



Yahoo Japan Corporation
FY2006-2Q & First Half Results
(Jul. - Sep./Apr. - Sep. 2006)

October 23, 2006



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.

The Company 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, 2006.”

The Company reclassified its business segments from FY2006-1Q into the Advertising Business, Business Services Business, Personal Services Business, and elimination or corporate, in contrast to the classification of six business divisions and corporate common business - elimination or corporate used prior to FY2006-1Q. Yahoo Japan Corporation cautions readers that comparison to figures of the past is only for your reference.



FY2006-2Q Highlights (1)

(Jul. 2006 – Sep. 2006)

- **The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates expanded again during the second quarter. Net sales climbed 3.9% from the previous quarter and 24.5% year on year, to ¥51.2 billion. Operating income amounted to ¥25.0 billion, rising 4.3% from the previous quarter and 31.5% from a year earlier. Ordinary income totaled ¥24.7 billion, increasing 7.9% from the previous quarter and 33.5% from the same period last year.**
- **Advertising Business sales were under pressure in the second quarter. In addition to the seasonal summer slow down, surging oil prices and stagnant stock prices caused companies to curtail their advertising expenses. In response, the Group sought to provide advertising products that closely matched client needs and worked to develop new demand. Supported by large new advertising orders from such industries as the automobile, cosmetics and toiletries, and real estate and construction industries, branding advertising grew substantially compared with the previous second quarter. Sponsor Site also recorded a significant year-on-year increase in sales. Overall Advertising Business sales in the second quarter stood at ¥21.2 billion, edging up 0.3% from the previous quarter and 35.9% year on year.**
- **In the Business Services Business, tenant fees and sales commissions for Yahoo! Auctions and Yahoo! Shopping rose in line with growth in registered merchant stores. The number of merchant stores registered on these sites totaled 22,304 at the end of the quarter, expanding by 2,628 stores, or 13.4% from the previous quarter, and up by 12,747 stores, or 133.4% year on year. The sales of Yahoo! Rikunabi and Yahoo! Real Estate also grew substantially compared with the second quarter in the prior fiscal year. Consequently, Business Services sales grew 6.3% from the previous quarter and 42.0% year on year, to ¥11.4 billion.**



FY2006-2Q Highlights (2)

(Jul. 2006 – Sep. 2006)

- **In the Personal Services Business, the Group pursued further measures to expand the Internet auction market, such as running new TV commercials and introducing affiliate services following last quarter's change in the qualifications for participation in auctions. The increase in the system-use fee for winning bids to 5% from 3% made in the latter half of the first quarter began to fully contribute to revenues in the second quarter, supporting firm growth in system-use fee revenue. Because we partially opened up the qualifications for participation in Yahoo! Auctions to users other than Yahoo! Premium members, there was a decline in the growth of new Yahoo! Premium members. Nevertheless, membership cancellations were limited, and the number of member IDs increased to 6.43 million at the end of the second quarter, rising 80,000 IDs, or 1.3%, from the previous quarter. Overall, Personal Services sales increased 7.0% from the previous quarter and 26.1% from a year earlier, to ¥18.5 billion.**
- **We launched Yahoo! Keitai, a service for SOFTBANK mobile terminals, on October 1, 2006. As a result, there was a dramatic surge in page views via SOFTBANK mobile terminals, which rose to about 6 times page views at the end of June 2006. Among many functions of Yahoo! Keitai, the service offers Yahoo! JAPAN searches, easy to access content, and an even higher degree of compatibility between mobile terminals and Yahoo! JAPAN ID-based services. Yahoo! Keitai represents the first step toward a real open mobile Internet service.**
- **In August 2006, Yahoo! Streaming became the No. 1 Web site for distribution of streaming content in Japan*. During the quarter, Yahoo! Streaming utilized its advanced distribution technology to supply high-quality video to many viewers. One example was the distribution of live broadcasts of the second stage playoffs of Japanese Professional Baseball's Pacific League, which attracted a total of approximately 200,000 viewers.**
* According to NetRatings Japan, Inc.

FY2006 First Half Financial Results

(Consolidated)

Major consolidated subsidiaries at the end of FY2006-First Half

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ NETGENE Co., Ltd.
- ◆ NewsWatch, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ INFO PLANT CO., LTD.
- ◆ Netrust, Ltd.
- ◆ Tricle Inc.
- ◆ Y's Insurance Inc.

Major affiliated companies (equity method) at the end of FY2006-First Half

- ◆ All About, Inc.
- ◆ FashionWalker, Inc.
- ◆ JWord Inc.
- ◆ Tavigator, Inc.
- ◆ ValueCommerce Co., Ltd.
- ◆ CREO. CO., LTD.
- ◆ INTAGE Interactive Inc.
- ◆ Seven and Y Corp.
- ◆ TV Bank Corporation
- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.



FY2006 First Half Statements of Income

	FY2006 First Half	FY2005 First Half	Changes
Net Sales (¥ 100M)	1,004	800	26 %
Cost of Sales (¥ 100M)	41	69	-40 % (1)
Gross Profit (¥ 100M)	962	730	32 %
Operating Income (¥ 100M)	490	374	31 %
Ordinary Income (¥ 100M)	477	363	31 %
Interim Net Income (¥ 100M)	268	214	25 %
EPS (¥)	443	1,390	-68 %
Number of Shares Outstanding (Average of Period)	60,456,127	15,431,889	292 %
EPS After Retroactive Adjustments (¥)	443	355	25 % (2)
Fully Diluted EPS (¥)	442	1,386	-68 %
Number of Shares Assuming Full Dilution	60,575,536	15,472,901	291 %
Fully Diluted EPS After Retroactive Adjustments (¥)	442	354	25 % (2)

- Notes:
- * (1) Cost of sales decreased because former consolidated subsidiary Seven and Y Corp. became a company accounted for by the equity method in February 2006.
 - * (2) The retroactive adjusted figures of EPS are adjusted for 1:2 share splits in Nov. 2005 and April 2006.
 - * Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.



FY2006 First Half Balance Sheets

(¥100M)	Major Items	9/30/2006	3/31/2006	Increase/ Decrease	Major Reasons for Changes
< Assets >					
	Current Assets	863	1,321	-458	
	Cash and Cash Equivalents	508	980	-472	Investment in BB Mobile Corp. and the Japan Net Bank, Limited
	Notes and Accounts Receivable-Trade	270	252	18	
	Fixed Assets	1,995	587	1,407	
	Tangible Fixed Assets	144	140	4	
	Intangible Fixed Assets	131	117	14	
	Investment Securities	1,665	287	1,378	Investment in BB Mobile Corp. and the Japan Net Bank, Limited
	Total Assets	2,859	1,909	949	
< Liabilities >					
	Current Liabilities	631	454	176	
	Short-Term Loans	201	2	199	Loan made along with the acquisition of preferred shares of BB Mobile Corp.
	Accounts Payable-Other	112	124	-11	
	Accrued Income Taxes	210	234	-24	
	Long-term Liabilities	600	16	584	Loan made along with the acquisition of preferred shares of BB Mobile Corp.
	Total Liabilities	1,232	471	760	
< Net Assets >					
	Shareholders' Equity	1,579	1,358	221	
	Common Stock	71	70	0	
	Additional Paid-in Capital	21	21	0	
	Retained Earnings	1,487	1,267	219	Increase in net income
	Evaluation and Exchange Adjustments	32	65	-33	Mark-to-market of Investment securities
	Minority Interests in Consolidated Subsidiaries	14	13	0	
	Total Net Assets	1,626	1,438	188	
	Total Liabilities and Net Assets	2,859	1,909	949	



FY2006 First Half Cash Flow Statements

(¥100M)	Major Items	Apr. - Sep. 2006	Major Reasons for Changes
<u>Operating Activities</u>		277	
	Net Income before Income Taxes	474	Increase in interim net income before income taxes
	Depreciation/Amortization	38	Expansion of servers and other network equipment
	Losses/Gains under the Equity Method	17	
	Increase in Accounts Receivable-Trade	-18	
	Decrease in Accounts Payable-Trade	-1	
	Other Receivables/Payables	-14	
	Income Taxes, etc.	-229	
<u>Investing Activities</u>		-1,499	
	Purchase of Tangible Fixed Assets	-47	Purchase of servers and other equipment
	Purchases/Sales of Intangible Fixed Assets	-26	Commissioned system development
	Acquisitions/Sales of Investment Securities	-1,453	Investment in BB Mobile Corp. and the Japan Net Bank, Limited
	Proceeds from Recovery of Lending	23	
<u>Financing Activities</u>		751	
	Proceeds from Long-term Loan	800	Loan made along with the acquisition of preferred shares of BB Mobile Corp.
	Dividend Expenses	-47	
<u>Net Change in Cash Flows</u>		-470	

FY2006-2Q Financial Results

(Consolidated)

Major consolidated subsidiaries at the end of FY2006-2Q

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ NETGENE Co., Ltd.
- ◆ NewsWatch, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ INFO PLANT CO., LTD.
- ◆ Netrust, Ltd.
- ◆ Tricle Inc.
- ◆ Y's Insurance Inc.

Major affiliated companies (equity method) at the end of FY2006-2Q

- ◆ All About, Inc.
- ◆ FashionWalker, Inc.
- ◆ JWord Inc.
- ◆ Tavigator, Inc.
- ◆ ValueCommerce Co., Ltd.
- ◆ CREO. CO., LTD.
- ◆ INTAGE Interactive Inc.
- ◆ Seven and Y Corp.
- ◆ TV Bank Corporation
- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.



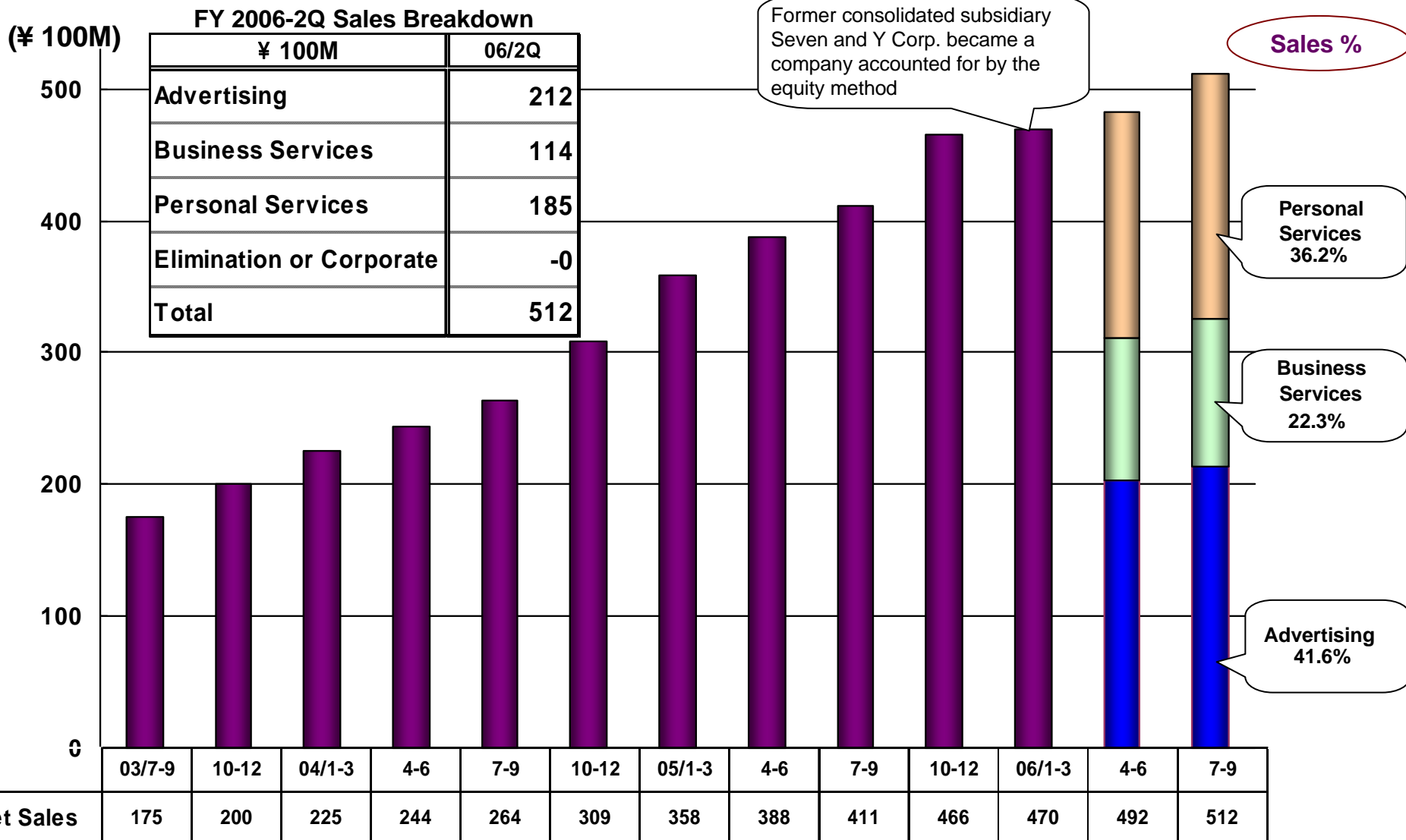
FY2006-2Q Statements of Income

	FY2006-2Q (Jul. - Sep. 2006)	FY2005-2Q (Jul. - Sep. 2005)	Changes
Net Sales (¥100M)	512	411	24 %
Cost of Sales (¥100M)	21	34	-38 % (1)
Gross Profit (¥100M)	490	376	30 %
Operating Income (¥100M)	250	190	32 %
Ordinary Income (¥100M)	247	185	34 %
Quarterly Net Income (¥100M)	136	111	22 %
EPS (¥)	225	707	-68 %
Number of Shares Outstanding (Average of Period)	60,459,185	15,759,477	284 %
EPS After Retroactive Adjustments (¥)	225	184	22 % (2)
Fully Diluted EPS (¥)	224	705	-68 %
Number of Shares Assuming Full Dilution	60,567,654	15,800,526	283 %
Fully Diluted EPS After Retroactive Adjustments (¥)	224	183	22 % (2)

- Notes:
- * (1) Cost of sales decreased because former consolidated subsidiary Seven and Y Corp. became a company accounted for by the equity method in February 2006.
 - * (2) The retroactive adjusted figures of EPS are adjusted for 1:2 share splits in Nov. 2005 and April 2006.
 - * Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.

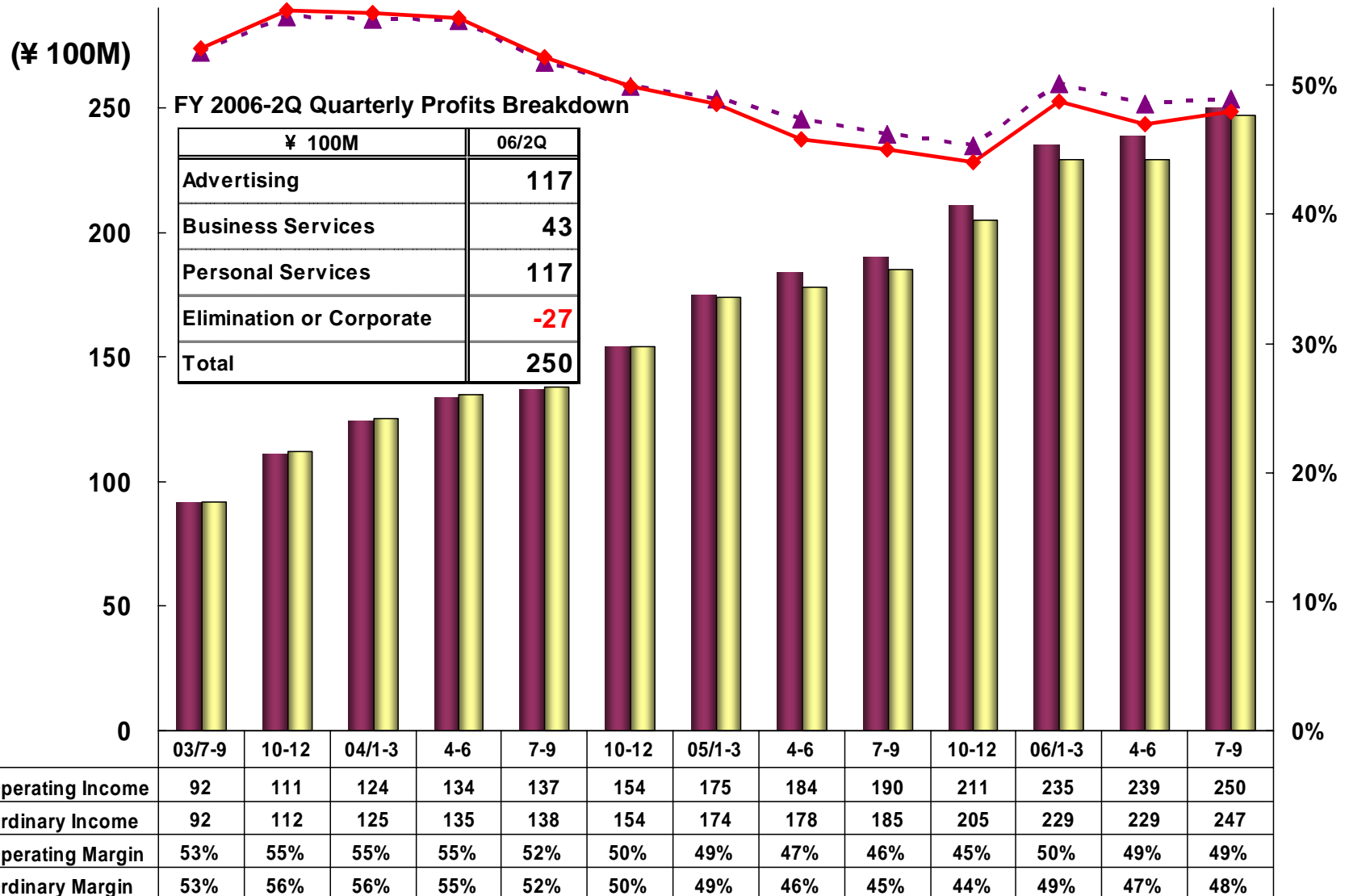


Quarterly Net Sales





Quarterly Profits





Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Division		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	212	Search Business Media Business Service Supervising Division Social Net Business Auction Business	47% 16% 12% 5% 5%	211	94	117	55.2%
Business Services	114	Regional Services Business New Business Office Auction Business Shopping Business Member Services Business	31% 24% 15% 12% 12%	97	54	43	37.7%
Personal Services	185	Auction Business Member Services Business New Business Office	45% 44% 6%	181	64	117	63.2%



SG&A Breakdown

(¥ 100M)

Main reasons for changes on quarterly base

	06/2Q	%	05/2Q	Annual changes	06/1Q	Quarterly changes	
Personnel expenses	46	19.5%	34	35.0%	44	5.4%	Increase in personnel (2,999 in total :51 increase from 06/1Q)
Business commissions	34	14.3%	26	29.7%	33	1.3%	
Sales commissions	24	10.0%	18	28.3%	25	-4.2%	
Communication charges	19	8.1%	13	45.8%	19	-1.5%	
Depreciation expenses	19	7.9%	15	24.0%	17	11.7%	Expansion of servers and other network equipment
Sales promotion costs	18	7.5%	15	15.4%	16	9.7%	Increase in Yahoo! BB member acquisition costs
Royalties	14	6.1%	10	32.7%	13	4.9%	
Lease and utility expenses	12	5.2%	10	23.6%	12	-3.5%	
Content provider fees	11	4.8%	7	57.8%	10	10.8%	
Payment commissions	8	3.3%	5	47.3%	8	-0.8%	
Advertising costs	7	3.0%	3	89.1%	4	62.2%	Production and running of TV commercials
Allowance for doubtful accounts	4	1.9%	4	4.7%	6	-23.4%	
Administrative and maintenance expenses	4	1.9%	2	81.0%	3	36.6%	Increase in maintenance cost of software
Amortization of goodwill	3	1.5%	1	84.6%	3	0.4%	
Others	11	5.0%	15	-25.4%	12	-7.4%	
SG&A Total	240	100.0%	186	28.7%	232	3.5%	



FY2006-2Q Balance Sheet

Major Items	9/30/2006	6/30/2006	Increase/ Decrease	Major Reasons for Changes	(¥ 100M)
< Assets >					
Current Assets	863	838	24		
Cash and Cash Equivalents	508	489	19		
Notes and Accounts Receivable -Trade	270	264	5		
Fixed Assets	1,995	1,778	217		
Tangible Fixed Assets	144	142	2		
Intangible Fixed Assets	131	125	6		
Investment Securities	1,665	1,460	204	Investment in the Japan Net Bank, Limited	
Total Assets	2,859	2,616	242		
< Liabilities >					
Current Liabilities	631	495	135		
Short-term Loans	201	201	0		
Accounts Payable-Other	112	100	11		
Accrued Income Taxes	210	93	117	Increase along with growth in net income	
Long-term Liabilities	600	609	-8		
Total Liabilities	1,232	1,104	127		
< Net Assets >					
Shareholders' Equity	1,579	1,443	136		
Common Stock	71	70	0		
Additional Paid-in Capital	21	21	0	Increase in net income	
Retained Earnings	1,487	1,351	136		
Evaluation and Exchange Adjustments	32	55	-22	Mark-to-market of investment securities	
Minority Interests in Consolidated Subsidiaries	14	13	0		
Total Net Assets	1,626	1,512	114		
Total Liabilities and Net Assets	2,859	2,616	242		

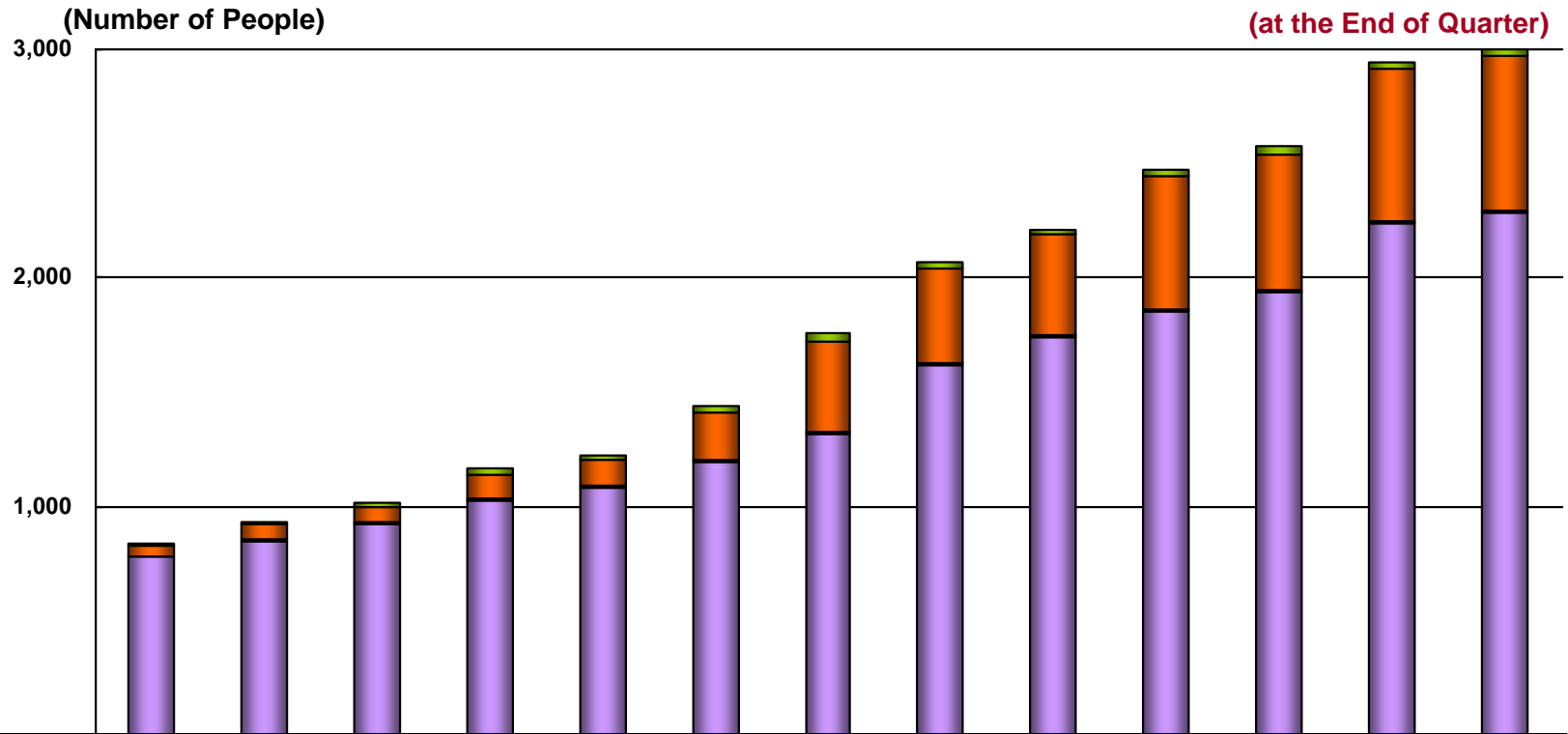


FY2006-2Q Cash Flow Statements

Major Items	FY2006-2Q (Jul. - Sep. 2006)	Major Reasons for Changes	(¥ 100M)
<u>Operating Activities</u>			
Net Income before Income Taxes	277		
	240	Increase in quarterly net income before income taxes	
Depreciation/Amortization	20		
	7	Expansion of servers and other network equipment	
Losses on Evaluation of Investment Securities	7		
Losses/Gains under the Equity Method	-6		
Increase in Accounts Receivable-Trade	8		
Other Receivables/Payables			
<u>Investing Activities</u>			
Purchases of Tangible Fixed Assets	-259		
	-16	Purchase of servers and other equipment	
Purchases/Sales of Intangible Fixed Assets	-12	Commissioned system development	
Acquisition of Investment Securities	-257		
	10	Investment in the Japan Net Bank, Limited	
Proceeds from Decrease in Investment	11		
	11	Recovery of loans made based on a finance scheme for Yahoo! BB business	
Proceeds from Recovery of Lending			
<u>Financing Activities</u>			
	0		
<u>Net Change in Cash Flows</u>			
	19		



Number of Directors and Employees



	03/9	12	04/3	6	9	12	05/3	6	9	12	06/3	6	9
Directors of Subsidiaries	8	12	18	24	19	26	34	27	27	33	33	31	31
Employees of Subsidiaries	45	65	67	101	108	209	397	417	438	583	594	669	670
Directors of Yahoo! JAPAN	9	8	8	9	9	9	8	9	9	9	9	9	9
Employees of Yahoo! JAPAN	776	850	923	1,029	1,083	1,196	1,316	1,616	1,740	1,849	1,940	2,239	2,289
Total	838	935	1,016	1,163	1,219	1,440	1,755	2,069	2,214	2,474	2,576	2,948	2,999

■ The above figures do not include those who hold posts at both Yahoo! JAPAN and subsidiary or have been dispatched from Yahoo! JAPAN





Review of FY2006-2Q Business Outlook

Despite the increased revenues from the C2C auction system-use fee for winning bids and good growth of revenues from tenant fees and store commissions due to the increased number of e-commerce stores, net sales were nearly at the bottom of the range of our projection because sale growth of Advertising Business were lower than our expectation. Advertising costs increased due to the auction promotion and other reasons, but the growth of other expenses were relatively limited and ordinary income reached above the middle of the projection range. (¥ 100M)

(Consolidated)	Actual	Projection (at Jul. 21, 2006)
Net Sales	512	510~549
Ordinary Income	247	226~259
Quarterly Net Income	136	131~149



FY2006-3Q Business Outlook

(Consolidated)

We expect growth in sales of Yahoo! Auctions due to the implementation of various promotions, but we have made a conservative projection for advertising sales, considering the possibility of a year-end decrease in Sponsor Site sales. The overall growth of SG&A expenses is expected to be limited while some expenses such as business commissions and depreciations may increase. In FY2006-3Q, SG&A expenses are expected to increase by ¥800 million to ¥1,000 million compared with FY2006-2Q.

(¥ 100M)

As of Oct. 23, 2006 (Consolidated)	FY2006-2Q (Jul. - Sep. 2006) (Actual)	FY2006-3Q (Oct. - Dec. 2006) (Projection)
Net Sales	512	517~552
Ordinary Income	247	240~265
Quartely Net Income	136	136.5~152

- 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.



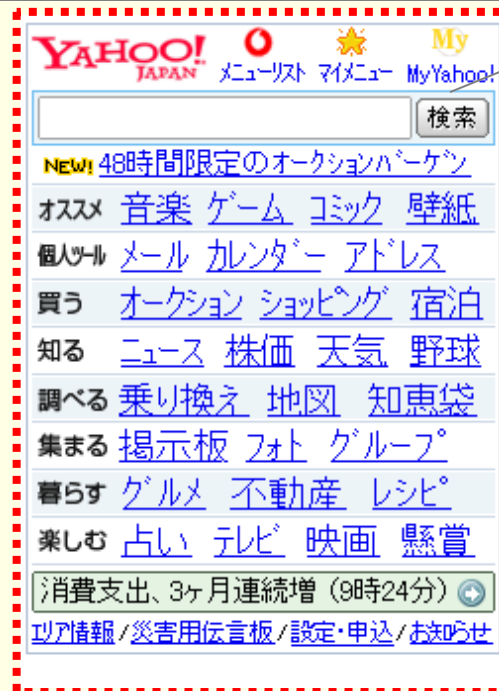
Special Notes (1)

Yahoo! Keitai

- Started providing a portal site “Yahoo! Keitai” for users of SOFTBANK mobile terminals from October 1, 2006. PVs increased about 6 times compared with the end of June, 2006.

Addition of new function “Y! Button”

Higher compatibility between SOFTBANK mobile terminals and Yahoo! JAPAN IDs



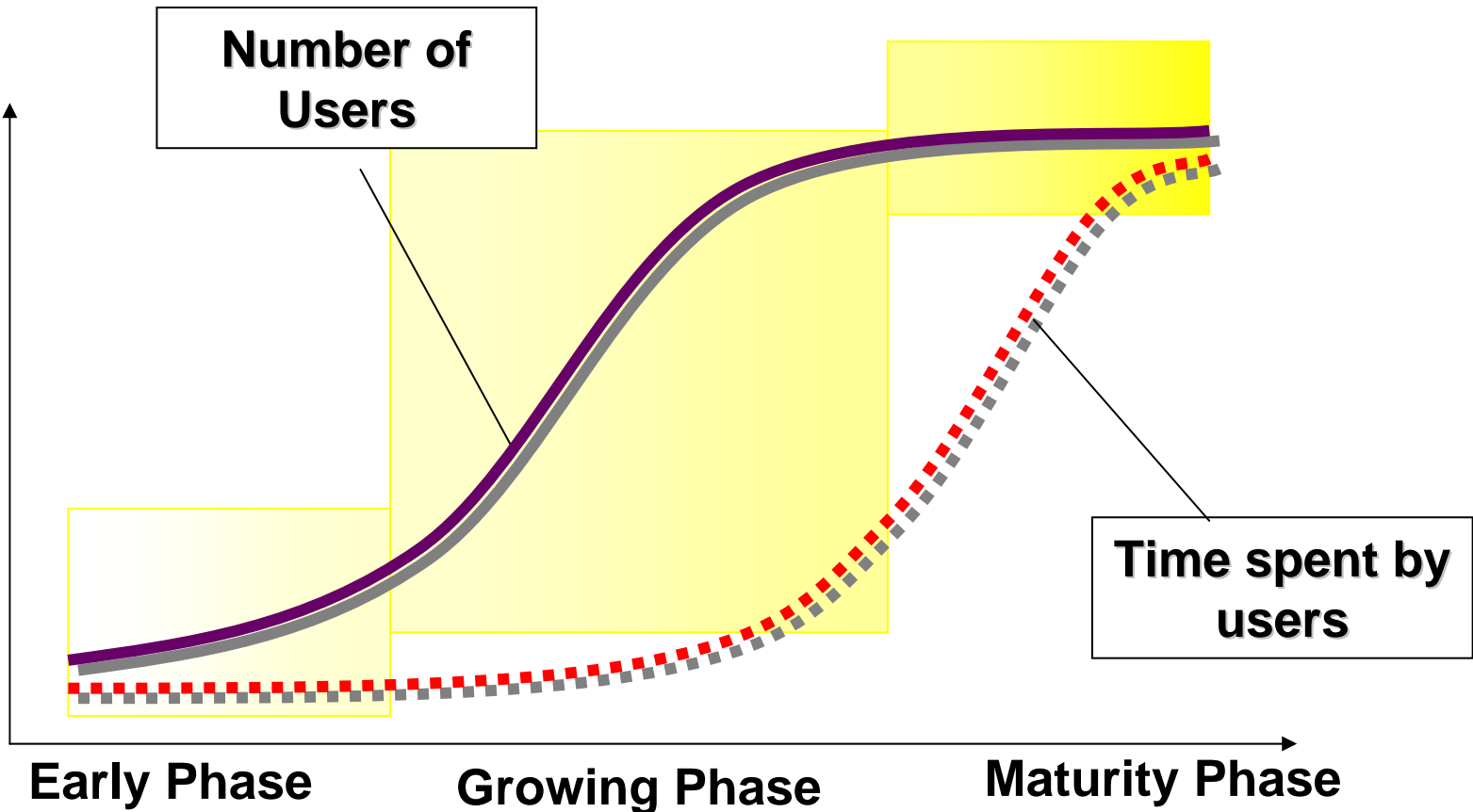
One-touch easy login and access to variety of personalized services and content



Special Notes (1)

Yahoo! JAPAN Future Targets

- Continued growth of Internet user base
- Expansion of time spent by users - stronger ties with users

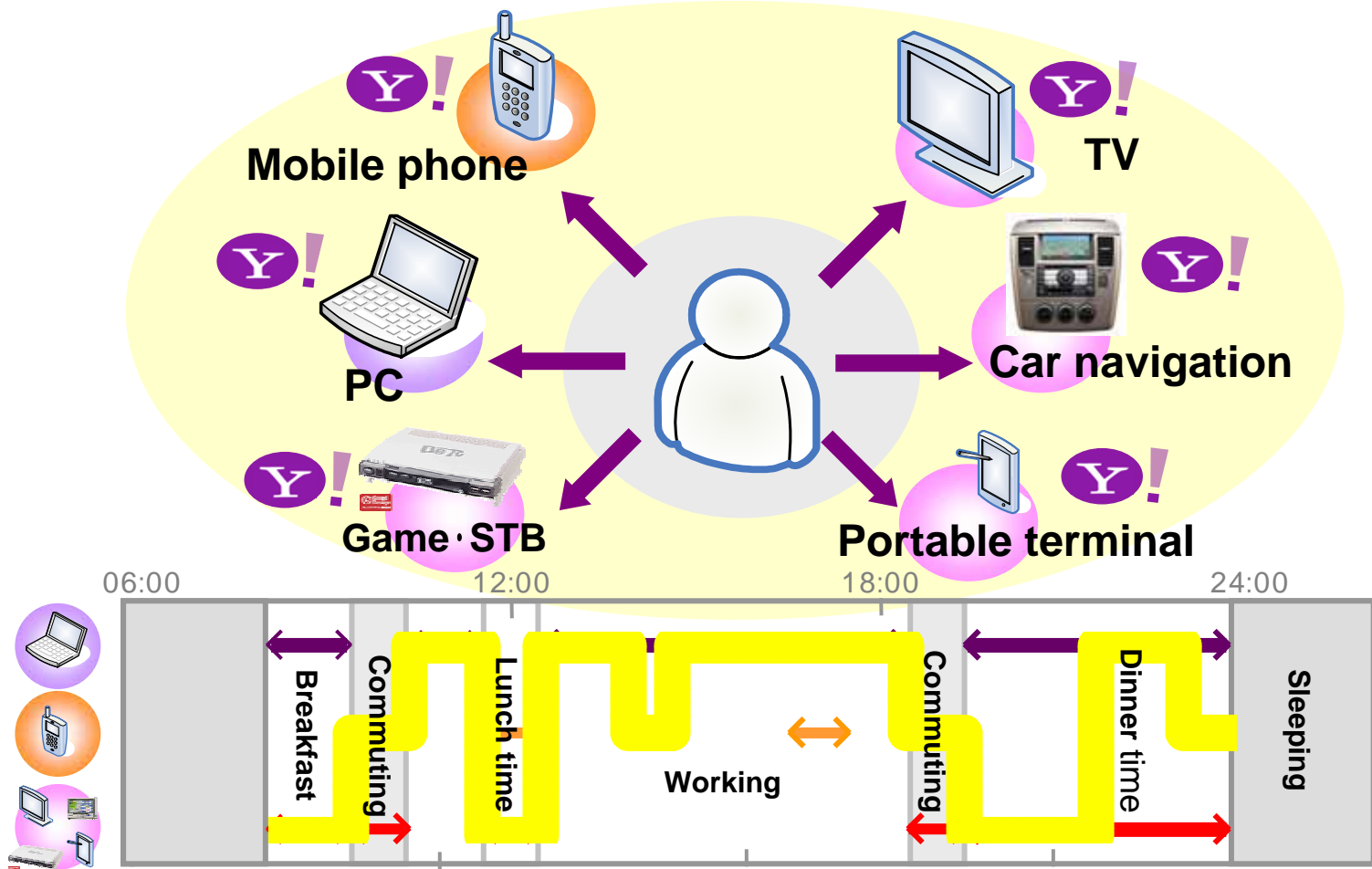




Special Notes (1)

Yahoo! JAPAN Future Targets

Yahoo! Everywhere: Building the ubiquitous internet environment which enables users to access Yahoo! JAPAN services at any time and any place





Special Notes (2)

Yahoo! Streaming

Enriched Content and Additional Functions Attracted Growing Number of Users

■ In August, 2006, the number of unique users of Yahoo! Streaming became No.1 in the streaming site market in Japan.

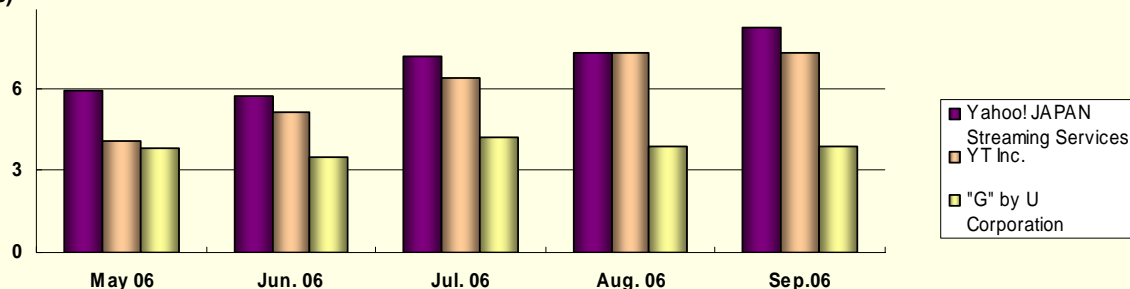
Yahoo! Streaming further surpassed its main competitors in unique user data in September.

Yahoo Streaming= 4,713 thousand unique users
"G" by U Corporation= 3,878 thousand unique users

■ The total number of unique users of all Yahoo! JAPAN streaming services (Yahoo! Streaming, Yahoo! Movies, Yahoo! News, etc.) exceeded that of streaming content posting service of YT Inc.

Our streaming services are No.1 in the market:

(Millions of Users)



Source: NetRatings Japan Inc.



Special Note (2) Yahoo! Streaming

Advanced Distribution Technology Provides High-Quality Video to More Users

- The distribution of live broadcasts of the first and second games of the second stage playoffs of Japanese Professional Baseball's Pacific League attracted a total of approximately 200 thousand viewers.
- Using high-volume 768 kilobit per second streaming delivery, BB Broadcast employed its simultaneous delivery system to host a record high level of view access. It simultaneously delivered to 48 thousand (first game) and 30 thousand viewers (second game) and hosted total of 160 thousand viewers.

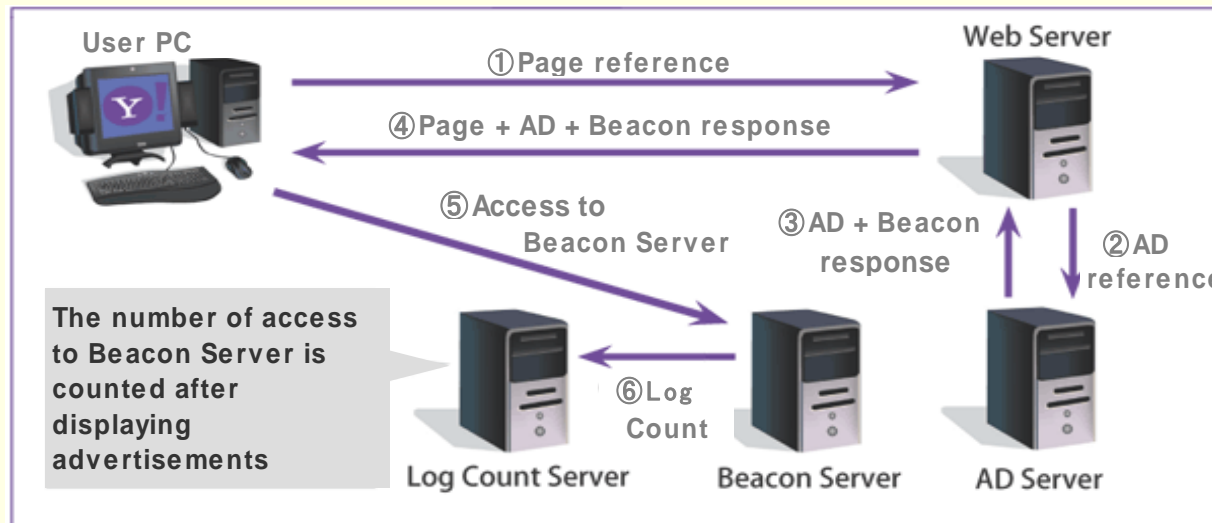




Special Note (3) CSC (Client Side Counting)

From October 1, start using CSC as the measuring method of advertisements on Yahoo! JAPAN

- CSC= the measuring method meeting the international standard recommended by IAB (Interactive Advertising Bureau). CSC excludes access by robots and counts the number of advertisements which actually reached viewers. Therefore, CSC assures high accuracy in counting the delivery of advertisement. (Measuring unit: impression)
- High accuracy in advertisement counting by CSC enhances the customer reliability of Internet advertisement





Review of Operations



Businesses of Yahoo! JAPAN

Advertising Business

Internet advertising

- Branding advertising such as banners
- Sponsor Site, our paid search service, offered in alliance with Overture K. K. and others.

Business Services Business

Business services other than advertising

- Information listing fees for Yahoo! Rikunabi, Yahoo! Real Estate, Yahoo! Autos, and others
- Tenant fees and sales commissions from merchant stores of Yahoo! Auctions and Yahoo! Shopping
- Yahoo! BB customer acquisition incentive revenue and continuing incentive revenue
- INFO PLANT CO., LTD., Firstserver, Inc., etc.

Personal Services Business

Personal services

- System-use fees for Yahoo! Auctions
- Yahoo! Premium membership revenues
- Yahoo! BB ISP fees
- Netrust, Ltd.
- Paid content and others, etc.



Advertising Business

Branding advertising

- Summer slow down, surging oil prices and stagnant stock prices caused companies to curtail their advertising expenses. In response, the Group sought to provide advertising products that closely matched client needs and worked to develop new demand. As a result, sales of branding advertising increased 30% year on year.
- We aggressively promoted targeting advertising products that can target a user according to past history of Internet usage. Demand for such targeting products was high particularly among National Clients.
- We won the large-scale new orders from companies in the automobile, cosmetics and toiletries, and housing related industries.

Sponsor Site (Search Business, etc.)

- Sponsor Site sales were favorable compared with the previous quarter despite the slow down in August due to seasonal stagnation in corporate sales campaigns.

SG&A expenses

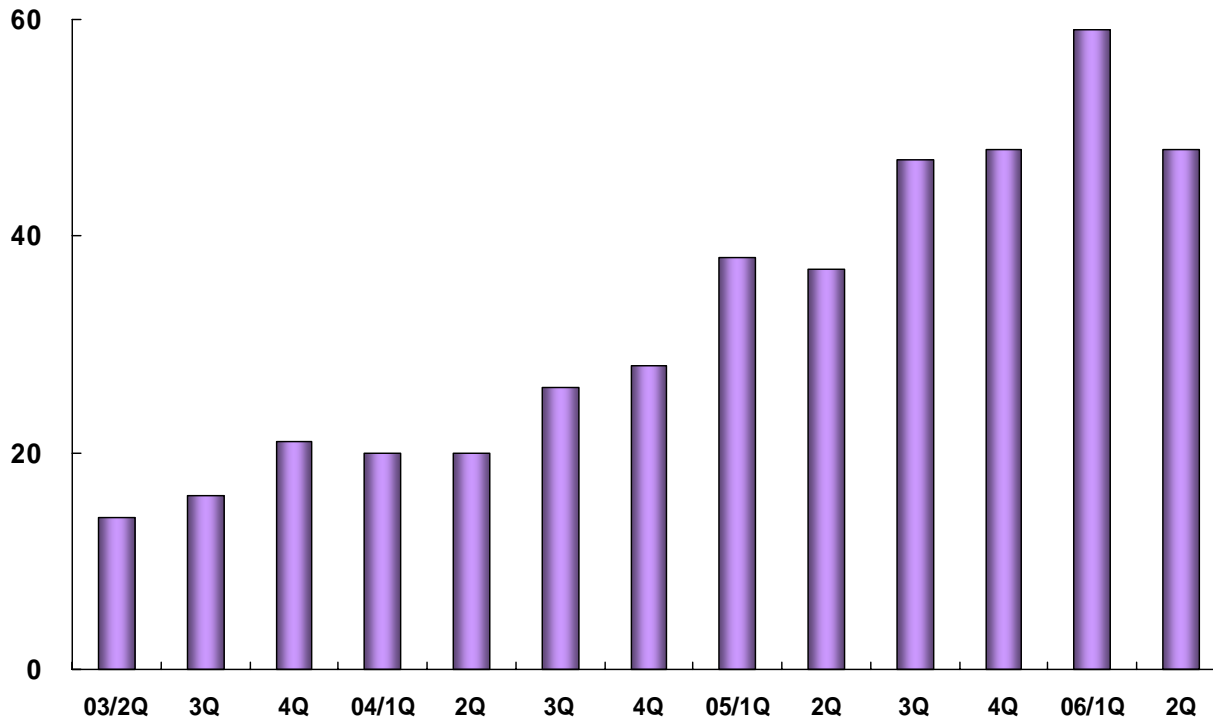
- Sales commissions, personnel expenses, content provider fees, etc.



National Client Trends

Sales to National Clients: ¥5.9 Billion (06/1Q) → ¥4.8 Billion (06/2Q)

(¥ 100M)



※ National Clients

- Nikkei Advertising Research Institute: Top 100 companies in advertising expenditure (2004)
- Video Research TV Ad Statistics: Top 100 (East) and Top 50 (West) companies in advertising (2005)
- MRS: Top 100 companies in advertising expenditure in newspapers and magazines (2005)

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 do not include revenue from Sponsor Site



Advertising Sales by Industry

Industries with large increases in ad spending

- Autos (Transport Equipment)
- Real Estate/Construction
- Cosmetics/Toiletries

Industries with high growth rate of ad spending

- Autos (Transport Equipment)
- Real Estate/Construction
- Cosmetics/Toiletries

	05/2Q	3Q	4Q	06/1Q	06/2Q
Finance/ Insurance/ Securities	21.5%	20.4%	20.5%	21.5%	22.0%
Real Estate/ Construction	9.1%	8.2%	12.6%	7.4%	8.9%
Autos (Transport Equipment)	11.6%	10.6%	11.3%	7.2%	8.7%
Cosmetics/Toiletries	6.7%	6.2%	5.2%	7.2%	7.9%
Mobile Communications Service	1.6%	2.5%	3.1%	9.5%	6.6%
Recruitment Services	7.1%	7.9%	8.4%	6.9%	6.6%
Transportation/Leisure	4.6%	4.4%	6.7%	5.7%	5.1%
Beverages/Cigarettes	4.9%	3.5%	3.8%	6.3%	4.3%
Computers/ Office Equipment	4.1%	7.2%	5.3%	4.6%	4.3%
Foodstuffs	2.5%	2.9%	2.9%	3.2%	3.2%
Others	26.3%	26.2%	20.2%	20.5%	22.4%

- The above figures do not include revenue from Sponsor Site.
- In the order of increasing amount and rate excluding the industries in “Others.”



Business Services Business (1)

e-commerce related sales

(Auction Business, Shopping Business, etc.)

- The number of Yahoo! Auctions stores increased due to our continued efforts to solicit stores and no-change in system-use fees for winning bids of B2C auctions. It rose to 9,897 at the end of September 2006, up 1,501 or 17.9% from the end of June.

Also, the percentage of B2C auctions in total auction transaction volume increased to approximately 18% in August partly because of the promotion measure from April 19 allowing all Yahoo! JAPAN ID holders to participate in B2C auctions.

- Yahoo! Shopping stores increased to 12,407 at the end of September, up 1,127 or 10.0% from the end of June due to such measures as our “Yahoo! Shopping Free Tenant Fee Campaign for Sole Proprietors.”
- The total number of stores of Yahoo! Shopping and Yahoo! Auctions rose to 22,304 at the end of September, up 2,628 or 13.4 %.
- We aggressively promoted Yahoo! Travel in line with the high-demand summer season. As a result, transaction volume of Yahoo! Travel rose 87% year on year.



Business Services Business (2)

Information Listing Fees (Regional Services Business, etc.)

- Sales of Yahoo! Rikunabi rose substantially year on year due to the active hiring activities of the clients for their start in the second half. ShotWorks, short-term, one-off temporary employment service, also achieved good performance.

Yahoo! BB related incentive fees (Member Services Business)

- Churn rate of Yahoo! BB decreased. The subscriber acquisition was favorable and the number of lines marketed by Yahoo! JAPAN rose to 1,157 thousand, up 1 thousand or 0.1% from the end of previous quarter.

SG&A expenses

- Personnel expenses, business commissions, sales promotion costs, etc.



Personal Services Business

System-use fees for Yahoo! Auctions (Auction Business)

- We pursued further measures to expand the Internet auction market, such as running new TV commercials and introduction of affiliate services following the first quarter's change in the qualifications for participation. The system-use fee raise for winning bids to 5% from 3% made in the latter half of the first quarter fully contributed to the increase of system-use fee revenues in the second quarter.

Yahoo! Premium Revenues (Member Services Business)

- Because we partially opened up Yahoo! Auctions to users other than Yahoo! Premium members, we expected a decline in the number of members. However, the membership cancellations was limited and the number of Yahoo! Premium member IDs increased to 6.43 million at the end of the second quarter, rising 80 thousand IDs, or 1.3% from the previous quarter.

Yahoo! BB ISP Revenues (Member Service Business)

- The number of Yahoo! BB members totaled 5,146 thousand at the end of second quarter, up 57 thousand or 1.1 % from the end of first quarter.

SG&A expenses

- Business commissions, sales promotion costs, payment commissions, etc.



Review of Operations by Business Division



FY2006-2Q Review of Operations by Business Division (1)

Member Services Business

- Implemented various promotions to acquire Yahoo! Premium and Yahoo! BB members. (Yahoo! Premium: paid search advertising, affiliate and email marketing, a friend referral campaign, etc.
Yahoo! BB: Start accepting web application for Yahoo! BB ADSL (no telephone subscription right), Yahoo! BB 8M (no BB phone) campaign, etc.)
- Implemented measures to increase value for Yahoo! Premium and Yahoo! BB members (Selling advanced tickets of popular artist “ Kumi Koda”, live broadcasting of the Suzuka 8-hour race, on-line movies previews, gift lottery for Yahoo! LiveTalk listeners, animation streaming of “Gatchaman” etc.)
- Promoted Yahoo! Insurance and Yahoo! Trading, and implemented several measures to increase the value of membership (Enriched content and Yahoo! Point campaign, etc.)

Shopping Business

- Implemented promotions such as seasonal bargain sale, Yahoo! Points and Yahoo! GroupBuy campaigns aimed at transaction volume expansion, etc.
- Provided a better advertising products well suited to the store needs



FY2006-2Q Review of Operations by Business Division (2)

Regional Services Business

- Began offering “Everybody’s Certification” in which users can invent original certification tests or try to do those tests set by other users
- Renewed Yahoo! Education into Yahoo! StepUp and offer more convenient services
- Launched matching service, Yahoo! Partner
- Started daily update of Yahoo! Maps using ALPS’s original data and information from users
- Launched the mobile version of Yahoo! Real Estate

Auction Business

- Started affiliate services for Yahoo! Auctions that enable users to advertise their listing
- Implemented offline and online advertisement such as TV commercial and paid search advertising.
- Launched relay system charity auction “Wa”
- Ran free listing campaign several times

Media Business

- **Yahoo! Streaming:** In August, 2006, the number of unique users of Yahoo! Streaming became No.1 in the market and reached approximately 4.7 million users in September
Source: NetRatings Japan Inc.
Delivery of streaming content of Summer Mysteries, baseball games featuring retiring player Shinjo, Exile live concert, and FREEDOM Special Collection
- Introduced “ Affinity Engine” in Yahoo! Streaming and Yahoo! Finance



Social Net Business

- Began full-scale operation of SNS service Yahoo! Days and start accepting registration from all Yahoo! BB or Yahoo! Premium members
- Added gift functions and other variety of functions to Yahoo! Avatar
- Developed “Affinity Engine” that displays optimal product recommendations based on a user’s purchase history and the purchase trends of other users and started applying engine to each Yahoo! JAPAN service
- Added reputation functions to several of Yahoo! JAPAN services (Yahoo! Travel, Yahoo! Politics, Yahoo! Streaming, etc.)
- Launched a mobile version of Yahoo! Photo

Search Business

- Increased usage of mobile version of Yahoo! Knowledge Search that was launched in the first quarter of FY2006
Formed a business tie-up with Kenko.com, Inc. and began to offer a user-participation help function service for Yahoo! Knowledge Search
- Yahoo! Blog Search: holding the No.1 position of the market in Japan according to a survey by Video Research Ltd.
- Yahoo! Product Search: newly included iTunes Store, and now covers more than 25 million items
- Yahoo! Search: Implementation of adult filters, began offering search services for Nintendo DS browser, developed search module for Yahoo! Widgets



Lifestyle Business

- Promoted projects for the development of social media on Yahoo! JAPAN
- Implementation of SEO for Yahoo! Fortune Telling and Yahoo! Comics, preparation of My Movie function for Yahoo! Movie
- Introduced “Affinity Engine” for Yahoo! Fortune Telling

Mobile Business

- Launched Yahoo! Keitai for SOFTBANK mobile terminals from October 1
 - Renewed design and services of top menu
 - Offer search engine capable of both mobile sites and PC sites
 - Linked Yahoo! JAPAN IDs with SOFTBANK mobile terminals for easy access to Yahoo! JAPAN services
 - Start offering new application, Yahoo! mocoa
- Renewed search engine for i-mode and EZweb on October 5



FY2006-2Q Review of Operations by Business Division (5)

New Business Office

- Launched Yahoo! NetBanking, secure and convenient Yahoo! Auctions settlement service linking JNB accounts with Yahoo! JAPAN IDs
- Launched Yahoo! Travel Special Selection featuring high-class accommodations
- Yahoo! Research: Renewed sites and implemented research monitor campaign. Expanded monitor base of Yahoo! Research (PC monitors: 1,200 thousand, Mobile monitors: 90 thousand, Total: 1,300 thousand)
- In Digital Home Development Office, proceeded with research and development for the realization of Yahoo! Everywhere (the ubiquitous internet environment in which users can access to Yahoo! JAPAN services at any time and any place)

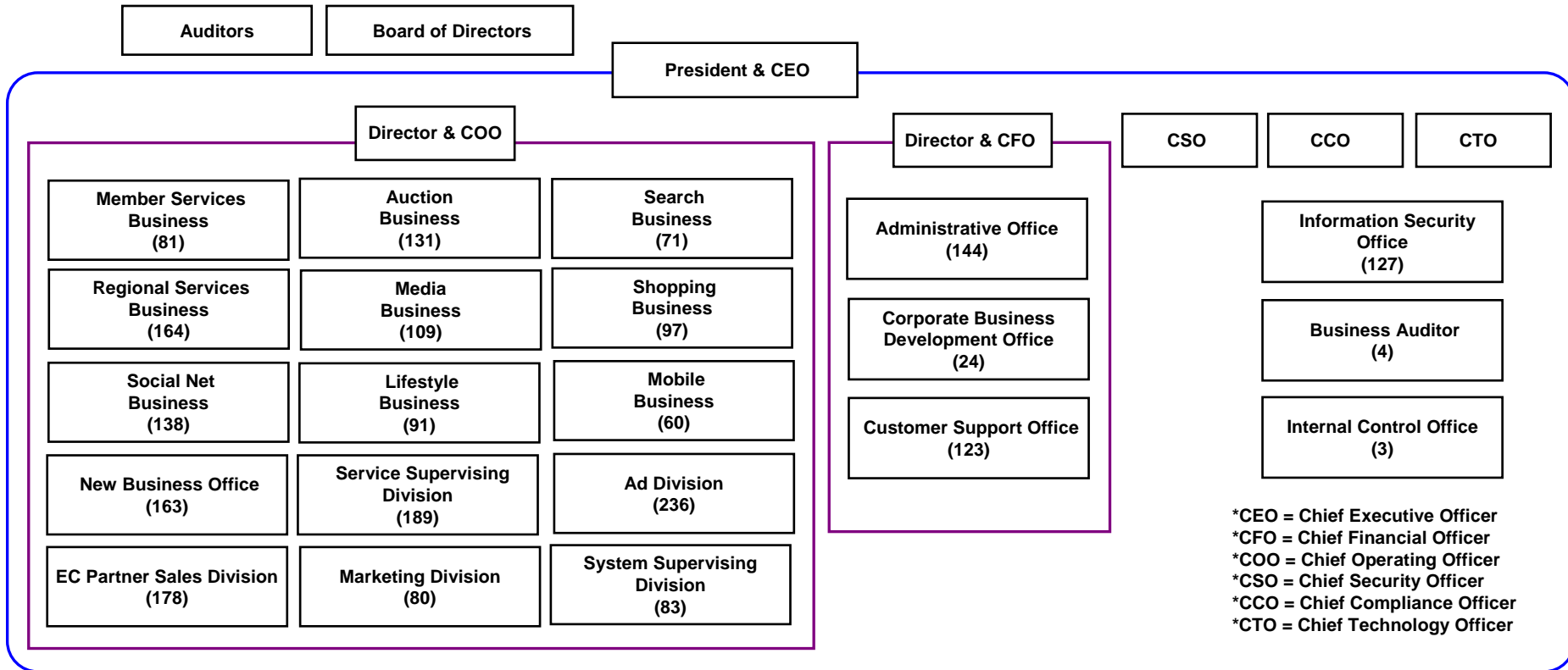
Service Supervising Division

- Launched Yahoo! eMail Magazine, a service that allows users to search for email magazines and to publish email magazines on their own
- Begin offering desktop tool, Yahoo! Widget
- Yahoo! Kids hosted a composition contest and offered Pokemon Super Special Feature 2006





Organization



*CEO = Chief Executive Officer
 *CFO = Chief Financial Officer
 *COO = Chief Operating Officer
 *CSO = Chief Security Officer
 *CCO = Chief Compliance Officer
 *CTO = Chief Technology Officer

Total : 2,297 people (as of Oct. 1, 2006)



Additional Business Data: 2006-2Q

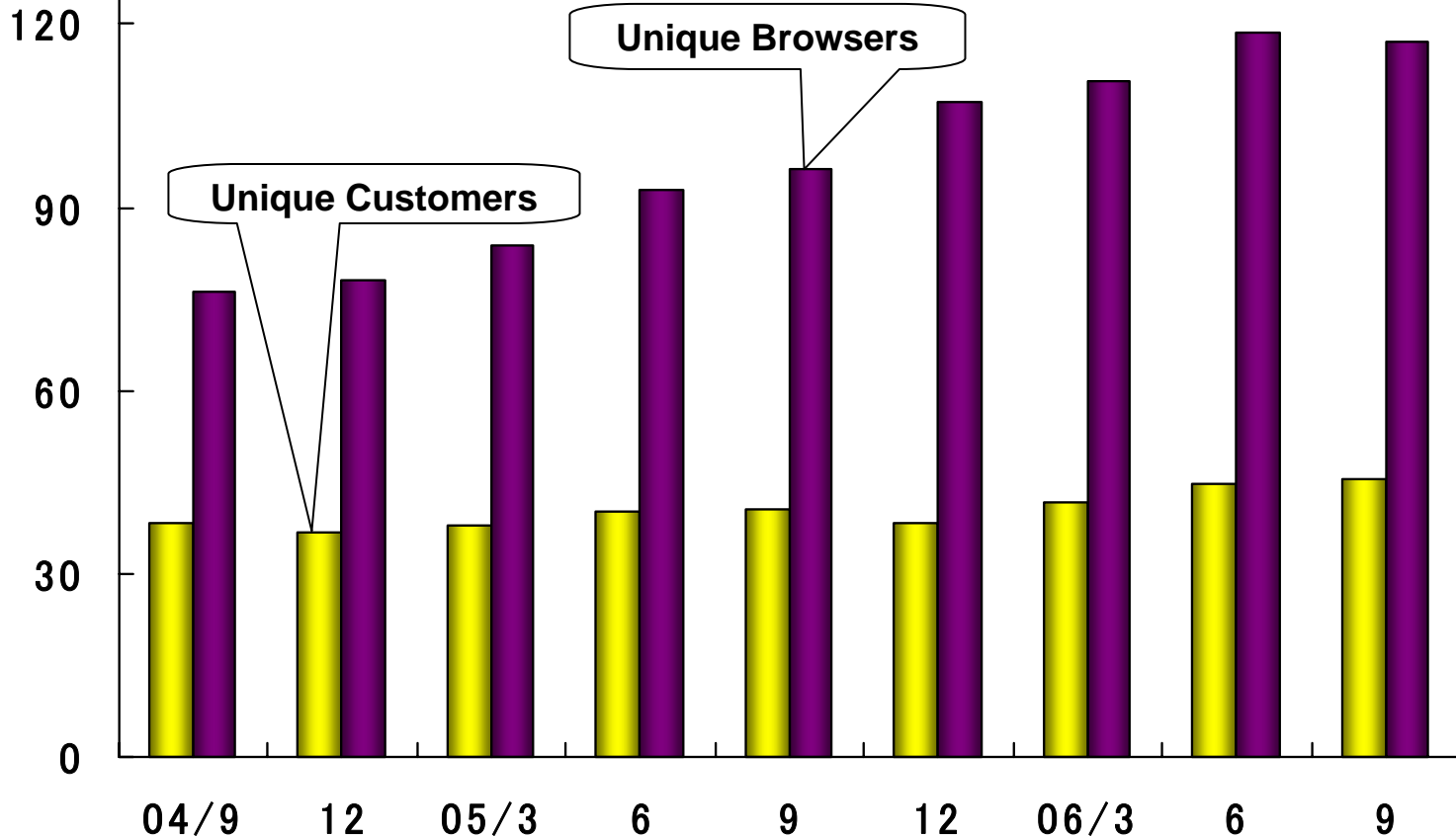
• Average Daily Transaction Volume	<u>Apr. – Jun. 2006</u>	<u>Jul. - Sep. 2006</u>
Commerce (¥ 100M)	22.9	22.7
☆ Auction (¥ 100M)	18.9	18.1
☆ Shopping* (¥ 100M)	4.0	4.6
*Include Yahoo! Shopping, Yahoo! Tickets and Yahoo! Travel , excluding fraudulent orders for both periods		
Yahoo! Mobile e-commerce (¥ 100M)	2.1	1.9
• Subscriber Lines for Yahoo! BB Services	<u>End of Jun. 2006</u>	<u>End of Sep. 2006</u>
Total (thousand lines)	5,089	5,146
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,155	1,157
• Other Data of Auction Business	<u>Apr. - Jun. 2006</u>	<u>Jul. - Sep. 2006</u>
Average Closing Price (¥)	5,571	5,603
Average Successful Auction Ratio (%)	32	28
• Number of Business Express Contracts (contract) (monthly average)	<u>Apr. - Jun. 2006</u>	<u>Jul. - Sep. 2006</u>
	3,248	3,280



Number of Yahoo! JAPAN Users

Millions of browsers

Millions of people



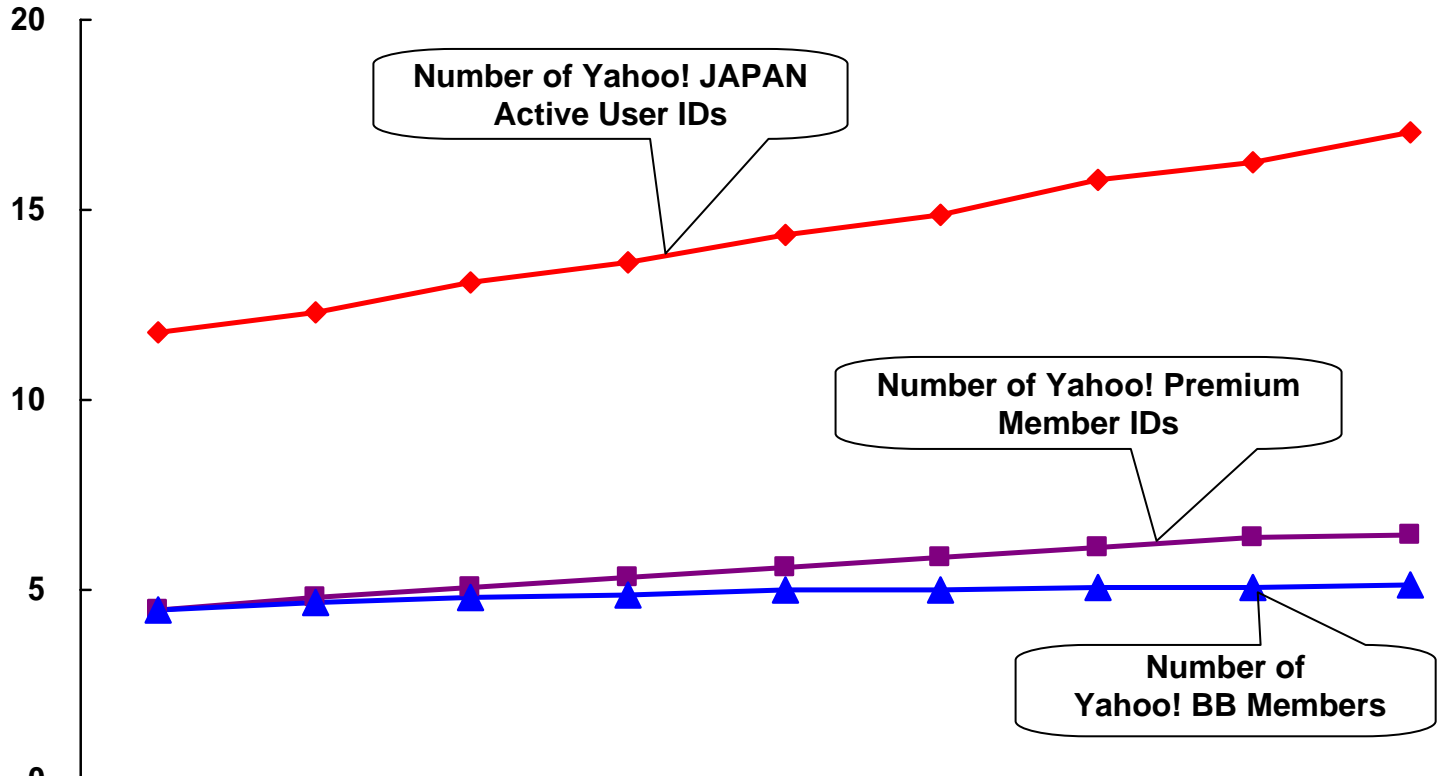
(Source: NetRatings Japan Inc. /The Group)

- The Number of Unique Browsers is the total number of unique browsers accessing our services.
- The Number of Unique Customers 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 IDs and Members

(Millions of IDs and lines)

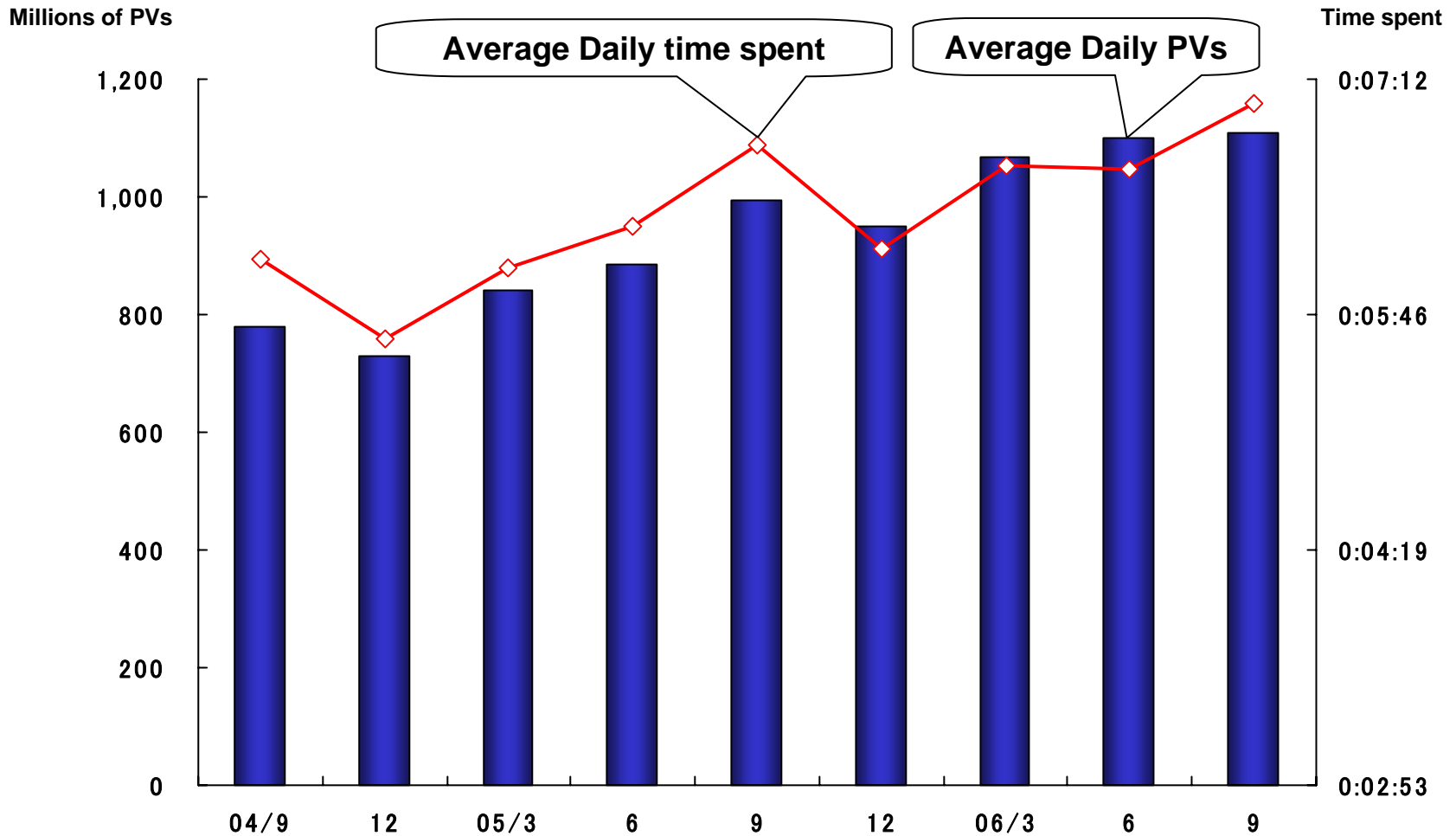


	04/9	12	05/3	6	9	12	06/3	6	9
◆ Active User IDs	11.76	12.31	13.10	13.60	14.36	14.85	15.80	16.24	17.05
■ Premium Member IDs	4.47	4.82	5.08	5.33	5.58	5.88	6.15	6.35	6.43
▲ Yahoo! BB Members	4.49	4.66	4.78	4.89	4.97	5.01	5.05	5.09	5.15

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



Number of Yahoo! JAPAN Page Views and Time Spent



(Source: NetRatings Japan Inc. /The Group)

- Average Daily PVs are based on the Company's data
- Average Daily Time Spent is based on the data of Nielsen/NetRatings (NetView AMS JP) from Sep. 2004 to Sep. 2006, regarding access by individuals from home



FY2006-2Q Major Advertisers

■ Finance/ Insurance/ Securities

MONEX, Inc.
ORIX Credit Corporation
Sumitomo Mitsui Banking Corporation

■ Real Estate/Construction

COSMOS INITIA Co., Ltd.
Daito Trust Construction Co., Ltd.
Nomura Real Estate Development Co., Ltd.
Sekisui Chemical Co.,Ltd.

■ Autos (Transport Equipment)

BMW Japan Corp.
Honda Motor Co., Ltd.
TOYOTA MOTOR CORPORATION

■ Cosmetics/Toiletries

DHC Corporation
ORBIS
Shiseido Company, Limited

■ Mobile Communication Services

KDDI CORPORATION
SOFTBANK MOBILE Corp.

■ Recruitment Services

En-japan inc.
Mainichi Communications Inc.

■ Transportation/Leisure

All Nippon Airways Co., Ltd.
Japan Airlines Corporation

■ Beverages/Cigarettes

KIRIN BREWERY COMPANY, LIMITED
SAPPORO BREWERIES LIMITED
Suntory Limited

■ Computers/ Office Equipment

Dell Inc.
FUJITSU LIMITED
Sony Corporation

■ Foodstuffs

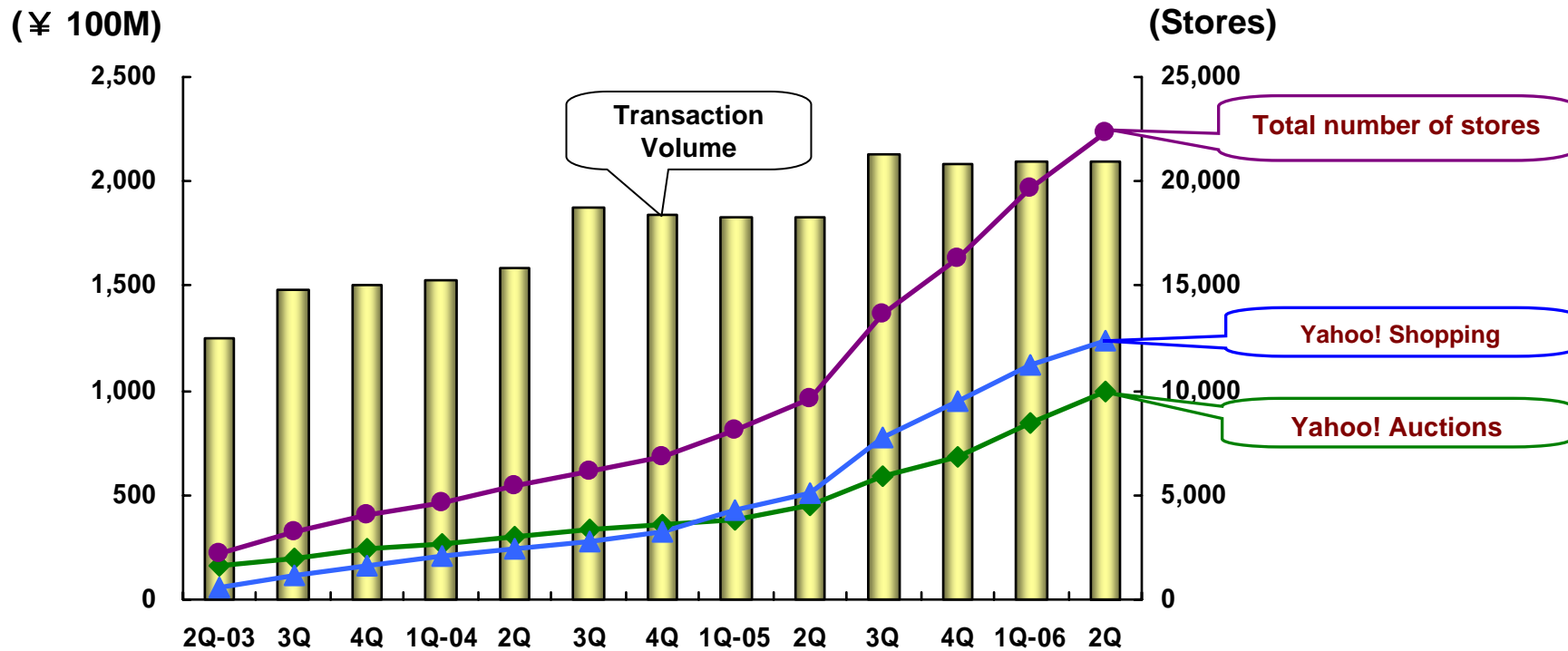
Kenkou Corporation
NISSIN FOOD PRODUCTS CO., LTD

- 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.



e-Commerce Transaction Volume and Number of Stores

Future transaction volume expansion is expected due to steady growth in the number of stores



- Because former consolidated subsidiary Seven and Y Corp. became a company accounted for by the equity method in February 2006, turnover from the company's own site is eliminated from the month.
- Before 2005-2Q, stores are counted at the point of their opening.
- Transaction volume exclude the amount of fraudulent orders



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