/ Securities
- Autos (Transport Equipment)
- Real Estate/ Construction

## Industries with high growth rate of ad spending (\*)

- Cosmetics/ Toiletry
- Beverage/ Amenities
- Software for Entertainment

	FY2003	FY2004
Finance/ Insurance/ Securities	22.2%	21.2%
Recruitment Services	12.4%	9.4%
Autos (Transport Equipment)	5.3%	8.2%
Real Estate/ Construction	5.5%	7.3%
Computers/ Office Equipment	8.1%	5.6%
Transportation/ Leisure	4.6%	5.4%
Cosmetics/ Toiletry	2.4%	4.9%
Beverage/ Amenities	2.1%	4.1%
Internet Information Site/ Mail Service	5.0%	3.9%
Educational Service/ Universities, etc.	4.8%	3.7%
Mail Order Business	6.0%	2.6%
Marrige Information Related Services	2.8%	2.3%
Information Processing Service/ Software	1.8%	2.0%
Software for Entertainment	1.2%	1.9%
Others	15.8%	17.5%

● The above figures exclude revenue from Sponsor Site

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



# FY2004-4Q Major Clients

## ■ Finance/ Insurance/ Securities

AIFUL  
Mobit  
ORIX Credit

## ■ Autos

Gulliver international  
Honda Motor  
Mazda Motor  
Nissan Motor  
Toyota Motor

## ■ Recruitment Services

eMercury  
STAFF SERVICE GROUP

## ■ Real Estate/ Construction

Daikyo  
Daito Trust Construction

## ■ Cosmetics/ Toiletry

FANCL  
Kao  
Orbis  
Shiseido

## ■ Transportation/ Leisure

East Japan Railway  
Japan Airlines International

## ■ Beverage/ Amenities

Asahi Breweries  
Coca-Cola (Japan)  
Kirin Brewery  
Suntory

## ■ Educational Service

Benesse  
NIS (NOVA)

## ■ Computers/ Office Equipment

Dell  
Hewlett-Packard Japan

## ■ Internet Information Site/ Mail Service

Carview  
WebCrew

## ■ Information Processing Service/ Software

Microsoft

## ■ Government and Other Public Institutions

Cabinet Office

● 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/>