



Yahoo Japan Corporation FY2005-2Q Results & First Half Results

(Jul. - Sep./Apr. - Sep. 2005)

Oct. 21, 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 Interim Period and the Three Months Ended September 30, 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.



FY2005 2Q Highlights (1)

- Yahoo Japan Corporation and its consolidated subsidiaries and affiliates recorded strong growth during the second quarter. Supporting this performance were favorable advertising and business service sales in the Listing Business and business service sales in the Shopping Business. Net sales climbed to ¥41,140 million, rising 5.8% from the first quarter and 55.4% year on year. Ordinary income increased 4.1% from the previous quarter and 34.1% year on year, to ¥18,545 million.
- In advertising sales, Sponsor Site sales rose substantially during the second quarter. Moreover, despite being a period known as the “summer dry spell,” sales of branding advertising increased during the quarter, supported by a growing awareness of the effectiveness of Internet advertising among a broader range of advertisers. As a result, advertising sales for the period reached ¥15,681 million, advancing 11.4% from the first quarter and 86.9% year on year.
- In business services other than advertising, sales of employment information and Business Express services by the Listing Business expanded, while sales of the Shopping Business grew on the strength of higher transaction volumes due to an increase in the number of stores on its shopping site and the increased demand for travel-related services during summer. As a result, business service sales rose 7.5% from the previous quarter and 53.7% year on year, to ¥8,182 million.
- In the Group’s personal service business, although system-use revenues from Yahoo! Auctions declined, this decrease was offset by the strong growth in Yahoo! Premium sales. Consequently, personal service sales expanded to ¥14,534 million, increasing 1.5% from the first quarter and 29.5% year on year.



FY2005 2Q Highlights (2)

■ In the Shopping Business, the transaction volume of Yahoo! Shopping expanded based on a substantial increase in the number of registered stores. At the end of September, a total of 5,099 stores were registered on Yahoo! Shopping, a 19.6% increase from the previous quarter and a 111.1% rise year on year. Yahoo! Travel also contributed transaction volume increase based on the running of special features related to the summer vacation season and other sales promotions. As a result, the daily average transaction volume of the Shopping Business leapt 16.9% from the previous quarter and 60.9% year on year, to ¥316 million.

■ At the end of September, the number of auction stores (merchant stores) on Yahoo! Auctions totaled 4,458, an increase of 16.3% from the first quarter and 47.5% year on year. In addition to business service sales expanding firmly, advertising sales also grew due to strong sales efforts targeting category sponsored. On the other hand, transaction volume suffered during the July to August summer vacation period, and personal service sales declined due to continued efforts to reinforce security through the implementation of early discover schemes for suspected fraud on auctions and the reinforcement and expansion of staff for removing auction items in violation of laws or policies. Consequently, sales of the Auction Business decreased 1.5% from the previous quarter, to ¥8,214 million. On a year on year basis, however, this figure represented a 34.3% jump in sales.

■ The Group made further progress with mobile services during the quarter. Yahoo! Shopping commenced a Yahoo! Mobile Shopping service in the second quarter and Yahoo! Auctions now offers a function enabling its services to be accessed by mobile phones in a manner similar to personal computers. Of the approximately 80 services being offered by the Group, about 50 services are now available to Internet-enabled mobile phones. Furthermore, in October, the Group launched Yahoo! Content Store, a digital content retail store that can be accessed by mobile phones, beginning to offer content portability services in the run up to the scheduled start of a number portability service in 2006.

FY2005 First Half Financial Results

(Consolidated)

Consolidated subsidiaries at the end of FY2005-First Half

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

Affiliated companies (equity method) at the end of FY2005-First Half

- ◆ All About, Inc.
- ◆ FashionWalker, Inc. **NEW!**
- ◆ JWord Inc.
- ◆ ValueCommerce Co., Ltd. **NEW!**
- ◆ CREO. CO., LTD.
- ◆ INTAGE Interactive Inc.
- ◆ Tavigator, Inc.
- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.



FY2005 First Half Statements of Income

	FY2005 First Half	FY2004 First Half	Changes
Net Sales (¥ M)	80,016	50,972	57 %
Cost of Sales (¥ M)	6,928	3,442	101 %
Gross Profit (¥ M)	73,087	47,529	54 %
Operating Income (¥ M)	37,421	27,189	38 %
Ordinary Income (¥ M)	36,364	27,343	33 %
Interim Net Income (¥ M)	21,453	16,952	27 %
EPS (¥)	1,390	4,397	-68 %
Number of Shares Outstanding (Average of Period)	15,431,889	3,854,965	300 %
EPS After Retroactive Adjustments (¥) *	1,390	1,123	24 %
Fully Diluted EPS (¥)	1,386	4,382	-68 %
Number of Shares Assuming Full Dilution	15,472,901	3,868,169	300 %
Fully Diluted EPS After Retroactive Adjustments (¥) *	1,386	1,119	24 %

Notes:

In Nov. 2004 and May 2005, 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.



FY2005 First Half Balance Sheets

(¥M)	Major Items	9/30/2005	3/31/2005	Increase/ Decrease	Major Reasons for Changes
< Assets >					
	Current Assets	99,476	92,410	7,066	
	Cash and Cash Equivalents	71,542	68,992	2,550	Earnings growth from sales activities
	Accounts Receivable-Trade	19,665	18,293	1,371	Increase in advertising sales and receivables for individual customers
	Short-Term Loans	4,517	2,263	2,254	Transfer of loans made based on the Yahoo! BB Finance Scheme from the long-term loans account due to payment expected within one year
	Allowance for Doubtful Accounts	-1,577	-1,364	-212	
	Fixed Assets	51,838	37,833	14,004	
	Tangible Fixed Assets	12,525	11,875	649	Additional installations such as servers
	Intangible Fixed Assets	6,675	5,563	1,111	Growth in software
	Investment Securities	27,538	13,946	13,591	Acquisition of affiliated company shares and mark-to-market accounting of investment securities
	Total Assets	151,314	130,244	21,070	
< Liabilities >					
	Current Liabilities	33,865	31,564	2,301	
	Accounts Payable-Other	10,216	7,618	2,597	Increase in operating expenses
	Accrued Income Taxes	16,242	16,676	-434	
	Long-term Liabilities	2,173	2,158	14	
	Total Liabilities	36,039	33,723	2,315	
< Minority Interests in Consolidated Subsidiaries >					
	Minority Interests	626	461	165	
< Shareholders' Equity >					
	Common Stock	6,803	6,692	111	Exercise of stock options
	Additional Paid-in Capital	1,884	1,773	111	
	Retained Earnings	101,100	83,461	17,639	Increase in profit
	Total Shareholders' Equity	114,648	96,059	18,589	
	Total Liabilities, Minority Interests and Shareholders' Equity	151,314	130,244	21,070	



FY2005 First Half Cash Flow Statements

(¥M) Major Items	Apr. - Sep. 2005	Major Reasons for Changes
<u>Operating Activities</u>	<u>24,886</u>	
Net Income before Income Taxes	36,679	Increase in net income before income taxes
Depreciation/Amortization	2,980	
Gain/ Loss under the Equity Method	1,320	
Increase in Accounts Receivable-Trade	-1,303	Increase in advertising sales and receivables for individual customers
Decrease in Accounts Payable-Trade	-82	
Other Receivables/Payables	1,882	Increase in Accounts Payable - Other
Income Taxes, etc.	-16,259	
<u>Investing Activities</u>	<u>-18,949</u>	
Purchase of Tangible Fixed Assets	-3,456	Purchase of servers and other equipment
Purchase of Intangible Fixed Assets	-1,543	Purchase of software
Acquisition/Sales of Investment Securities	-13,536	Acquisition of affiliated company shares
Guarantee Deposit Assets	-633	
<u>Financing Activities</u>	<u>-3,390</u>	
Issuance of New Shares	223	Exercise of stock options
Dividend Expenses	-3,654	
<u>Net Change in Cash Flows</u>	<u>2,546</u>	

FY2005-2Q Financial Results

(Consolidated)

Consolidated subsidiaries at the end of FY2005-2Q

- ◆ ALPS MAPPING K.K.
- ◆ BridalNet, Inc.
- ◆ CURIOCITY CORP.
- ◆ eS!Books Research CORP.
- ◆ GeoCities Japan Corporation
- ◆ NETGENE Co., Ltd.
- ◆ Seven and Y Corp.
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Affiliated companies (equity method) at the end of FY2005-2Q

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- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.



FY2005-2Q Statements of Income

	FY2005-2Q (Jul. - Sep. 2005)	FY2004-2Q (Jul. - Sep. 2004)	Changes
Net Sales (¥M)	41,140	26,476	55 %
Cost of Sales (¥M)	3,440	1,885	82 %
Gross Profit (¥M)	37,699	24,591	53 %
Operating Income (¥M)	19,014	13,718	39 %
Ordinary Income (¥M)	18,545	13,826	34 %
Quarterly Net Income (¥M)	11,143	8,641	29 %
EPS (¥)	707	2,195	-68 %
Number of Shares Outstanding (Average of Period)	15,759,477	3,936,860	300 %
EPS After Retroactive Adjustments (¥)*	707	572	23 %
Fully Diluted EPS (¥)	705	2,188	-68 %
Number of Shares Assuming Full Dilution	15,800,526	3,949,452	300 %
Fully Diluted EPS After Retroactive Adjustments (¥)*	705	570	24 %

In Nov. 2004 and May 2005, there were 1:2 share splits.

(*) The retroactive adjusted figures of EPS are adjusted for share splits.

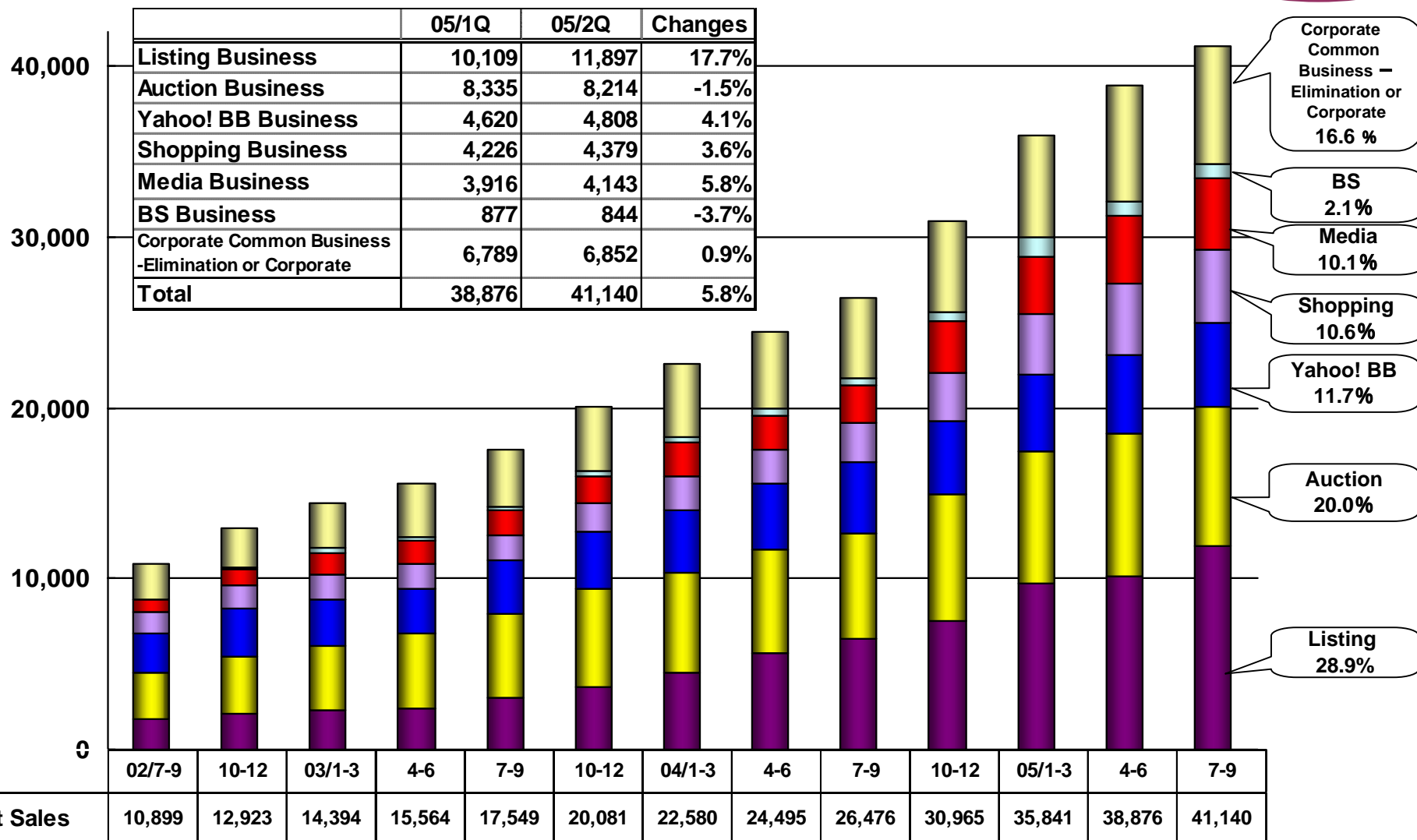
Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.



Quarterly Net Sales

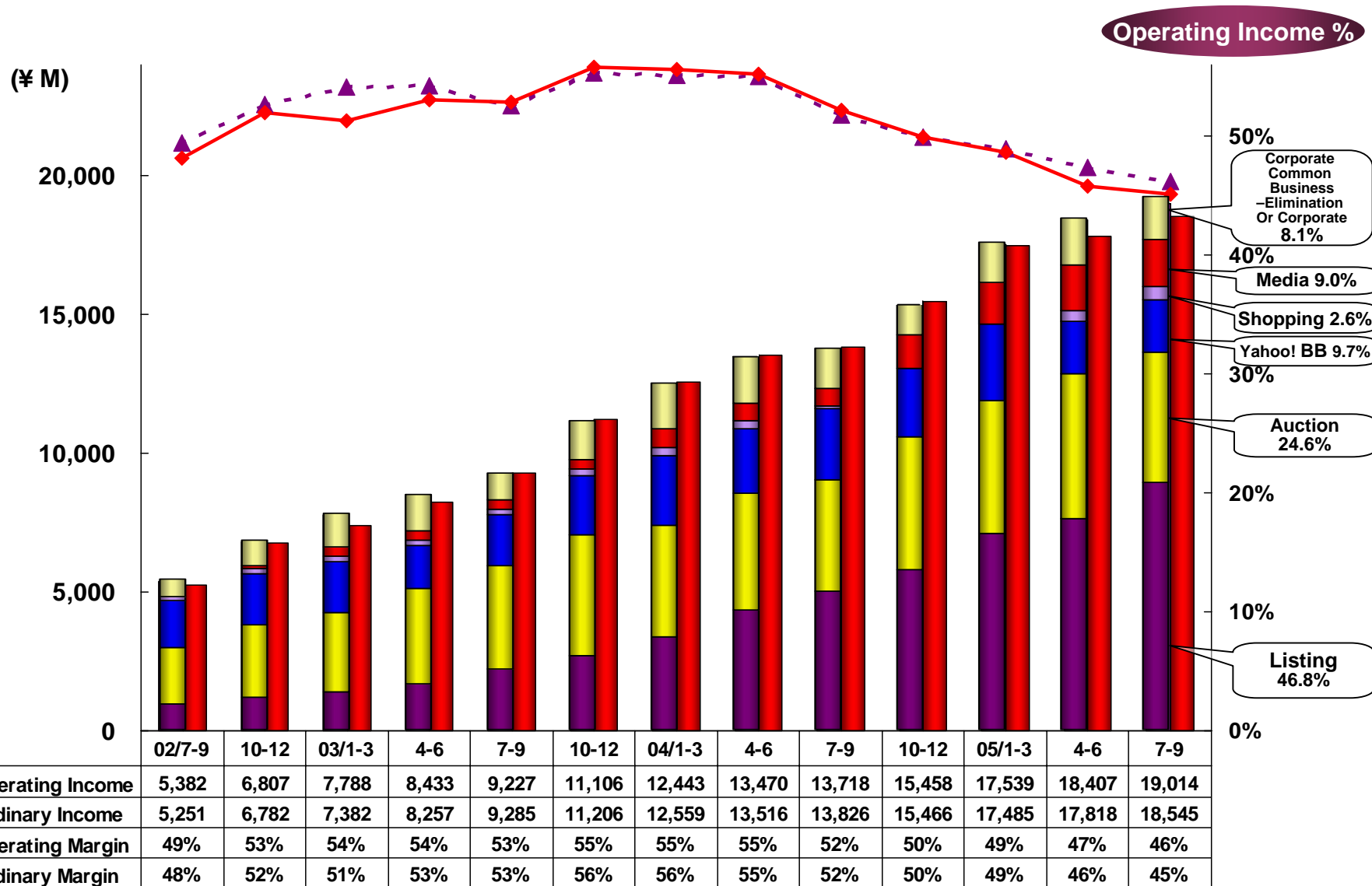
(¥ M) FY 2005-2Q (Jul. – Sep. 2005) Sales Breakdown

Sales %





Quarterly Profits





SG&A Breakdown

(¥M)

Main reasons for changes on quarterly base

	05/2Q (05/7-9)	% share	04/2Q (04/7-9)	Annual changes	05/1Q (05/4-6)	Quarterly changes
SG&A Total	18,685	100.0%	10,872	71.9%	16,981	10.0%
Personnel expenses	3,466	18.6%	2,136	62.2%	3,341	3.7%
Business commissions	2,654	14.2%	1,491	78.0%	2,278	16.5%
Sales commissions	1,877	10.0%	1,012	85.3%	1,807	3.9%
Sales promotion costs	1,561	8.4%	370	321.6%	1,353	15.4%
Depreciation expenses	1,537	8.2%	1,020	50.7%	1,358	13.2%
Communication charges	1,333	7.1%	1,033	29.0%	1,376	-3.2%
Royalties	1,096	5.9%	682	60.8%	1,034	6.0%
Lease and utility expenses	1,004	5.4%	533	88.4%	860	16.7%
Content provider fees	734	3.9%	605	21.4%	666	10.2%
Payment commissions	545	2.9%	270	102.0%	557	-2.2%
Allowance for doubtful debt accounts	445	2.4%	218	104.1%	219	103.3%
Advertising costs	385	2.1%	208	84.7%	355	8.5%
Compensation payment	368	2.0%	230	59.7%	173	112.0%
Packing and transport expenses	279	1.5%	163	70.8%	251	11.2%
Others	1,401	7.4%	901	55.8%	1,353	3.6%

Increase in personnel
(2,214 in total : 145 increase from 05/1Q)

Expenses for temporary staff, etc.

Increase in customer acquisition costs
and incentive fees for advertising
agencies

Additional installations such as servers

Expanded office space due to hiring more
employees

Growth in sales receivables to
businesses and individuals, and rise in
aged sales receivables for individual
customers for which the estimated loss
percentage is high

Increase in the estimated amount of
payment due to the temporary rise in the
ratio of claim application being approved

Increase in the number of transactions by
Seven and Y Corp.



FY2005-2Q Balance Sheets

(¥M)	Major Items	9/30/2005	6/30/2005	Increase/ Decrease	Major Reasons for Changes
< Assets >					
	Current Assets	99,476	78,651	20,825	
	Cash and Cash Equivalents	71,542	53,365	18,177	Earnings growth from sales activities
	Accounts Receivable-Trade	19,665	18,884	781	Increase in advertising sales and receivables for individual customers
	Short-term Loans	4,517	3,375	1,142	
	Allowance for Doubtful Accounts	-1,577	-1,378	-198	Transfer of loans made based on the Yahoo! BB Finance Scheme from the long-term loans account due to payment expected within one year
	Fixed Assets	51,838	51,196	641	
	Tangible Fixed Assets	12,525	12,406	118	Additional installations such as servers
	Intangible Fixed Assets	6,675	5,922	752	Growth in software
	Investment Securities	27,538	26,922	615	Acquisition of affiliated company shares
	Total Assets	151,314	129,847	21,467	
< Liabilities >					
	Current Liabilities	33,865	22,967	10,898	
	Accounts Payable-Other	10,216	7,916	2,300	Increase in operating expenses
	Accrued Income Taxes	16,242	7,284	8,957	Booking of income taxes etc.
	Long-term Liabilities	2,173	2,693	-519	
	Total Liabilities	36,039	25,660	10,378	
< Minority Interests in Consolidated Subsidiaries >					
	Minority Interests in Consolidated Subsidiaries	626	454	171	
< Shareholders' Equity >					
	Common Stock	6,803	6,724	79	Exercise of stock options
	Additional Paid-in Capital	1,884	1,805	79	
	Retained Earnings	101,100	89,957	11,143	Increase in profit
	Total Shareholders' Equity	114,648	103,731	10,917	
	Total Liabilities, Minority Interests and Shareholders' Equity	151,314	129,847	21,467	



FY2005-2Q Cash Flow Statements

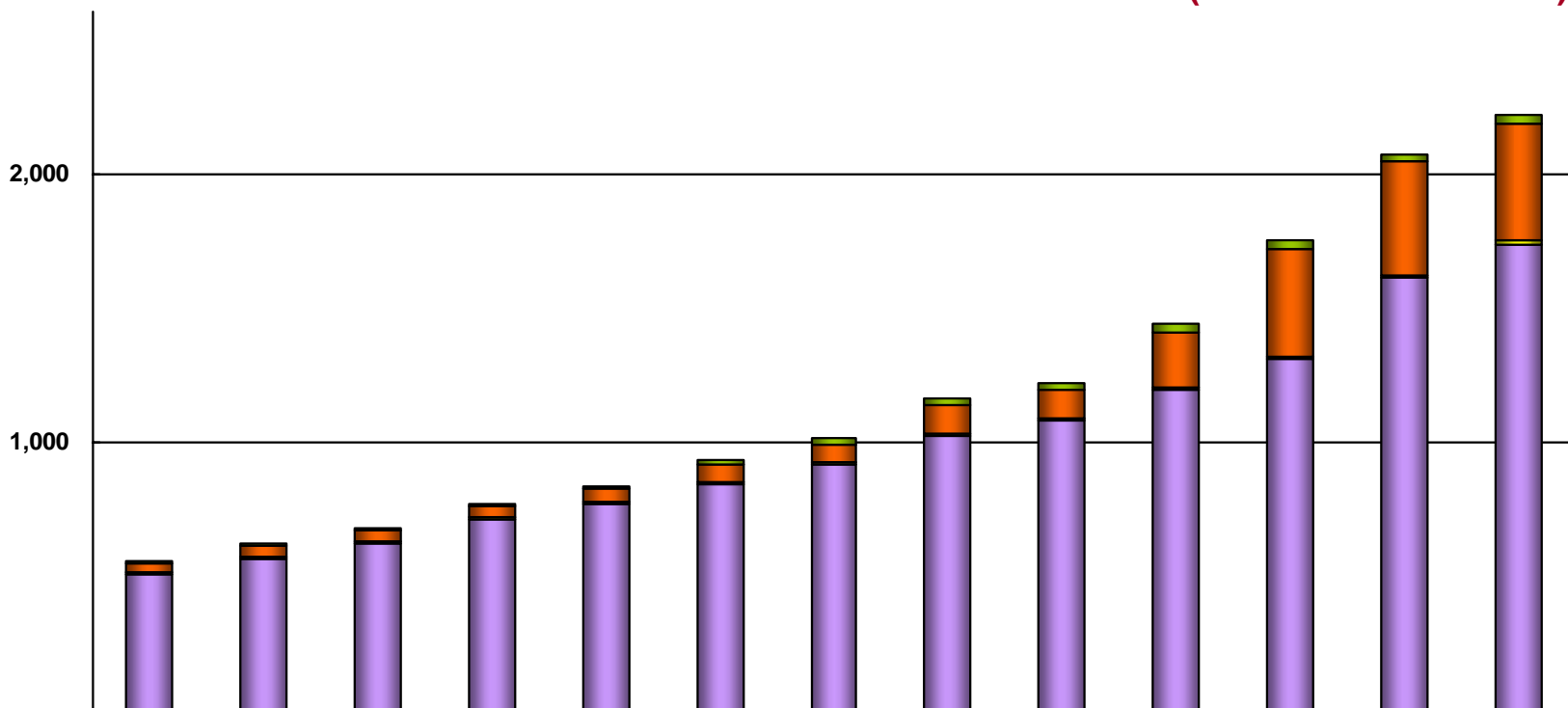
Major Items (¥M)	FY2005-2Q (Jul. - Sep. 2005)	Major Reasons for Changes
<u>Operating Activities</u>		
Net Income before Income Taxes	21,636	
Depreciation/Amortization	18,896	Increase in net income before income taxes
Gain/ Loss under the Equity Method	1,581	
Increase in Accounts Receivable-Trade	614	Increase in advertising sales and receivables for individual customers
Decrease in Accounts Payable-Trade	-798	
Other Receivables/Payables	-152	Increase in Accounts Payable - Other
	1,658	
<u>Investing Activities</u>		
Purchase of Tangible Fixed Assets	-3,632	
Purchase of Intangible Fixed Assets	-1,476	Purchase of servers and other equipment
Acquisition/ Sales of Investment Securities	-520	Purchase of software
Guarantee Deposit Assets	-1,741	Acquisition of affiliated company shares
	-354	
<u>Financing Activities</u>		
Financing/ Repayment of Short-term Loans	170	
Issuance of New Shares	-100	
	158	Exercise of stock options
<u>Net Change in Cash Flows</u>	<u>18,174</u>	



Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	02/9	12	03/3	6	9	12	04/3	6	9	12	05/3	6	9
Directors of Subsidiaries	10	10	9	8	8	12	18	24	19	26	34	27	27
Employees of Subsidiaries	38	37	44	44	45	65	67	101	108	209	397	417	438
Directors of Yahoo! JAPAN	8	8	8	9	9	8	8	9	9	9	8	9	9
Employees of Yahoo! JAPAN	510	572	625	714	776	850	923	1,029	1,083	1,196	1,316	1,616	1,740
Total	566	627	686	775	838	935	1,016	1,163	1,219	1,440	1,755	2,069	2,214

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





Review of FY2005-2Q Business Outlook

Net Sales, Ordinary Income and Quarterly Net Income for FY2005-2Q were in the range of projection announced on July 20, 2005

(¥M)

(Consolidated)	FY2005-2Q (Jul. – Sep. 2005) (Actual)	FY2005-2Q (Jul. – Sep. 2005) (Projection at Jul. 20, 2005)
Net Sales	41,140	39,500 ~ 42,500
Ordinary Income	18,545	17,150 ~ 19,650
Quarterly Net Income	11,143	10,150 ~ 11,750



FY2005-3Q Business Outlook

(Consolidated)

- In FY2005-3Q, SG&A expenses are expected to increase by ¥2.6-3.1 billion compared with 2Q. The main components of increase are customer acquisition cost, business commissions for system development, goodwill and SG&A for newly consolidated subsidiaries, etc.

(Millions of yen)

As of Oct. 21, 2005 (Consolidated)	FY2004-3Q (Oct. - Dec. 2004) (Actual)	FY2005-2Q (Jul. - Sep. 2005) (Actual)	FY2005-3Q (Oct. - Dec. 2005) (Projection)
Net Sales	30,965	41,140	44,600 ~ 47,700
Ordinary Income	15,466	18,545	18,700 ~ 21,150
Quarterly Net Income	9,252	11,143	10,850 ~ 12,350

* 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.



Review of Operations



Businesses of Yahoo! JAPAN

Listing Business	Search services, Information listing services, and regional information services. Includes sponsor site services
Auction Business	Provides platform for sales of goods between individuals and for auctions by enterprises. Provision of on-line payment system
Yahoo! BB Business	Acquires customers of Yahoo! BB, provides ISP Service, and offers Yahoo! Mail, etc.
Shopping Business	Provides on-line shopping mall full of quality stores and variety of products
Media Business	Provides useful information, both free of charge and for fees
Business Solutions (BS) Business	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

Financial Review

Advertising sales: Strong gains due to growth in travel-related advertising of Sponsor Site for summer holiday season, increase in the banner advertising of “Yahoo! Real Estate”, etc.

Business service sales: “Yahoo! Rikunabi”, “Business Express” and other business services boosted sales.

Personal service sales: Rise in the sales of ALPS MAPPING K.K. and BridalNet., Inc.

SG&A expenses: Increase in business commissions, allowance for doubtful accounts, etc.

Operating Review

Search Services:

Renewed “Yahoo! SEARCH” on Oct. 3, 2005.

Worked to strengthen overall search functions. Started to display search results by Robot Search(YST) at the top to address users’ diversifying needs. Launched “Yahoo! SEARCH” top page that specializes in search functions.

Information Listing Services:

Aiming to expand business, invested in e-Seikatsu Co., Ltd., made a business tie-up with CLASSIFIED Corporation to upgrade content of “Yahoo! Real Estate,” and expanded service areas of “Shotworks,” among others.

Regional Information Services:

With ALPS MAPPING K.K. , jointly started an experimental service whereby users can post the latest regional information.

(¥M)

	FY2005-1Q	FY2005-2Q
Net sales	10,109	11,897
Advertising	6,795	8,102
Business service	3,208	3,595
Personal service	105	198
Other	-	-
Cost of sales	222	341
Gross profit	9,886	11,556
SG&A expenses	2,179	2,652
Operating income	7,706	8,903
Operating margin	76.2%	74.8%





Auction Business

Financial Review

Advertising sales : Strengthened sales promotions, focusing on category sponsored ad products.

Started sale of “Sponsor Match” in Oct. 2005 through a subsidiary of ValueCommerce Co., Ltd.

Business service sales : Strong gains along with favorable record of new store acquisition.

Number of stores(as of Sep. 30, 2005) :4,458 (up 626 stores or 16.3% from Jun. 30, 2005)

Personal service sales : Maintained commitment to security measures. Volume of transaction declined due to eliminating illegal listed items and slack during summer holiday period in July and August. Despite recovery in September, the volume for the entire 2Q fell below that of 1Q.

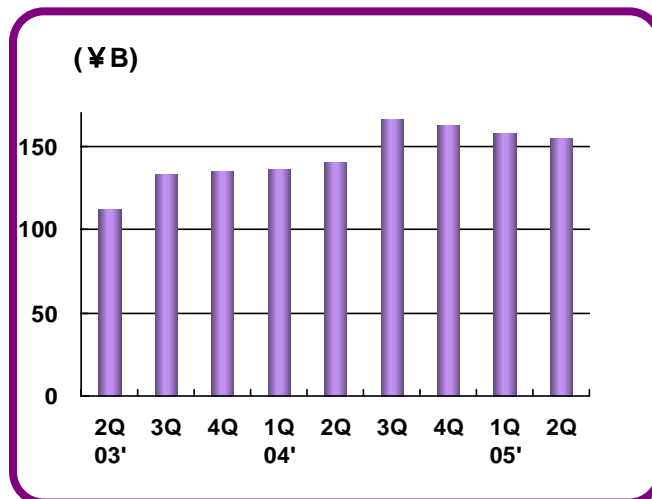
SG&A expenses : Increase in compensation payment, business commissions, etc.

Operating Review

To realize an auction site with higher degree of safety, continued to strengthen security measures, introducing early fraud discover scheme and reinforcing the patrol team for removing illegal products.

Set up a Trial Yahoo! Auction site in which first-time users can try out bidding, to further expand user base.

Turnover from Yahoo! Auctions



	FY2005-1Q	FY2005-2Q	(¥M)
Net sales	8,335	8,214	
Advertising	504	578	
Business service	1,005	1,093	
Personal service	6,825	6,541	
Other	-	-	
Cost of sales	9	9	
Gross profit	8,326	8,204	
SG&A expenses	3,123	3,527	
Operating income	5,202	4,677	
Operating margin	62.4%	56.9%	



Yahoo! BB Business

Financial Review

Advertising sales: Rate revision of Super Banner in “Yahoo! Mail” pushed up sales.

Business service sales: Sales declined due to slow pace of customer acquisition.

Personal service sales: Showed favorable record as the number of subscribers reached 4,972 thousand lines at the end of Sep. 2005 (up 83 thousand lines or 1.7% from Jun. 30, 2005).

SG&A expenses: Increase in sales promotion cost etc.

Operating Review

While continuing to improve member exclusive benefits and privileges of Yahoo! BB, provided broadband content which everyone including nonsubscribers can enjoy.

In “Yahoo! Mail,” continued to focus on function enhancement and anti-junk mail measures.

Started affiliate programs in “Yahoo! GeoCities.”

Ran “Yahoo! BB home-moving campaign” etc. to acquire new members .

	(¥M)	
	FY2005-1Q	FY2005-2Q
Net sales	4,620	4,808
Advertising	441	638
Business service	1,567	1,436
Personal service	2,611	2,733
Other	-	-
Cost of sales	269	254
Gross profit	4,350	4,553
SG&A expenses	2,465	2,704
Operating income	1,885	1,849
Operating margin	40.8%	38.5%



Shopping Business

Financial Review

Advertising sales: Favorable sales of “Yahoo! Travel” due to seasonal factors and increased ad orders for “Yahoo! Beauty” and from registered stores led to the firm sales growth.

Business service sales: “Yahoo! Travel” recorded strong sales. Increase in the number of stores registered on “Yahoo! Shopping” resulted in greater store sales. The number of stores at the end of Sep. 2005 :5,099 (up 834 stores or 19.6% from Jun. 30, 2005)

Other sales: Greater profitability of Seven and Y Corp led to increase in operating income despite reduced sales.

SG&A expenses: Increase in business commissions, personnel expenses, etc.

Operating Review

Yahoo! Shopping: Enhanced cooperation with sales agencies resulted in further increase in the number of stores.

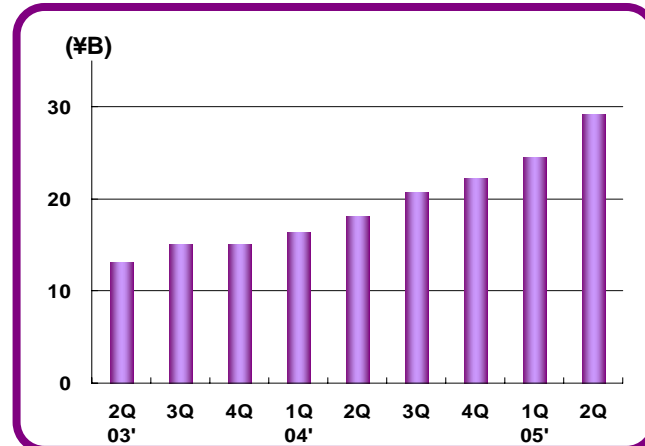
Affiliate programs and “Yahoo! Mobile Shopping” expanded.

Books: Revised discount rate etc. to place more importance on profitability and to secure profits.

Travel: Captured demand of summer holidays through promotion campaigns and special features, realizing rise in transaction volume and number of transactions.

Ticket: Transaction volume was flat compared to FY2005-1Q because of lack of special events such as Yahoo! JAPAN exclusive and/or advance sale of tickets.

Turnover from Shopping Business



* Turnover from Shopping Business includes turnover from Yahoo! Travel, Seven and Y and Yahoo! Tickets (¥M)

	FY2005-1Q	FY2005-2Q
Net sales	4,226	4,379
Advertising	522	612
Business service	842	1,024
Personal service	-	-
Other	2,862	2,742
Cost of sales	2,380	2,237
Gross profit	1,846	2,141
SG&A expenses	1,473	1,652
Operating income	372	489
Operating margin	8.8%	11.2%



Media Business

Financial Review

Advertising sales: “Yahoo! Sports,” “Yahoo! Message Boards,” and “Yahoo! Weather” recorded strong sales, although orders from National Clients declined due to seasonal factors.

Business service sales: Linking “Yahoo! Insurance” to top page helped its earnings growth .

Personal service sales: Increase in sales of pay content such as “Yahoo! Fortune Telling” and “Yahoo! Finance VIP Club”.

SG&A expenses: Increase in content provider fees, personnel expenses, etc.

Operating Review

Set up “Yahoo! Music Sound Station” as a part of continued enhancement of broadband services (Gross audience of “Yahoo! Music Sound Station” is 7.3 million people as of Oct. 16)

Entire renewal of “Yahoo! Message Boards” with new functions such as multiple message display and RSS reader.

Launched a mobile version of “Yahoo! TV”, and renewed “Yahoo! Weather” for mobile phones.

	(¥M)	
	FY2005-1Q	FY2005-2Q
Net sales	3,916	4,143
Advertising	3,426	3,544
Business service	132	176
Personal service	358	421
Other	-	-
Cost of sales	110	122
Gross profit	3,806	4,020
SG&A expenses	2,145	2,316
Operating income	1,661	1,704
Operating margin	42.4%	41.1%



Business Solutions (BS) Business

Financial Review

Advertising sales: Sales declined in FY2005-2Q due to weak results of campaigns utilizing online marketing, DSP (Digital Sales Promotion).

Business service sales: “Yahoo! Research” and other service sales were flat due to seasonal factors.

SG&A expenses: Increase in business commissions, personnel expenses, etc.

Operating Review

“Yahoo! Domain”/“Yahoo! WebHosting”:

Committed to system development in order to offer higher quality services.

“Yahoo! Research”:

Strengthened monitor recruiting activities to expand monitor base. (PC monitors: 678 thousand, Mobile monitors: 72 thousand, Total: 750 thousand)

Made INFO PLANT CO., LTD. a subsidiary to expand customer base and establish operating organization that meets the diversifying needs of customers.

“Yahoo! Portal Solutions” and others:

Signed contracts with two new business customers during FY2005-2Q.

(¥M)

	FY2005-1Q	FY2005-2Q
Net sales	877	844
Advertising	83	39
Business service	787	797
Personal service	6	8
Other	-	-
Cost of sales	349	350
Gross profit	528	493
SG&A expenses	652	642
Operating income	-124	-148
Operating margin	-14.2%	-17.6%



Corporate Common Business

Financial Review

Advertising sales: Demand for Brand Panel on top page was weak during August due to seasonal effects. Ad sales declined from FY2005-1Q.

Personal service sales:

The number of Yahoo! Premium members at the end of Sep. 2005: 5.58 million people (up 250 thousand or 4.7% from Jun. 30, 2005), which increased personal service sales.

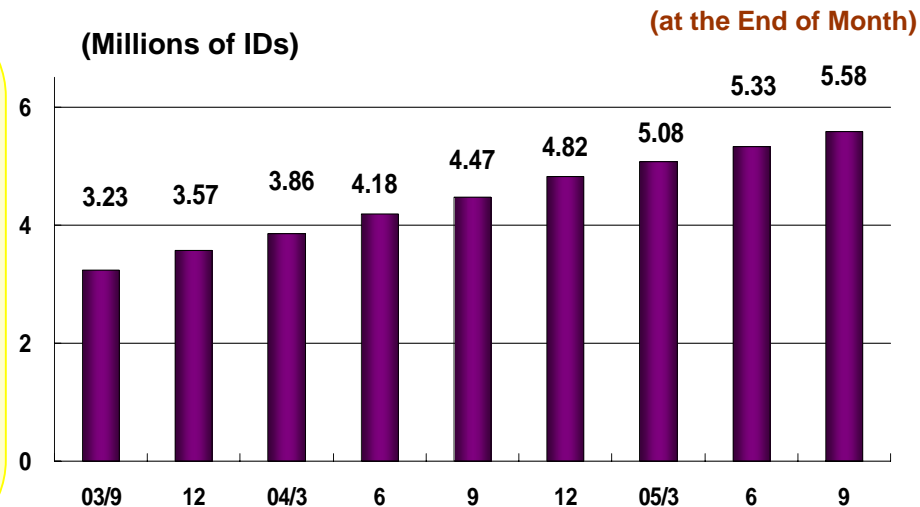
SG&A expenses: Increase in business commissions, depreciation expenses, etc.

Operating Review

Expanded regular services exclusive to Yahoo! Premium members, to enhance membership value (increased the storage space on “Yahoo! Photo” and “Yahoo! Briefcase” to 1GB, offered member exclusive fortune telling services, and ran campaign granting double points for car insurance package estimate requests).

Implemented promotion campaigns to acquire and retain Yahoo! Premium members (utilized affiliate programs and Sponsor Site, broadcast TV animation programs for free and granted special benefits to new members).

Number of Premium Members



	FY2005-1Q	FY2005-2Q
		(¥M)
Net sales	6,789	6,852
Advertising	2,308	2,164
Business service	67	57
Personal service	4,413	4,630
Other	-	-0
Cost of sales	145	123
Gross profit	6,643	6,728
SG&A expenses	4,940	5,190
Operating income	1,703	1,537
Operating margin	25.1%	22.4%





Yahoo! Mobile Business Strategies

As the No. 1 ubiquitous Internet service company, we pursue seamless service provided through PCs, mobile phones and various kinds of devices.

Our top priority is always user convenience.

Seek wider variety of mobile services, building on around 50 services currently accessible from mobile phones, out of approximately 80 services Yahoo! JAPAN operates.

Measures in preparation for “Number Portability” system to be introduced in 2006: maintain user convenience level when users change their mobile phone carriers

“Content Portability” service:

Launched “Yahoo! Content Store” (October, 2005).

Intensify promotion of “Yahoo! Mail.”



Yahoo! Mobile Business Review

“Yahoo! Mobile”

*as of Sep. 2005

Monthly PVs : 990 million PVs* (3.3% of the total PVs)

No.1 in Most Bookmarked Site Ranking (18.4 % bookmark ratio)

(Source: Impress)

“Yahoo! Mobile Auctions” = No. 1 mobile auction site

Monthly PVs : 550 million PVs*

Monthly transaction volume (closing bids via mobile devices):

approx. ¥ 4.8 billion*

Total number of unique bidders (Jan. - Sep. 2005): 1.03 million IDs

“Yahoo! Mobile Shopping”

Opened the mobile version of “Yahoo! Shopping” in July 2005, whereby mobile users can shop for 2 million items from approximately 2,000 stores on the site.

With Index Corporation and Connect Technologies Corporation, established a joint venture Tricle Inc. as a specialized mobile commerce company in July 2005. Through the company, we will develop community sites on a mobile platform, seeking for commerce service that provides desired products based on information given by consumers.

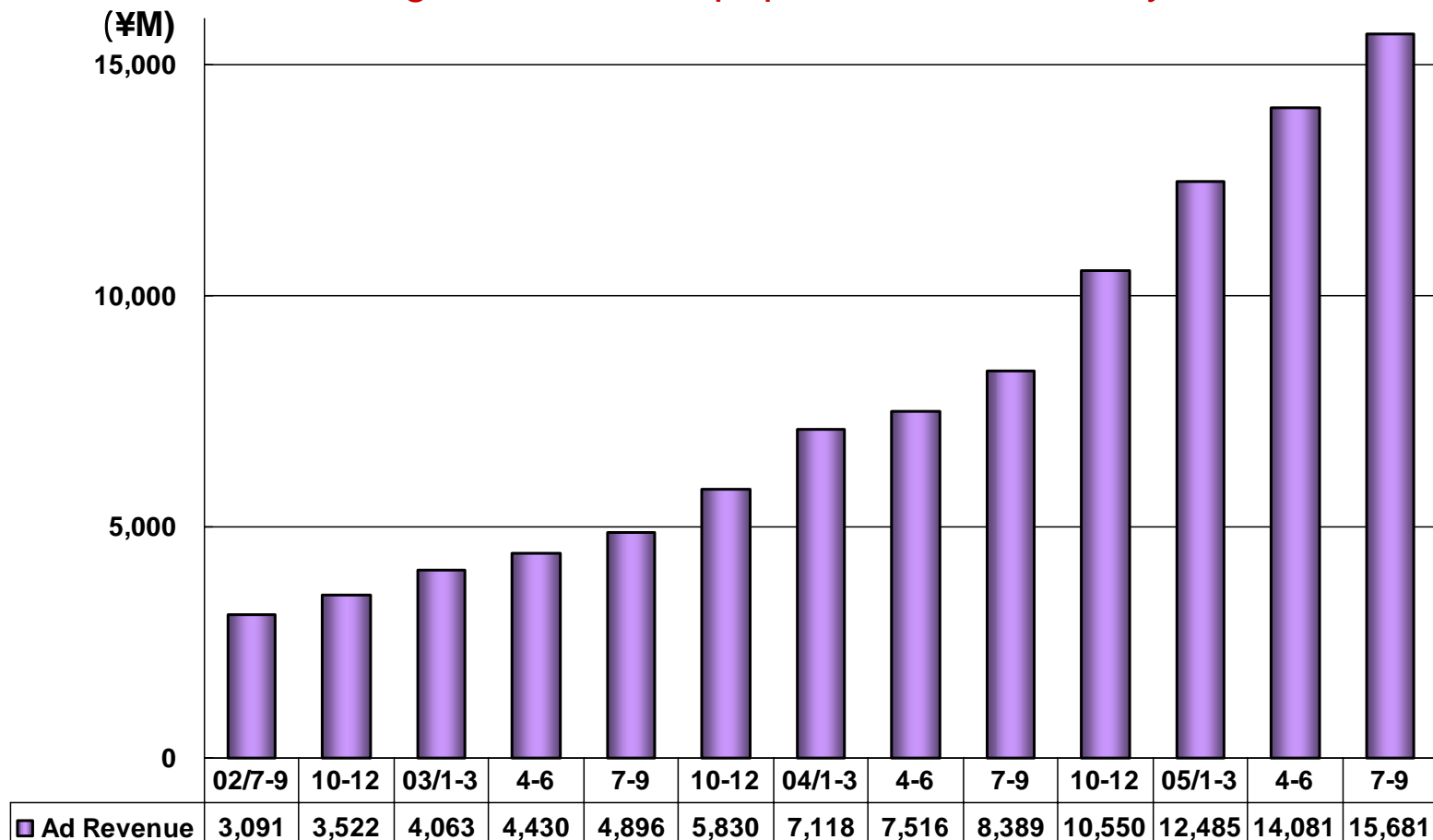


Advertising Revenue



Advertising Revenue

Continued strong gains of Sponsor Site sales and favorable branding advertising sales despite the seasonal summer dry spell led to firm sales growth, 11.4% qoq and 86.9% from a year earlier .



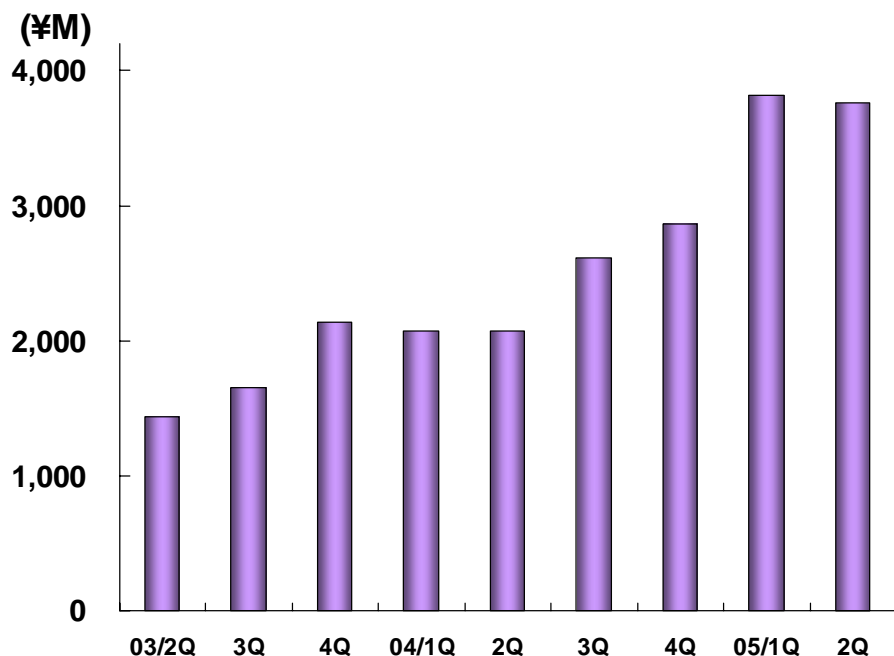
● The above figures include revenue from Sponsor Site



National Client Trends

Number of National Clients grows,
but sales per client declines seasonally.

Sales for National Clients: ¥ 3,817M (05/1Q) ¥ 3,765M (05/2Q)



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 (2004)
- MRS: Top 100 companies in advertising expenditure in newspapers and magazines (2004)

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 don't include revenue from Sponsor Site.



Advertising Sales by Industry

Industries with large increases in ad spending

Autos (Transport Equipment)
Real Estate/ Construction
Entertainment related Software

Industries with high growth rate of ad spending (*)

Public Offices/Organizations
Entertainment related Software
Autos (Transport Equipment)

	04/2Q	3Q	4Q	05/1Q	2Q
Finance/ Insurance/ Securities	19.9%	21.5%	20.5%	24.2%	21.5%
Autos (Transport Equipment)	9.1%	8.0%	8.9%	8.6%	11.6%
Real Estate/ Construction	7.2%	7.0%	8.4%	7.2%	9.1%
Recruitment Services	9.9%	8.8%	8.7%	7.1%	7.1%
Cosmetics/ Toiletry	4.1%	5.0%	6.5%	6.3%	6.7%
Beverage/ Amenities	4.1%	2.7%	5.7%	7.5%	4.9%
Transportation/ Leisure	4.8%	6.0%	6.3%	4.5%	4.6%
Computers/ Office Equipment	4.7%	5.8%	4.5%	5.2%	4.1%
Entertainment related Software	2.6%	2.4%	1.3%	2.5%	3.6%
Internet Information Site/ Mail Service	4.5%	4.4%	2.9%	3.2%	3.4%
Educational Services/ Universities, etc.	3.7%	3.0%	4.7%	2.7%	2.6%
Foods	1.8%	2.3%	1.9%	2.0%	2.5%
Mobile Communication Service	1.1%	0.7%	1.0%	1.7%	1.6%
Public Offices/Organizations	1.2%	1.2%	2.1%	0.6%	1.6%
Others	21.3%	21.2%	16.6%	16.7%	15.1%

- The above figures don't include revenue from Sponsor Site.
- (*) In the order of increasing rate excluding the industries in "Others".





Additional Business Data: 2005-2Q

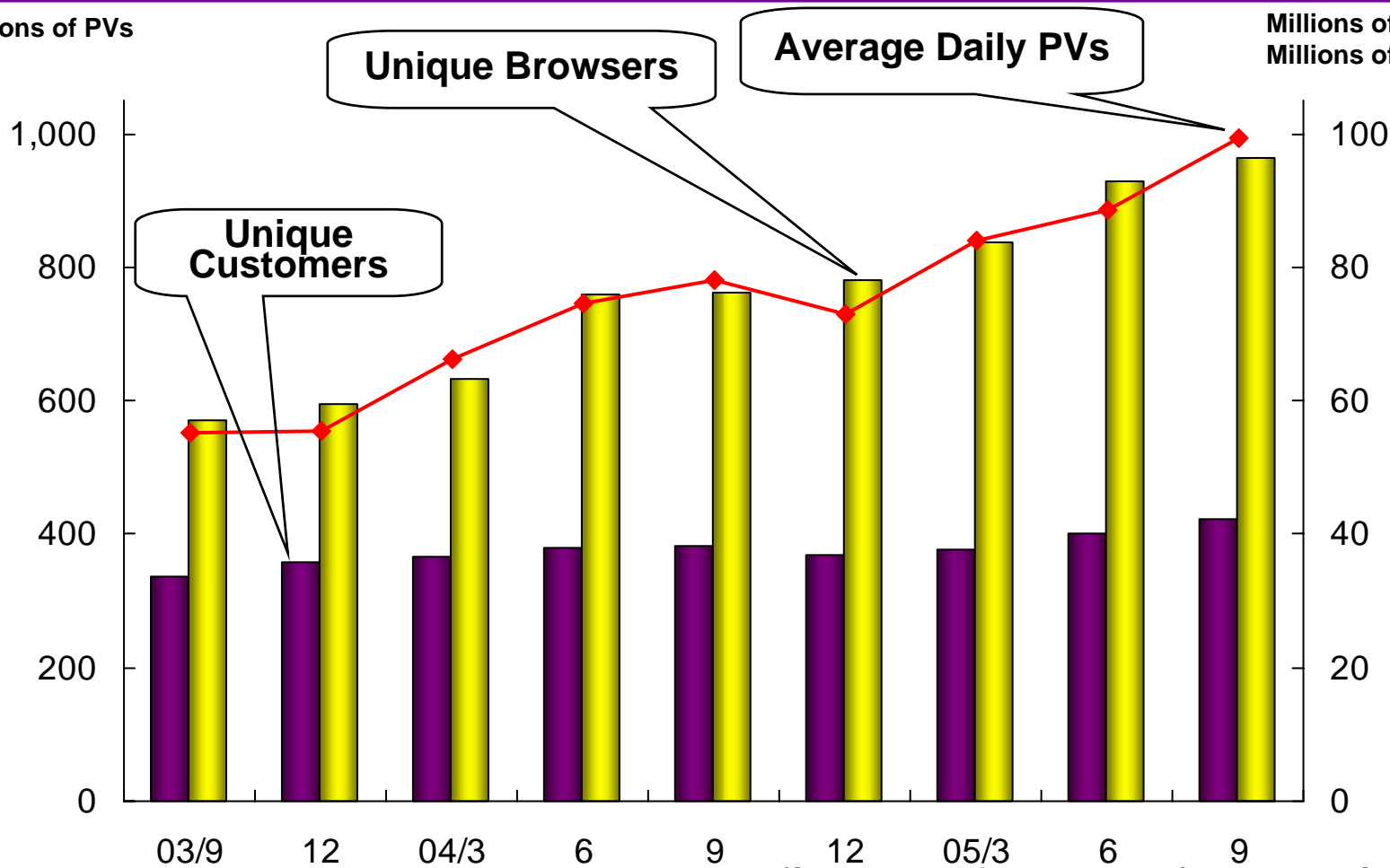
• Average Daily Transaction Volume	<u>Jul. - Sep. 2005</u>	<u>Apr. - Jun. 2005</u>
Commerce (¥B)	1.98	2.00
Auction (¥B)	1.67	1.73
Shopping (¥B)	0.31	0.27
• Subscriber Lines for Yahoo! BB Services	<u>Sep. 30, 2005</u>	<u>Jun. 30, 2005</u>
Total (thousand lines)	4,972	4,889
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,176	1,181
• Other Data of Auction Business	<u>Jul. - Sep. 2005</u>	<u>Apr. - Jun. 2005</u>
Average Closing Price (¥)	5,602	5,543
Average Successful Auction Ratio (%)	34	37



Number of Page Views and Unique Users

Millions of PVs

Millions of browsers
Millions of people



(Source: NetRatings Japan Inc. /Yahoo Japan Corporation)

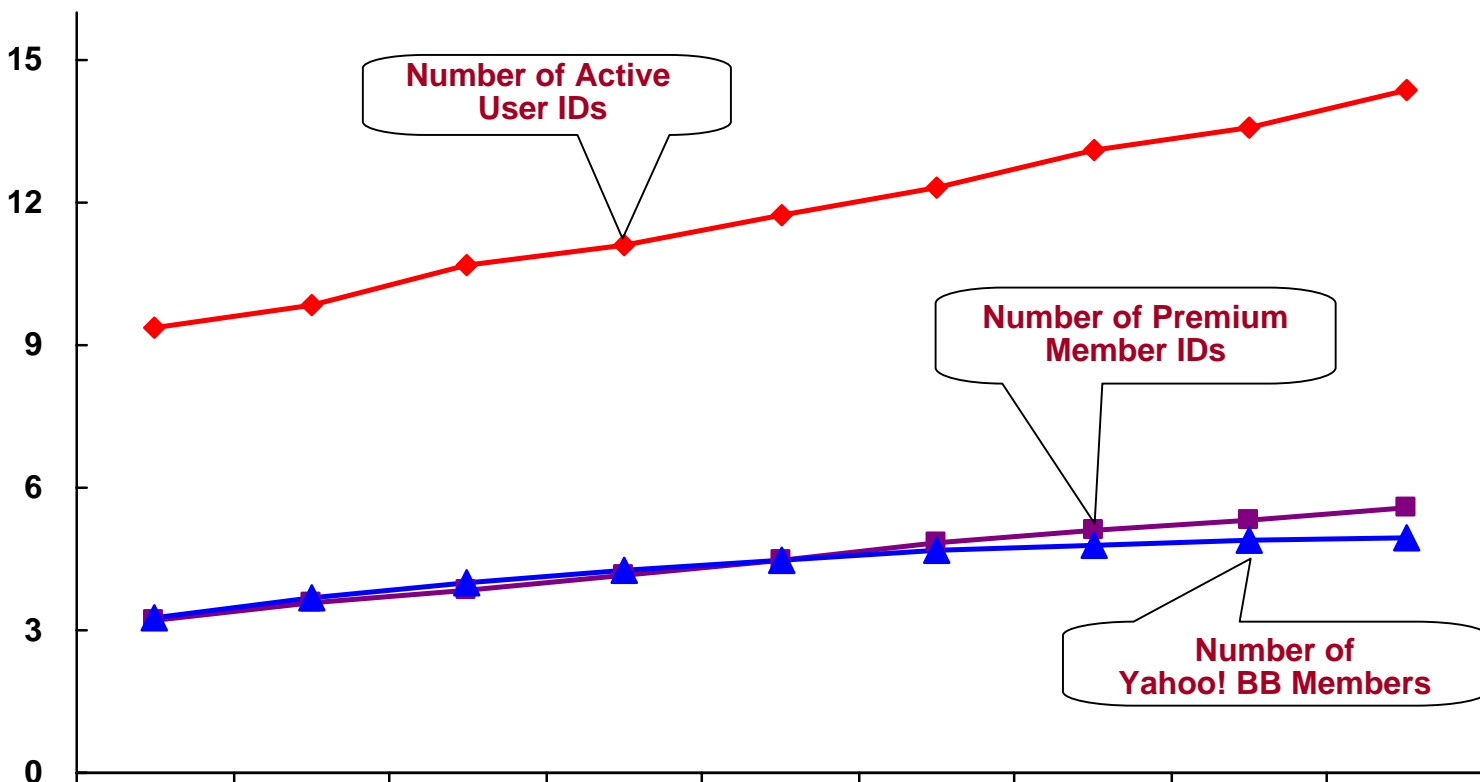
- The Number of Unique Browsers is the total number of unique browsers accessing our services.
- The Number of Unique Customers (unit: people) is compiled using the duplication rate of access by people from home and work from the Internet Survey of NetRatings Japan, Inc. based on the data of Nielsen/NetRatings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





Number of Yahoo! JAPAN Users

(Millions of IDs and lines)

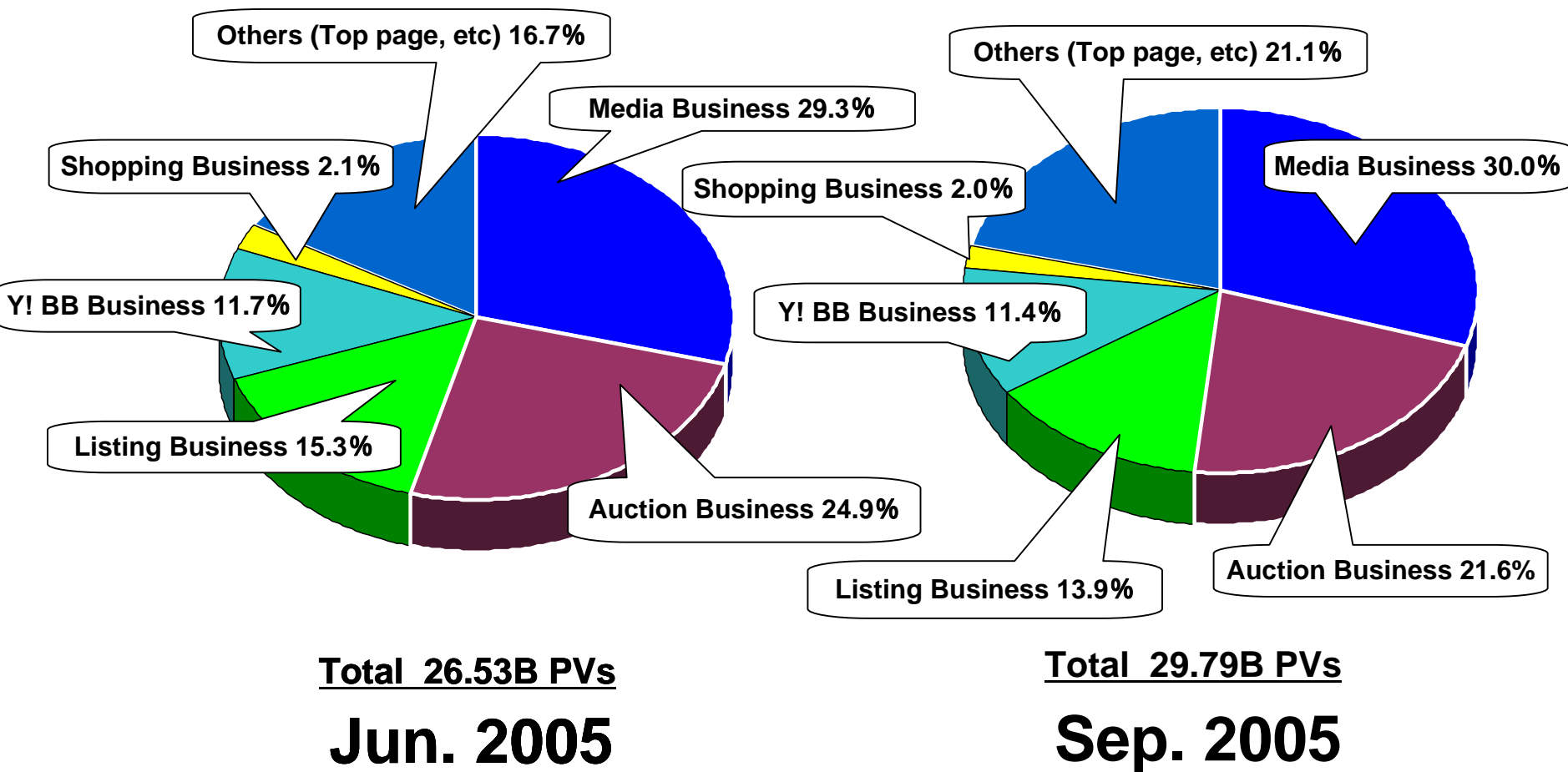


	03/9	12	04/3	6	9	12	05/3	6	9
◆ Active User IDs	9.38	9.85	10.69	11.12	11.76	12.31	13.10	13.60	14.36
■ Premium Member IDs	3.23	3.57	3.86	4.18	4.47	4.82	5.08	5.33	5.58
▲ Yahoo! BB Members	3.25	3.69	4.00	4.28	4.49	4.66	4.78	4.89	4.97

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

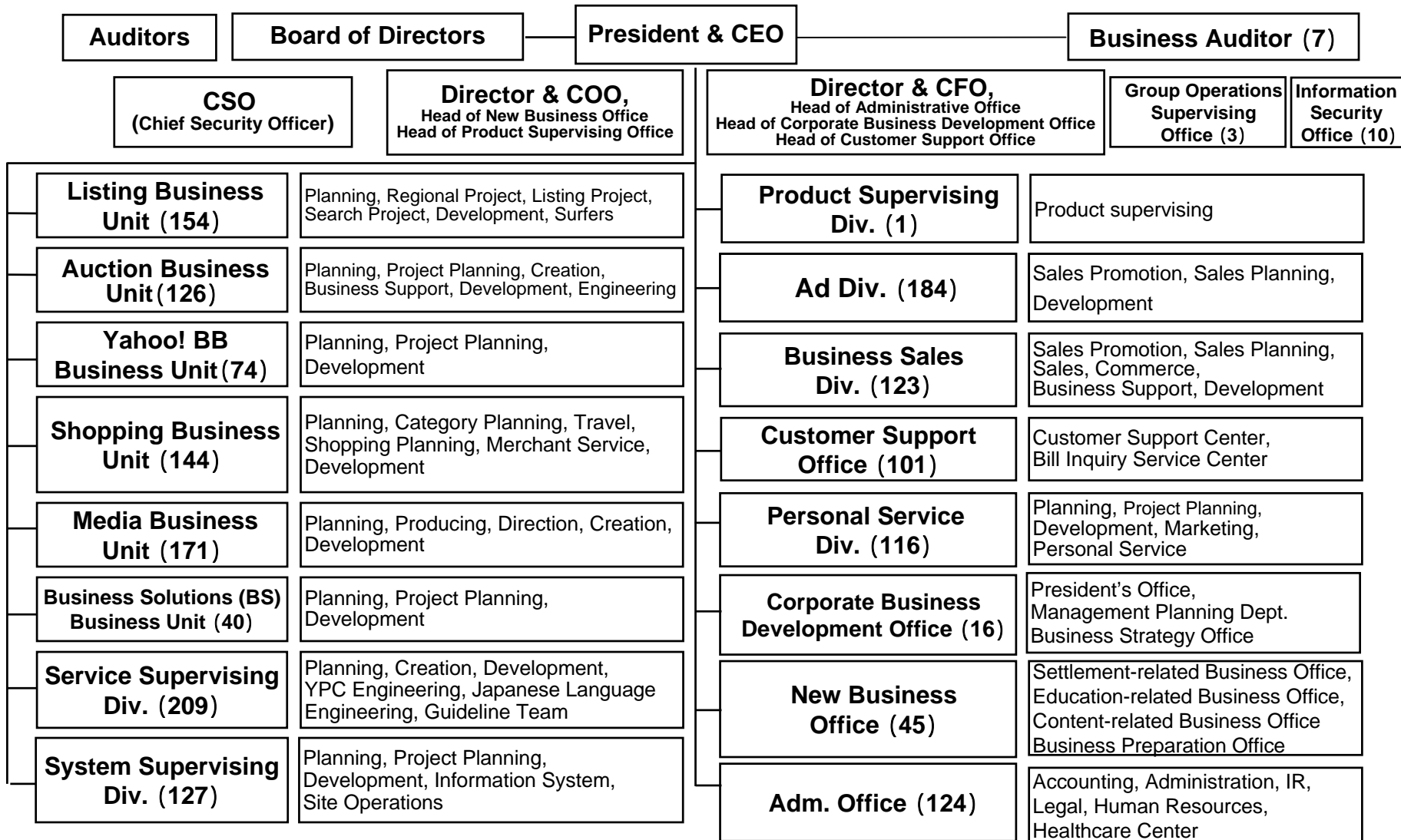


Monthly Page Views by Business (consolidated)





Organization Chart



Total : 1,776 people (Oct. 1, 2005)



FY2005-2Q Major Clients

■ Finance/ Insurance/ Securities

AIFUL
GE Consumer Finance
ORIX Credit

■ Autos

Gulliver international
Toyota Motor

■ Real Estate/ Construction

Daito Trust Construction
RECRUIT

■ Recruitment Services

en-japan
Mainichi Communications

■ Cosmetics/ Toiletry

DHC
FANCL
Orbis
Shiseido

■ Beverage/ Amenities

Asahi Breweries
Kirin Brewery
Suntory

■ Transportation/ Leisure

Japan Airlines International
Oriental Land

■ Computers/ Office Equipment

Dell
Hewlett-Packard Japan

■ Entertainment related Software

Apple Computer
WARNER ENTERTAINMENT JAPAN

■ Internet Information Site/ Mail Service

Carview
e-Bridge

- The above are the major clients of Yahoo! JAPAN's advertising sales excluding Sponsor Site.
- The above are classified by contents of advertisement.
- Clients are listed in alphabetical order in each category.



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