



Yahoo Japan Corporation

FY 2006-4Q Results & Annual Results

(For the terms ended March 31, 2007)

Apr. 24, 2007



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 Fiscal Year and the Three Months Ended March 31, 2007.”

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.

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FY2006 Highlights (1)

(Apr. 2006-Mar. 2007)

- **The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates continued to improve. Net sales rose 22.4% year on year, to ¥212.5 billion. Operating income amounted to ¥106.2 billion, increasing 29.3% from a year earlier. Ordinary income totaled ¥102.8 billion, climbing 28.7% from the same period last year. Net income amounted to ¥57.9 billion, up 23.1% year on year.**
- **During the fiscal year, there was somewhat of a slump in the overall advertising market due to advertisers curtailing their advertising expenditures right from the start of the fiscal year. Under these circumstances, the Advertising Business strove to capture new demand, while focusing on advertising products that met advertisers' needs, such as advanced flash technology-based megabanners and targeting advertising. Sponsor Site sales also increased, and the Group's Advertising Business performed better than the overall annual growth of Japan's Internet advertising market as stated in DENTSU INC.'s report on "2006 Advertising Expenditures in Japan." As a result, Advertising Business sales for the fiscal year amounted to ¥89.2 billion, rising 30.5% from the previous fiscal year.**
- **In the Business Services Business, sales of information listing services, such as Yahoo! Rikunabi and Yahoo! Real Estate posted good growth. As a result of efforts to increase the number of merchant stores on Yahoo! Auctions and Yahoo! Shopping, the number of merchant stores registered on these sites totaled 27,044 at March 31, 2007, expanding by 10,721 stores, or 65.7% year on year. Making further progress with development of the mobile business, mobile phone-based transactions on Yahoo! Shopping grew 2.6 times during the fiscal year. Research-related sales also expanded, helping the sales of the Business Services Business for the fiscal year rise 36.4% year on year, to ¥48.2 billion.**



FY2006 Highlights (2)

(Apr. 2006-Mar. 2007)

- **In the Personal Services Business, Yahoo! Auctions carried out various measures to expand the user base. These measures included a campaign allowing users to bid for items with just a Yahoo! JAPAN ID and running Yahoo Auctions' first television commercial. As a result, the number of first time bidders on Yahoo! Auctions increased considerably. In addition, revenues from system-use fees rose substantially, boosted by a hike in the system-use fees for winning bids from 3% to 5%. The measures to increase use of Yahoo! Auctions placed downward pressure on Yahoo! Premium member IDs, but steps were taken to promote new membership, such as measures to boost the value-added content of membership. Consequently, the number of Yahoo! Premium member IDs rose to 6.19 million at the end of March, up 0.6% year on year, and the sales of the Personal Services Business climbed 23.2% from a year earlier, to ¥75.2 billion.**
- **Total commerce transaction volume for the fiscal year rose 14.4%, to ¥899.9 billion. This figure includes the transaction volumes of Yahoo! Auctions, Yahoo! Shopping, Yahoo! Travel, and Yahoo! Tickets.**
- **Through continuous efforts to eliminate illegal copies and pirated version of business software listed on Yahoo! Auctions, in collaboration with Business Software Alliance (BSA), the number of improper items of the auction site significantly decreased in the second half of the fiscal year by 96% from the first half of the fiscal year.**



FY2006-4Q Highlights (1)

(Jan. 2007 – Mar. 2007)

- The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates moved ahead in the fourth quarter. Net sales climbed 5.6% from the previous quarter and 22.3% year on year, to ¥ 57.5 billion. Operating income amounted to ¥29.5 billion, rising 6.6% from the previous quarter and 25.2% from a year earlier. Ordinary income totaled ¥28.4 billion, increasing 7.0% from the previous quarter and 24.2% from the same period last year.
- In the Advertising Business, we accurately determined fiscal year-end demand of major advertisers. As a result of active efforts to win advertising business, the business achieved a high growth rate. Automobile manufacturers started to aggressively utilize the Internet for branding advertising, not only campaigns for new models, but also for regular promotion activities, and as a result, sales of branding advertising increased. Sales of the Sponsor Site were also favorable, supporting Advertising Business sales to achieve a 14.8% increase from the previous quarter and a 21.5% increase year on year, to ¥ 24.9 billion.
- In the Business Services Business, sales of Yahoo! Real Estate surged ahead, reflecting the seasonal increase in demand for new homes due to moving or school graduates starting their first jobs. Various measures, such as the holding of events for merchant stores, were taken to increase store sales, while making continued effort to expand the number of merchant stores on Yahoo! Auctions and Yahoo! Shopping. As a result, the number of merchant stores registered on these sites totaled 27,044 at the end of the quarter, expanding by 1,983 stores, or 7.9% from the previous quarter. Tenant fees and sales commissions rose significantly year on year. Sales of INFO PLANT CO., LTD., and other research-related sales also expanded, contributing to sales of the Business Services Business in the fourth quarter growing 1.8% from the third quarter and 25.3% year on year, to ¥13.1 billion.



FY2006-4Q Highlights (2)

(Jan. 2007 – Mar. 2007)

- **In the Personal Services Business, sales of Yahoo! Partner expanded as full-scale pay-content service got underway. Pay-content sales of Yahoo! Streaming and Yahoo! Comics also increased. On the other hand, revenues from system-use fees of Yahoo! Auctions declined compared with the third quarter in reaction to the high consumption typically occurring at year end. Moreover, Yahoo! Premium revenues also decreased slightly from the previous quarter, reflecting Yahoo! Auctions' measures to expand auction users. Overall, sales of the Personal Services Business totaled ¥19.5 billion, down 2.2% from the third quarter and up 21.4% year on year.**
- **On April 1, 2007, the Group established the Yahoo! JAPAN Research, a research institution to contribute to the sound and abundant development of the Internet. The institution will carry out research in the two domains of “user needs” and “technological seeds.”**

FY2006 Financial Results

(Consolidated)

•Major consolidated subsidiaries at the end of FY2006

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ Interscope Inc. NEW!
- ◆ NewsWatch, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ INFO PLANT Co., Ltd.
- ◆ Netrust, Ltd.
- ◆ Tricle Inc.
- ◆ Y's Insurance Inc.

•Affiliated companies (equity method) at the end of FY2006

- ◆ All About, Inc.
- ◆ Fashion Walker, 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 Statements of Income

	FY2006	FY2005	Changes
Net Sales (¥100M)	2,125	1,736	22 %
Cost of Sales (¥100M)	84	128	-34 %
Gross Profit (¥100M)	2,040	1,608	27 %
Operating Income (¥100M)	1,062	821	29 %
Ordinary Income (¥100M)	1,028	798	29 %
Net Income (¥100M)	579	470	23 %
EPS (¥)	958	1,536	-38 %
Number of Shares Outstanding (Average of Period)	60,462,410	30,541,230	98 %
EPS After Retroactive Adjustments (¥)	958	776	23 %
Fully Diluted EPS (¥)	956	1,532	-38 %
Number of Shares Assuming Full Dilution	60,586,679	30,621,275	98 %
Fully Diluted EPS After Retroactive Adjustments (¥)	956	774	24 %

Notes:

* Seven and Y Corp. was removed from consolidation and became a company accounted for by the equity method in February 2006. Therefore, net sales and cost of sales in FY2006 do not include those of Seven and Y Corp.

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

* The retroactive adjusted figures are adjusted for 1:2 share splits in April 2006.

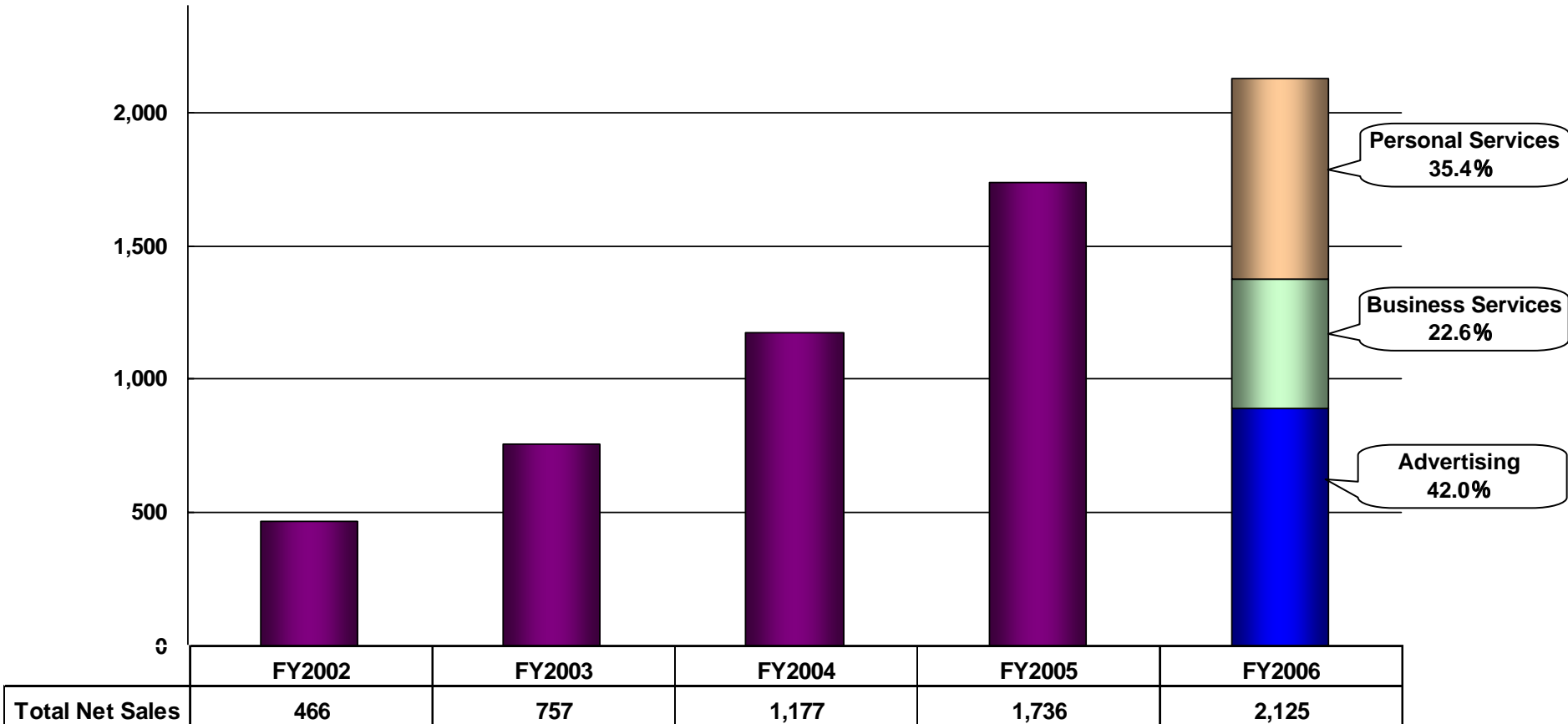


Annual Net Sales

FY2006 Net Sales Up 1.2 Times Year-on-Year

(¥ 100M)

Sales %



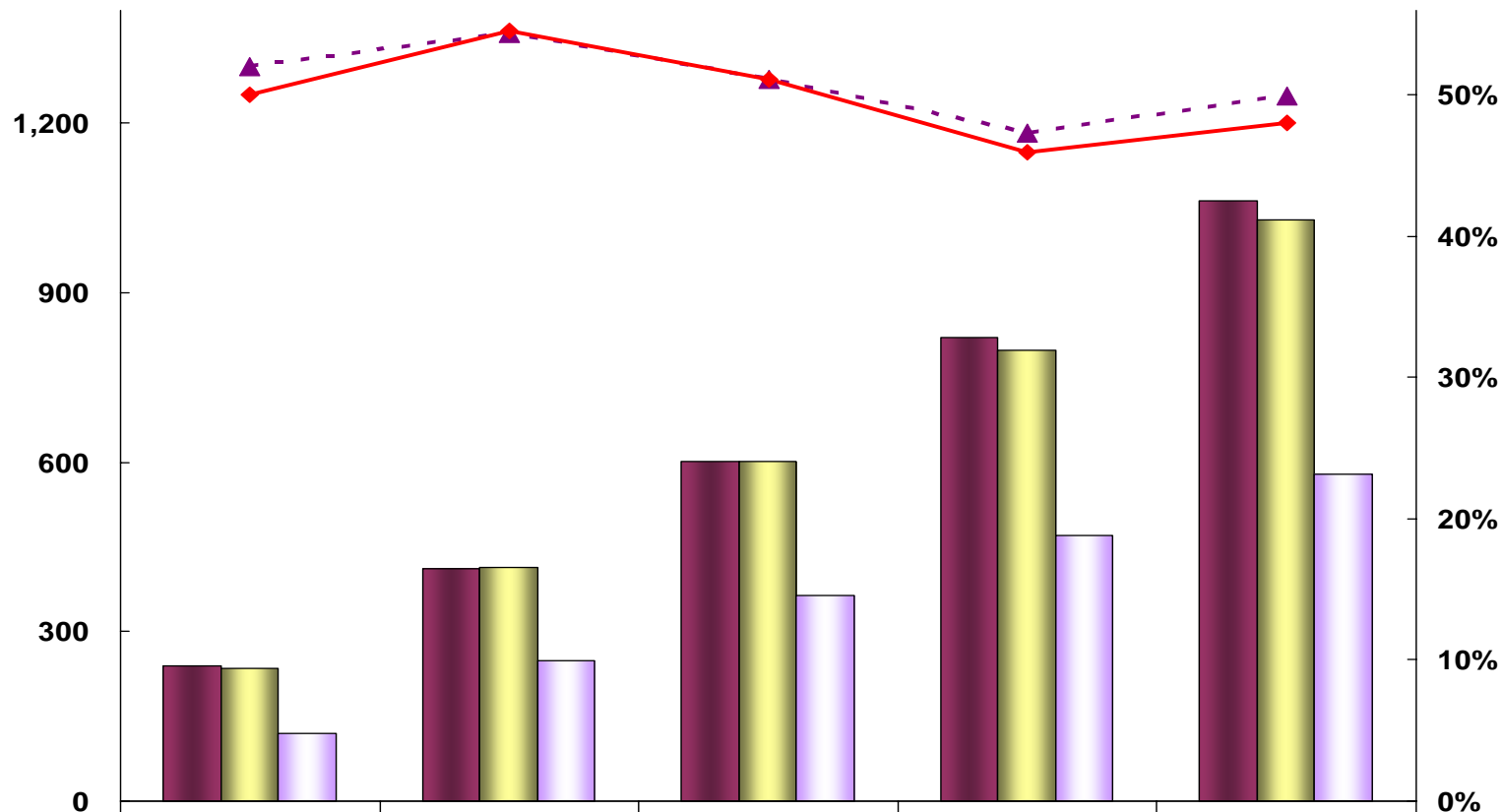
* Seven and Y Corp. was removed from consolidation and became a company accounted for by the equity method in February 2006. Therefore, net sales and cost of sales in FY2006 do not include those of Seven and Y Corp.



Annual Profit

FY2006 Operating Income and Net Income Up
1.3 Times and 1.2 Times Respectively, Year-on-Year

(¥ 100M)



	FY2002	FY2003	FY2004	FY2005	FY2006
Operating Income	240	412	601	821	1,062
Ordinary Income	235	413	602	798	1,028
Net Income	120	248	365	470	579
Operating Margin	52%	54%	51%	47%	50%
Ordinary Margin	50%	55%	51%	46%	48%



FY2006 Balance Sheets

(¥100M)	Major Items	End of FY2006 (3/31/2007)	End of FY2005 (3/31/2006)	Increase/ Decrease	Major Reasons for Changes
< Assets >					
	Current Assets	1,153	1,321	-168	
	Cash and Cash Deposits	752	980	-228	
	Notes and				
	Accounts Receivable-Trade	302	252	50	
	Fixed Assets	2,031	587	1,443	
	Tangible Fixed Assets	165	140	25	Acquisition of preferred shares of BB Mobile Corp. Investment in the Japan Net Bank, Limited
	Intangible Fixed Assets	146	117	29	
	Investment Securities	1,621	287	1,334	
	Total Assets	3,184	1,909	1,274	
< Liabilities >					
	Current Liabilities	760	454	305	
	Short-term Borrowings	201	2	199	
	Account Payable-Other	133	124	9	
	Accrued Income Taxes	283	234	48	
	Long-term Liabilities	500	16	483	Borrowings made along with the acquisition of preferred shares of BB Mobile Corp.
	Total Liabilities	1,260	471	788	
< Net Assets >					
	Shareholders' Equity	1,893	1,358	534	
	Common Stock	71	70	1	
	Additional Paid-in Capital	22	21	1	
	Retained Earnings	1,798	1,267	531	Increase in net income
	Evaluation and Exchange Adjustments	13	65	-52	Mark-to Market of investment securities
	Minority Interests in Consolidate Subsidiaries	16	13	2	
	Total Net Assets	1,923	1,438	485	
	Total Liabilities and Net Assets	3,184	1,909	1,274	



FY2006 Cash Flow Statements

Major Items

FY2006

(Apr.2006 - Mar. 2007)

Major Factors for Changes

(¥ 100M)

Operating Activities

Net Income before Income Taxes	727
Depreciation Expenses	1,017
Amortization of Goodwill	85
Losses under the Equity Method	13
Increase in Accounts Receivable-Trade	35
Payment of Income Taxes and Other Taxes	-47
	-404

Increase in net income before income taxes

Investing Activities

Purchase of Tangible Fixed Assets	-1,604
Purchase/Sales of Intangible Fixed Assets	-102
Acquisition/Sales of Investment Securities	-50
Acquisition/Sales of Stock of Subsidiaries	-1,461
Recovery/Payment of Lending	-14
Increase/Decrease in Guarantee Deposit Assets	36
	-21

Purchase of servers and other equipment
Purchase of equipment for office move and expansion of office space

Acquisition of preferred shares of BB Mobile Corp.

Financing Activities

Proceed /Redemption of Long-Term Borrowings	650
Payment of Dividends	700
	-47

Borrowings for investment in preferred shares of BB Mobile Corp.

Net Change in Cash Flows

-226

FY2006-4Q Financial Results

(Consolidated)

•Major consolidated subsidiaries at the end of FY2006-4Q

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ Interscope Inc. NEW!
- ◆ NewsWatch, Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ INFO PLANT Co., Ltd.
- ◆ Netrust, Ltd.
- ◆ Tricle Inc.
- ◆ Y's Insurance Inc.

•Affiliated companies (equity method) at the end of FY2006-4Q

- ◆ All About, Inc.
- ◆ Fashion Walker, 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.



FY2006-4Q Statements of Income

	FY2006-4Q (Jan. - Mar. 2007)	FY2005-4Q (Jan.- Mar. 2006)	Changes
Net Sales (¥100M)	575	470	22 %
Cost of Sales (¥100M)	22	16	33 %
Gross Profit (¥100M)	553	453	22 %
Operating Income (¥100M)	295	235	25 %
Ordinary Income (¥100M)	284	229	24 %
Quarterly Net Income (¥100M)	159	129	23 %
EPS (¥)	258	411	-37 %
Number of Shares Outstanding (Average of Period)	61,807,789	31,566,031	96 %
EPS After Retroactive Adjustments (¥)	258	214	20 %
Fully Diluted EPS (¥)	258	410	-37 %
Number of Shares Assuming Full Dilution	61,916,164	31,641,444	96 %
Fully Diluted EPS After Retroactive Adjustments (¥)	258	214	20 %

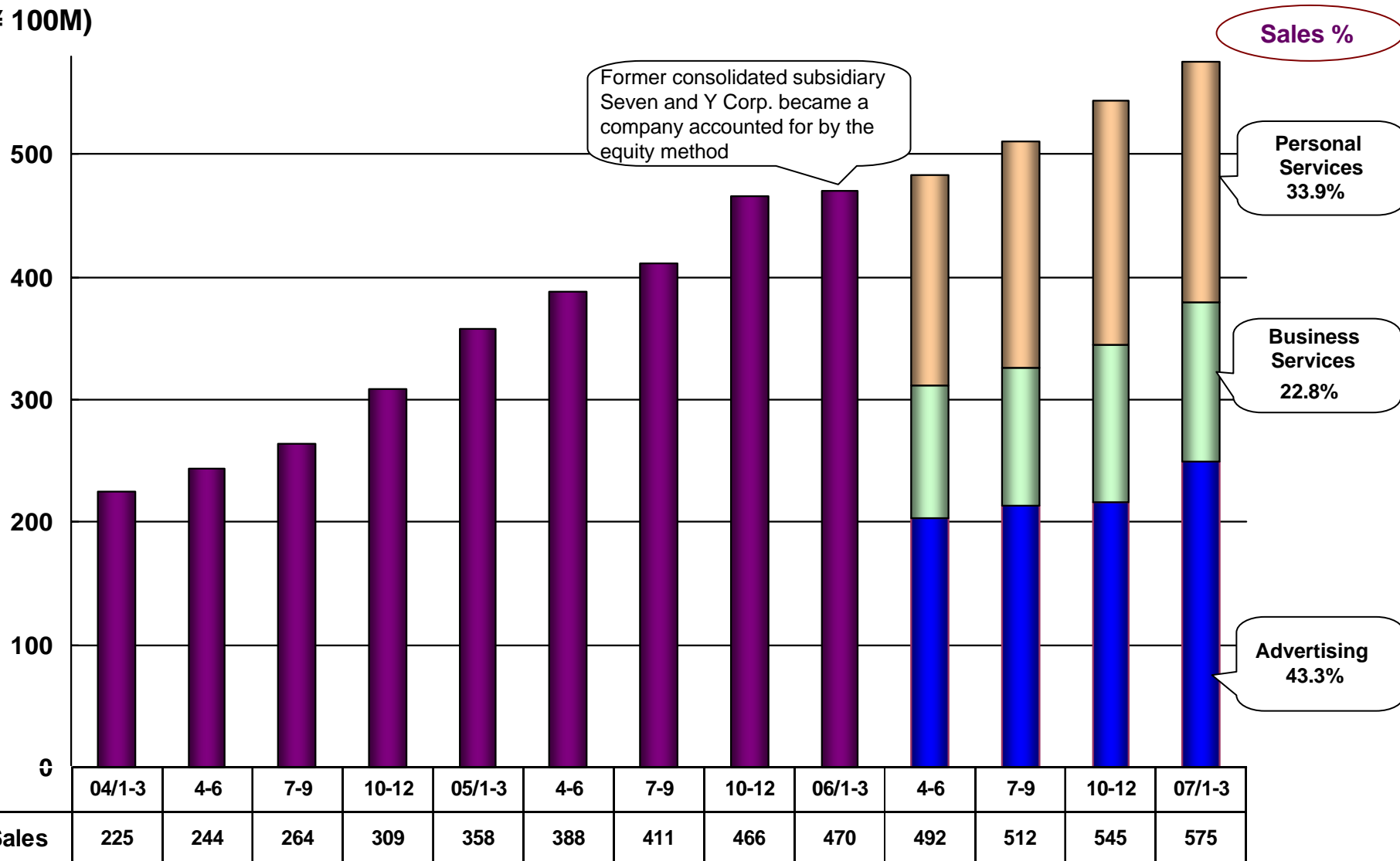
Notes:

- * Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.
- * The retroactive adjusted figures are adjusted for 1:2 share splits in April 2006.



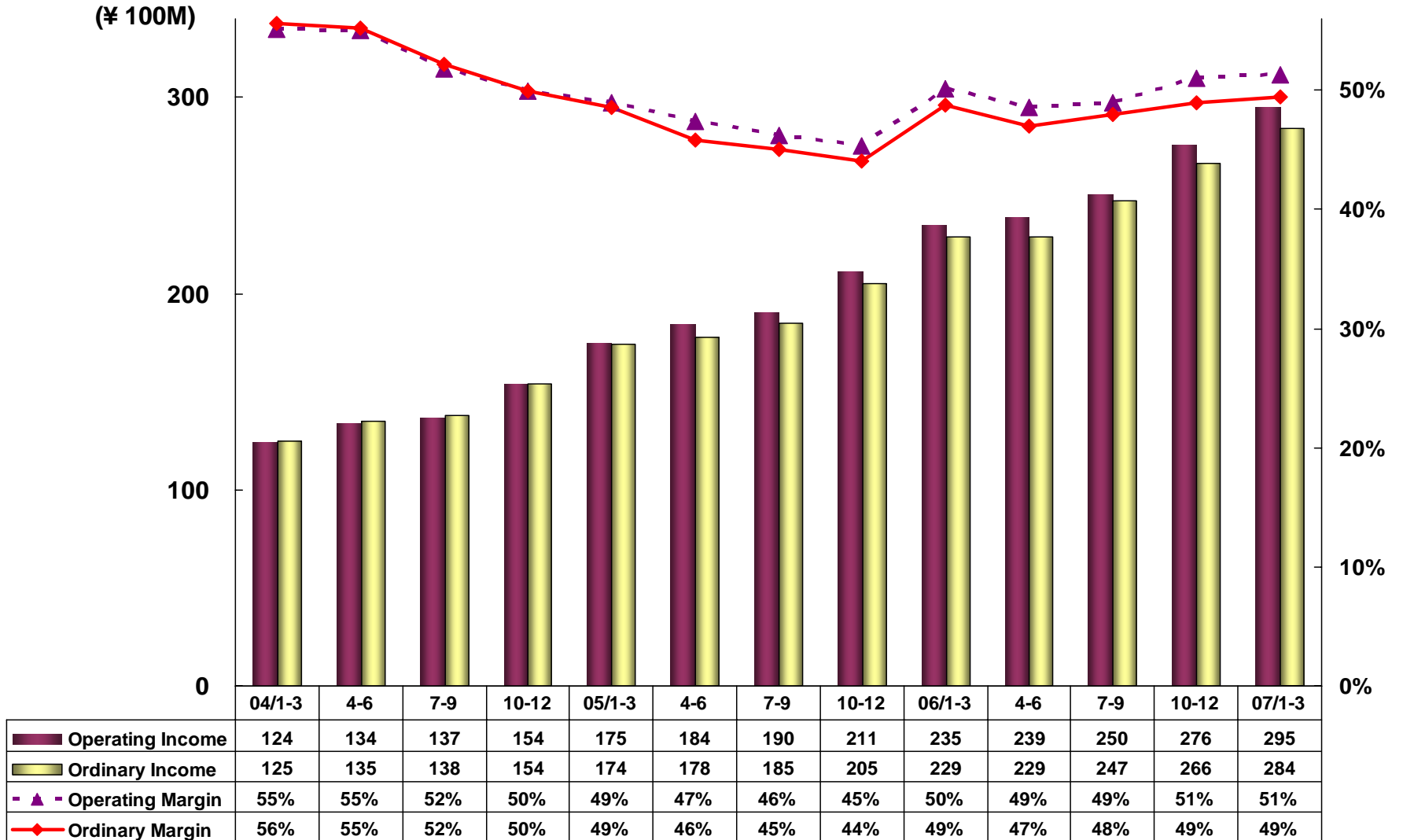
Quarterly Net Sales

(¥ 100M)





Quarterly Profits





FY2006-4Q Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	249	Search Business	47%	247	100	147	59.2%
		Media Business	16%				
		Service Supervising Division	12%				
		Auction Business	5%				
		Social Net Business	5%				
Business Services	131	Regional Services Business	33%	114	60	54	41.2%
		New Business Office	23%				
		Auction Business	15%				
		Shopping Business	13%				
		Member Services Business	10%				
Personal Services	195	Auction Business	45%	191	64	126	65.0%
		Member Services Business	43%				
		New Business Office	7%				



SG&A Breakdown

(¥ 100M)

Major factors for changes on quarterly base

	06/4Q	%	05/4Q	Annual changes	06/3Q	Quarterly changes
Personnel expenses	47	18.6%	40	19.8%	48	-1.5%
Business commissions	35	13.8%	30	17.8%	34	4.1%
Sales commissions	29	11.3%	24	20.3%	24	17.3%
Depreciation expenses	24	9.4%	20	20.6%	20	17.0%
Communication charges	19	7.7%	15	28.1%	20	-2.6%
Sales promotion costs	16	6.6%	18	-10.7%	19	-14.7%
Royalties	16	6.3%	13	21.5%	15	4.0%
Lease and utility expenses	14	5.5%	12	14.7%	11	18.8%
Content provider fees	12	4.8%	10	21.6%	11	6.8%
Payment commissions	10	4.0%	7	43.4%	10	1.8%
Allowance for doubtful accounts	5	2.2%	3	53.7%	6	-6.7%
Administrative and maintenance expenses	4	1.9%	3	60.0%	4	4.0%
Fixtures and fittings	4	1.8%	1	214.9%	0	610.6%
Amortization of goodwill	3	1.3%	3	12.7%	3	0.0%
Others	12	4.8%	14	-12.5%	14	-11.2%
SG&A Total	258	100.0%	218	18.4%	247	4.4%

Increase in sales from advertising business

Acquisition of software and increase in equipment for office move and expansion of office space

Decrease in payment for Yahoo! BB subscriber acquisition

Office move and expansion of office space

Office move and expansion of office space



FY2006-4Q Balance Sheets

Major Items	3/31/2007	12/31/2006	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
< Assets >					
Current Assets	1,153	880	272		
Cash and Cash Deposits	752	514	237	Increase in earnings from business activities	
Notes and Accounts Receivable -Trade	302	278	24	Increase in sales from advertising business	
Fixed Assets	2,031	1,995	35		
Tangible Fixed Assets	165	145	19		
Intangible Fixed Assets	146	135	11		
Investment Securities	1,621	1,653	-31	Mark-to-market of investment securities	
Total Assets	3,184	2,875	308		
< Liabilities >					
Current Liabilities	760	599	160		
Short-term Borrowings	201	201	-	Purchase of fixed assets	
Accounts Payable-Other	133	116	16		
Accrued Income Taxes	283	148	134	Increase in income	
Long-term Liabilities	500	500	0		
Total Liabilities	1,260	1,100	160		
<Net Assets>					
Shareholders' Equity	1,893	1,732	160		
Common Stock	71	71	0		
Additional Paid-in Capital	22	22	0	Increase in net income	
Retained Earnings	1,798	1,639	159		
Evaluation and Exchange Adjustments	13	27	-13	Mark-to-market of investment securities	
Minority Interests in Consolidated Subsidiaries	16	15	1		
Total Net Assets	1,923	1,775	148		
Total Liabilities and Net Assets	3,184	2,875	308		



FY2006-4Q Cash Flow Statements

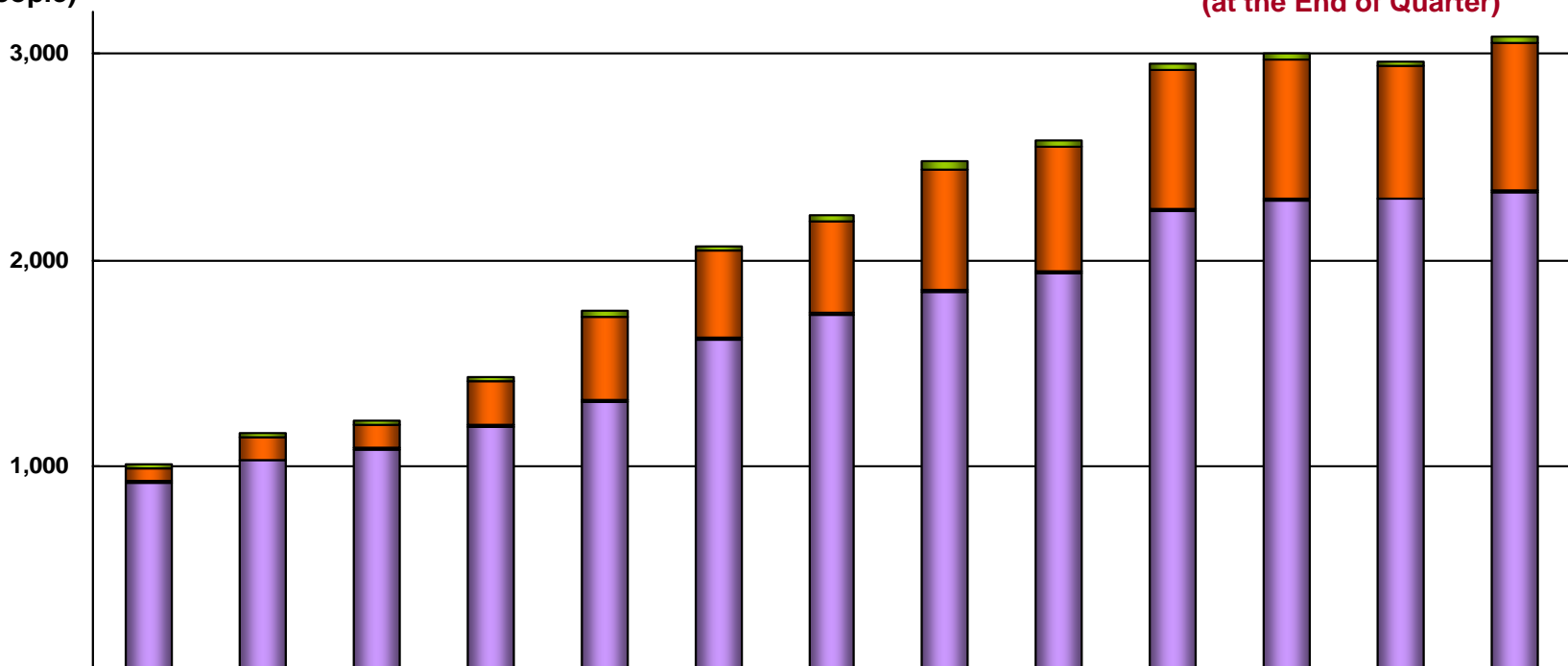
Major Items	FY2006-4Q (Jan. - Mar. 2007)	Major Factors for Changes (¥ 100M)
<u>Operating Activities</u>	<u>314</u>	
Net Income before Income Taxes	277	Increase in quarterly net income before income taxes
Depreciation Expenses	25	Purchase of fixed assets for office move and expansion of office space
Office Relocation Expenses	4	
Losses under the Equity Method	7	
Increase in Accounts Receivable-Trade	-20	
Other Receivables/Payables	5	
<u>Investing Activities</u>	<u>-77</u>	
Purchase of Tangible Fixed Assets	-37	Purchase of fixed assets for office move and expansion of office space
Purchase of Intangible Fixed Assets	-11	
Acquisition/Sales of Stock of Subsidiaries	-7	
Increase/Decrease in Guarantee Deposit Assets	-23	Security deposits due to office move and expansion of office space
<u>Financing Activities</u>	<u>0</u>	
<u>Net Change in Cash Flows</u>	<u>237</u>	



Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	04/3	6	9	12	05/3	6	9	12	06/3	6	9	12	07/3
Directors and auditors of Subsidiaries	18	24	19	26	34	27	27	33	33	31	31	25	27
Employees of Subsidiaries	67	101	108	209	397	417	438	583	594	669	670	634	711
Directors and auditors of Yahoo! JAPAN	8	9	9	9	8	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	923	1,029	1,083	1,196	1,316	1,616	1,740	1,849	1,940	2,239	2,289	2,293	2,331
Total	1,016	1,163	1,219	1,440	1,755	2,069	2,214	2,474	2,576	2,948	2,999	2,961	3,078

The above figure does not include those who hold posts both at Yahoo! JAPAN and subsidiaries or have been dispatched from Yahoo! JAPAN.



Review of FY2006-4Q Business Outlook

Advertising business sales were favorable in the fourth quarter because we accurately captured fiscal year-end surge in demand of advertisers and made active efforts to win advertising orders. As a result, net sales exceeded the upper end of the range of our projection.

Ordinary income and quarterly net income also exceeded the upper end of the range of our projection because the amounts of expenses incurred by the partial office move to Tokyo Midtown Tower and the expansion of office space was within our estimated range, limiting the increase of SG&A effectively.

(¥ 100M)

(Consolidated)	Actual	Projection (as of Jan. 24 2007)
Net Sales	575	542~562
Ordinary Income	284	261~272.5
Quarterly Net Income	159	142.5~150



FY2007-1Q Business Outlook

(Consolidated)

Net sales in the first quarter of FY 2007 is estimated to be almost at the same level as in the fourth quarter of FY2006, because the first quarter qoq growth is usually low every year due to a seasonality. Additionally, the change of the contract of Yahoo! BB business regarding ISP revenue allocation may also affect net sales. (As for the details of the change, please refer to page 24.) SG&A expenses in the first quarter are also estimated to be almost at the same level as in the fourth quarter despite the increase of personnel expenses and training costs due to the new graduate employees. However, we may limit the growth of SG&A expenses because the one-time expenses related to the partial office move and the expansion of office space will no longer be incurred in the first quarter, depreciation expenses will decrease in the first quarter due to a customary write-down of the book value at the beginning of the fiscal year, and we cancelled the contract that we share the cost of Yahoo! BB subscriber acquisition.

(¥ 100M)

As of Apr. 24 2007 (Consolidated)	FY2006-4Q (Actual)	FY2007-1Q (Projection)
Net Sales	575	556 ~ 582
Operating Income	295	281.5 ~ 300.5
Ordinary Income	284	270 ~ 289
Quarterly Net Income	159	147.5 ~ 166.5

- Since the business environment of the Group can fluctuate substantially in a 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 Note (1)

Changes in the Contract of Yahoo! BB Business

We recognized the changes of the importance of our role in the Yahoo! BB business, a joint venture with SOFTBANK BB CORP., and reviewed the Business Alliance Contract between SOFTBANK BB and Yahoo Japan Corporation. As a result, we decided to make the following amendment on the contract.

■ Points of Change

The amount of the allocation of ISP revenue paid to Yahoo Japan Corporation had changed as follows from Apr. 1, 2007.

- ◆ For the new subscriber signing up for the service in FY2007 and after: ¥100
- ◆ For the subscriber signing up for the service in FY2005 and FY2006: ¥200 (¥200 is to be changed to ¥100 after enrollment period of the subscriber has reached 3 years)
- ◆ For the subscriber signing up for the service in FY2004 and earlier: ¥100

Along with the aforementioned changes, we are no longer paying a subscriber acquisition cost of ¥2,400 per line which we had paid to SOFTBANK BB CORP. since Apr. 2005. Even after those changes, incentive agreement is still in force and we continue to perform a customer acquisition activities.



Special Note (2)

Yahoo! JAPAN Research

■ In Apr. 2007, established “Yahoo! JAPAN Research”, a research institution that makes research efforts for the sound development of Internet. In addition to an internal research with each of the Company’s business unit, the institution conducts a joint research with the research institute of Yahoo! Inc. Also, it collaborates with other private, governmental, or academic research institutions.

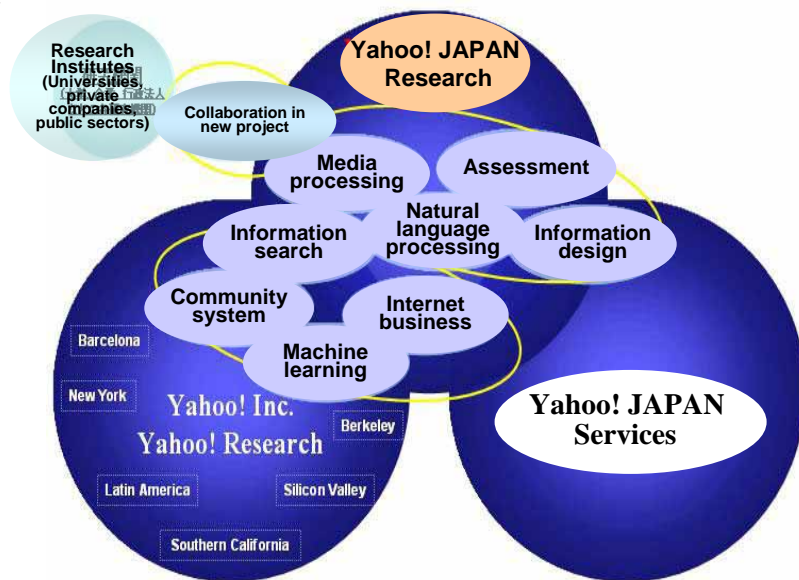
Yahoo! JAPAN Research will carry out research in the two domains of “user needs” and “technological seeds,” utilizing the immense volume of data we have accumulated through our long experience of providing various and useful Yahoo! JAPAN services for users’ everyday lives.

User Needs: Forming the knowledge- base with which we can continuously develop and provide a better Internet communication with users.

Technological Seeds: Realizing further development of the technology and maximizing the potential of the Internet. Research for the next-generation Internet technology that enables every user to get all kinds of information anytime anywhere.

Research Subjects

- Natural language processing
- Information search
- Information design
- Media processing
- Assessment of the impact of Internet on people’s life



Relationship between our research and related parties





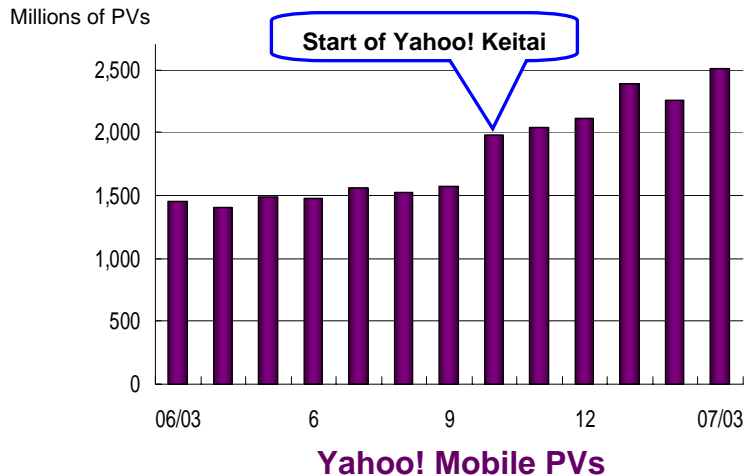
Special Note (3) Yahoo! Everywhere

Yahoo! Mobile

- Started offering Yahoo! Keitai for SOFTBANK Mobile (Oct. 2006).
- Renewed the top page of mobile version Yahoo! JAPAN for i-mode and EZweb and started offering new services utilizing GPS function (Apr. 2007).
- Developed service platform customized for each mobile carrier. We will focus more on expanding our services and content to increase the usage of our mobile services.
- Will pursue effective and well- designed mobile advertising products.

Yahoo! Everywhere

- Provided our services and content to the broader range of devices:
 - Car navigation service, “Carwings” of Nissan Motor Co., Ltd.
 - Video game consoles, such as “Wii” of Nintendo Co., Ltd.
 - LCD Television, “BRAVIA” of Sony Corporation.



Search Result page on “Wii”



Top Page for i-mode and Ezweb





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 (banner) advertising

- Made active efforts to win advertising business and accurately determined fiscal year-end surge in demand of advertisers. As a result, advertising business sales achieved high growth. Automobile manufacturers used Internet advertising for regular promotional activities as well as for special campaigns and the use of Internet advertising has further spread.
- Sales from geographical and behavioral targeting products, which are well suited to advertisers' needs, continued to grow.
- As a result, sales of branding advertising grew more than 15% year on year.

Sponsor Site (Search Business, etc.)

- Sponsor Site related sales in the fourth quarter were favorable because of the surge in demand among particular sectors of industry and the increased usage of search service.
- On Apr. 16, Overture K.K. introduced new paid search system that incorporates both quality index and cost per click. Sponsor Site advertisers are currently transferring into the new system. Planning to start displaying Sponsor Site advertising in the order of new mechanism when the advertiser transfer is completed. Switching to new Sponsor Site system is expected to have a positive impact on our advertising business sales in the medium and long term.

SG&A expenses

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

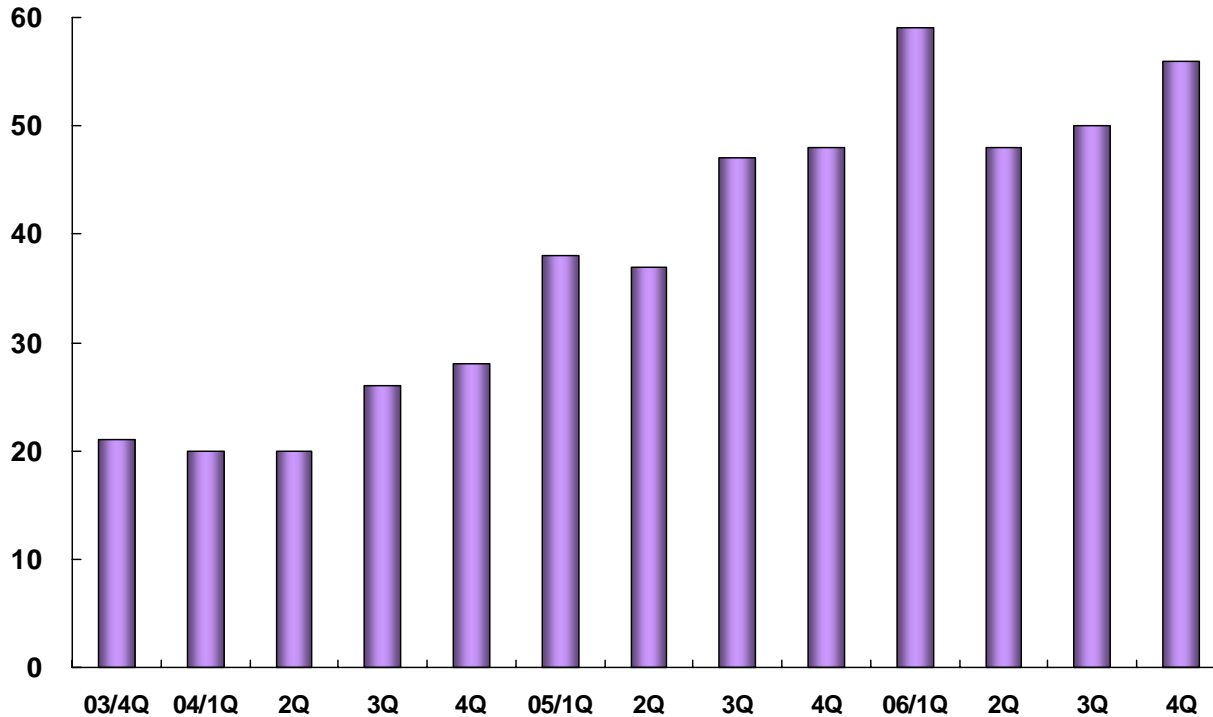


National Client Trends

Sales to National Clients : ¥ 5.0 Billion (06/3Q)

¥ 5.6 Billion (4Q)

(¥ 100M)



National Clients

- Nikkei Advertising Research Institute: Top 100 companies in advertising expenditure (2005)
- 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 revenues from Sponsor Site



Advertising Sales by Industry

Industries with large increase from the previous quarter

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

Industries with high growth rate from the previous quarter

Education Services/Universities (*)
 Information Processing/Software
 Computers/Office Equipment

	05/4Q	06/1Q	2Q	3Q	4Q
Finance/Insurance/Securities	20.5%	21.5%	22.0%	17.3%	18.5%
Real Estate/Construction	12.6%	7.4%	8.9%	8.7%	11.0%
Autos (Transport Equipment)	11.3%	7.2%	8.7%	8.9%	10.7%
Recruitment Services	8.4%	6.9%	6.6%	6.2%	7.4%
Transportation/Leisure	6.7%	5.7%	5.1%	6.6%	6.5%
Computers/Office Equipment	5.3%	4.6%	4.3%	4.5%	6.5%
Cosmetics/Toiletries	5.2%	7.2%	7.9%	7.5%	6.0%
Mobile Communications Service	3.1%	9.5%	6.6%	5.2%	3.2%
Foodstuffs	2.9%	3.2%	3.2%	3.7%	3.2%
Beverages/Cigarettes	3.8%	6.3%	4.3%	2.7%	3.1%
Entertainment Related Software	2.2%	2.2%	2.3%	3.7%	2.7%
Fashion/Accessories	1.6%	1.8%	1.9%	3.4%	2.5%
Education Services/Universities	2.3%	1.3%	1.5%	1.4%	2.4%
Information Processing/Software	2.0%	1.1%	1.2%	1.1%	1.8%
Others	12.1%	14.1%	15.5%	19.1%	14.5%

•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.)

- In Yahoo! Shopping, transactions of such categories as Home&Furniture and Beauty&Health were active. In Yahoo! Auctions, transactions of autos, motorcycles, toys, and games remained strong even after the year-end shopping season. As a result, e-Commerce related transaction volume in the fourth quarter totaled ¥233 billion, increasing by ¥25 billion or 12.1% year on year.
- The number of Yahoo! Auctions Stores rose to 12,345 at the end of the fourth quarter, up 5,467 or 79.5% from a year earlier. The percentage of B2C auctions in total auction transaction volume increased to 19%.
- Yahoo! Shopping stores increased to 14,699 at the end of the fourth quarter, up 5,254 or 55.6% from a year earlier.
- The total number of stores of Yahoo! Shopping and Yahoo! Auctions rose to 27,044 at the end of the fourth quarter, up 10,721 or 65.7% year on year. As a result, sales from commerce-related tenant fees and sales commissions greatly increased from a year earlier.



Business Services Business (2)

Information listing revenue (Regional Services Business, etc.)

- Yahoo! Rikunabi related sales remained firm. In ShotWorks, a short-term, one-off temporary employment service which may create a new market in the recruitment field, demands from recruiting companies are expected to expand further.
- Yahoo! Real Estate information listing service performed well because of the surge in demand in fiscal year end.

Yahoo! BB related incentive revenues (Member Services Business)

- Implemented several promotions to acquire new Yahoo! BB members such as “¥1,000 Discount for 15 months Campaign” and “ Friend Referral Campaign”.

On-line Research Business (New Business Office)

- Newly consolidated Interscope, Inc. The sales from on-line research related business were favorable because of the surge in demand in fiscal year end.

SG&A expenses

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



Personal Services Business

Revenues from system-use fee for Yahoo! Auctions (Auction Business)

- Transaction volume of Yahoo! Auctions in the fourth quarter expanded well compared with the same period of the last fiscal year, and amounted to ¥187 billion, up 8.6% year on year

Yahoo! Premium Revenues (Member Services Business)

- The campaign allowing users to participate in Yahoo! Auctions without Yahoo! Premium membership affected the number of Yahoo! Premium member and the new sign-up for Yahoo! Premium decreased. However, measures to increase the value of Yahoo! Premium membership limited the decrease in membership. The number of Yahoo! Premium members was 6.19 million IDs at the end of the fourth quarter, decreasing 110 thousand or 1.8% from the end of the previous quarter.

SG&A expenses

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



Review of Operations by Business Unit

TM



FY2006-4Q Review of Operations by Business Unit (1)

Auction Business

- Continuous joint efforts to delete illegal listings of business software with Business Software Alliance (BSA) drastically decreased the number of illegal listings in the latter half of FY2006, down 96% compared with the first half of FY2006.
- Launched beta version of Yahoo! Classified where users can exchange goods and information.
- Started Yahoo! Auctions Stores as official site on i-mode for mobile BtoC auction.
- Governmental Body Auctions: Hosted a public property Internet auction in Jan. 2007 for the first time in Japan. Total number of governmental bodies that had participated in the auctions reached 441 in FY2006, and the total transaction volume amounted to ¥3.1 billion, up 134.3% year on year.

Search Business

- Yahoo! Search: Added new functions such as a map direct search and removing blog sites from the search results.
- Yahoo! Answers: User base has expanded to 11.36 million questions, 36.57 million answers, and 1.00 million registered users (as of Apr. 19, 2007). Acquired the biggest number of users among other Q&A services in Japan, according to the data of Nielsen/NetRatings.
- Yahoo! Blog Search: Started offering a reputation search function allowing users to search by blog reputation, and Blog Group Search that displays similar kinds of blog articles as a search result.
- Yahoo! Product Search: The number of searchable items exceeded 35.00 million.
- Yahoo! Mobile search service ranked as No.1 in “iMenu search service collection.”



FY2006-4Q Review of Operations by Business Unit (2)

Member Services Business

- Implemented various promotions to acquire Yahoo! Premium and Yahoo! BB members. (Paid search advertising, affiliate marketing, a friend referral campaign, Yahoo! BB monthly charge discount, etc.)
- Implemented measures to increase value of Yahoo! Premium and Yahoo! BB memberships. (Distribution of the free of charge security package for Yahoo! Mail, free trial of anti-fraud software, advance ticket sale of summer tour of famous music group (Dreams Come True), exclusive free distribution of episode1-5 of popular animation (Neon Genesis Evangelion), special discounted services for Yahoo! Premium members, etc.)
- Implemented a promotional campaign for Yahoo! Insurance. (more attractive content, Yahoo! Points campaign for auto insurance quotation services, etc.)
- Yahoo! Partner: Shifted fully to a pay service in Dec. 2006. The number of membership increased favorably.

Regional Services Business

- Yahoo! Healthcare: Launched “Body Advisory,” a new fee-based service giving professional consultation about mental and physical health concerns.
- Yahoo! Maps: Launched beta version of “Wai Wai Map,” a social map service that enables users to make original maps and exchange or share map information with other users.
- Yahoo! Gourmet: Began distributing information of Yahoo! Gourmet to “Carwings,” a car navigation system by Nissan Motor Co., Ltd.



FY2006-4Q Review of Operations by Business Unit (3)

Media Business

- **Yahoo! News:** Implemented service renewal. Shifted to the social news service by expanding users' posting and voting functions. Promoted networking with content providers by increasing the links to providers' site.
- **Yahoo! Finance:** Started offering the beta version of "Stock Comment book" that user can bookmark stock related news and write comments by stock code.
- **Yahoo! Sports:** Started "MAJOR.JP," the MLB official licensee Japanese site, as a Yahoo! JAPAN service.
- **Yahoo! Streaming:** Started offering a recommendation function using users' access history derived from Yahoo! JAPAN IDs.
- **Launched the beta version of Yahoo! Trend Word,** a ranking service of frequently used words on Blogs and Internet news.
- **Provided seasonal special features,** such as Cherry Blossom Information, Hay Fever Information, Nationwide Local Election Special Content.

Shopping Business

- **Jointly held "Commerce Conference 2007 Advance" with Auction Business unit and lectured merchant stores on better store operation to increase transaction volume.**
- **Ran a special promotional campaign along with seasonal events such as Valentine's Day, White Day, and Starting First Job. Increased transaction volume collaborating with other Business Units.**
- **Made settlement platforms such as "Mobile Suica Net Settlement," "Convenience Store Settlement," and "Pay-easy Settlement" available for Yahoo! Shopping stores in Apr. 2007. Implemented "Mobile Suica Net Settlement" campaign with East Japan Railway Company (JR) to increase the usage rate.**



FY2006-4Q Review of Operations by Business Unit (4)

Social Net Business

- To expand the time spent by users on Yahoo! JAPAN, added reputation functions that enable users to post their opinions to several services of Yahoo! JAPAN (Yahoo! Music, Yahoo! Volunteer, Yahoo! Politics, etc.)
- Launched the beta version of Yahoo! Videocast, a service that allows users to upload and share video clips. Aiming to keep the site quality high by strict patrolling and deleting illegal clips.
- Yahoo! Mail: Renewed the top page and upgraded Yahoo! mocha.
- Yahoo! Blogs: Started offering Topics Blog-parts and upgraded category pages. The number of active blogs exceeded a million in Jan. 2007.
- Yahoo! Message Boards: Added a function that users can delete their own postings.

Lifestyle Business

- Started offering Yahoo! Kaden-Navi, the biggest home appliance comparison site in Japan.
- Yahoo! Beauty, Yahoo! Music, Yahoo! Second Life: Added reputation functions and improved services as a social media.
- Yahoo! Autos: Started offering motorbike trading information.



FY2006-4Q Review of Operations by Business Unit (5)

Mobile Business

- Renewed the top page of mobile version of Yahoo! JAPAN for i-mode and EZweb. Upgraded weather forecasting and map information services by utilizing GPS function.
- Yahoo! Keitai: Carried special features such as Fortune Telling in 2007, 79th Academy Award Information, Collection of Free Content, etc.
- Mobile Version of Yahoo! JAPAN: Carried special features such as Japan Series Baseball, Yahoo! Keitai Navigation, Popular Search Words Ranking, etc.



FY2006-4Q Review of Operations by Business Unit (6)

New Business Office

- **Digital Home Projects:** Began distributing Yahoo! Gourmet information to “Carwings”, a car navigation system by Nissan Motor Co., Ltd.
Announced that Yahoo! Auctions, Yahoo! Image Search, and Yahoo! Topics are planned to be included in “BRAVIA Applicast” of Sony Corporation.
- **Settlement Services:** Started offering settlement platforms such as “Mobile Suica Net Settlement,” “Convenience Store Settlement,” and “Pay-easy Settlement” in Apr. 2007.
- **Yahoo! Travel:** Upgraded Yahoo! Travel Special Selection, a luxury travel service, and published various kinds of special feature pages.
- **Yahoo! Research:** Newly Consolidated Interscope, Inc. and reinforced online research business of the Group. Expanded and diversified monitor base of Yahoo! Research (Registered monitors: 1.44million)

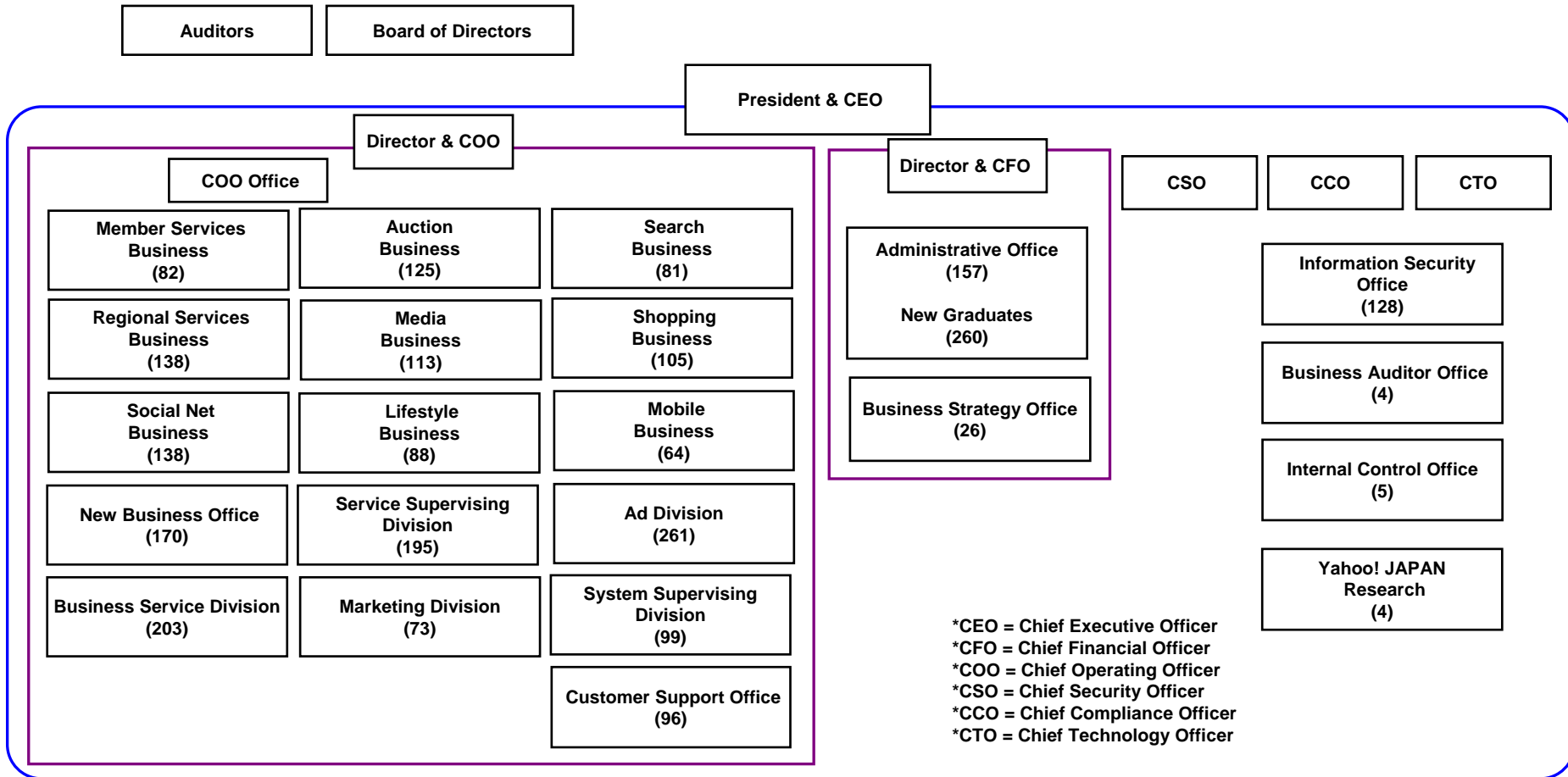
Service Supervising Division

- **Yahoo! Safety Net:** Began free offering to all Yahoo! JAPAN ID holders. Added new Keyword Filtering Function that blocks harmful words.
- Developed a security technology to prevent phishing fraud jointly with the National Institute of Advanced Industrial Science and Technology. Added a new function to “Login Mark,” a security service against phishing fraud.





Organization



Total : 2,616 people (as of Apr. 1, 2007)

- 260 new graduates joined the Group on Apr. 1 2007 and were assigned to the Human Resources Department of the Administrative Office.



Additional Business Data: 2006-4Q

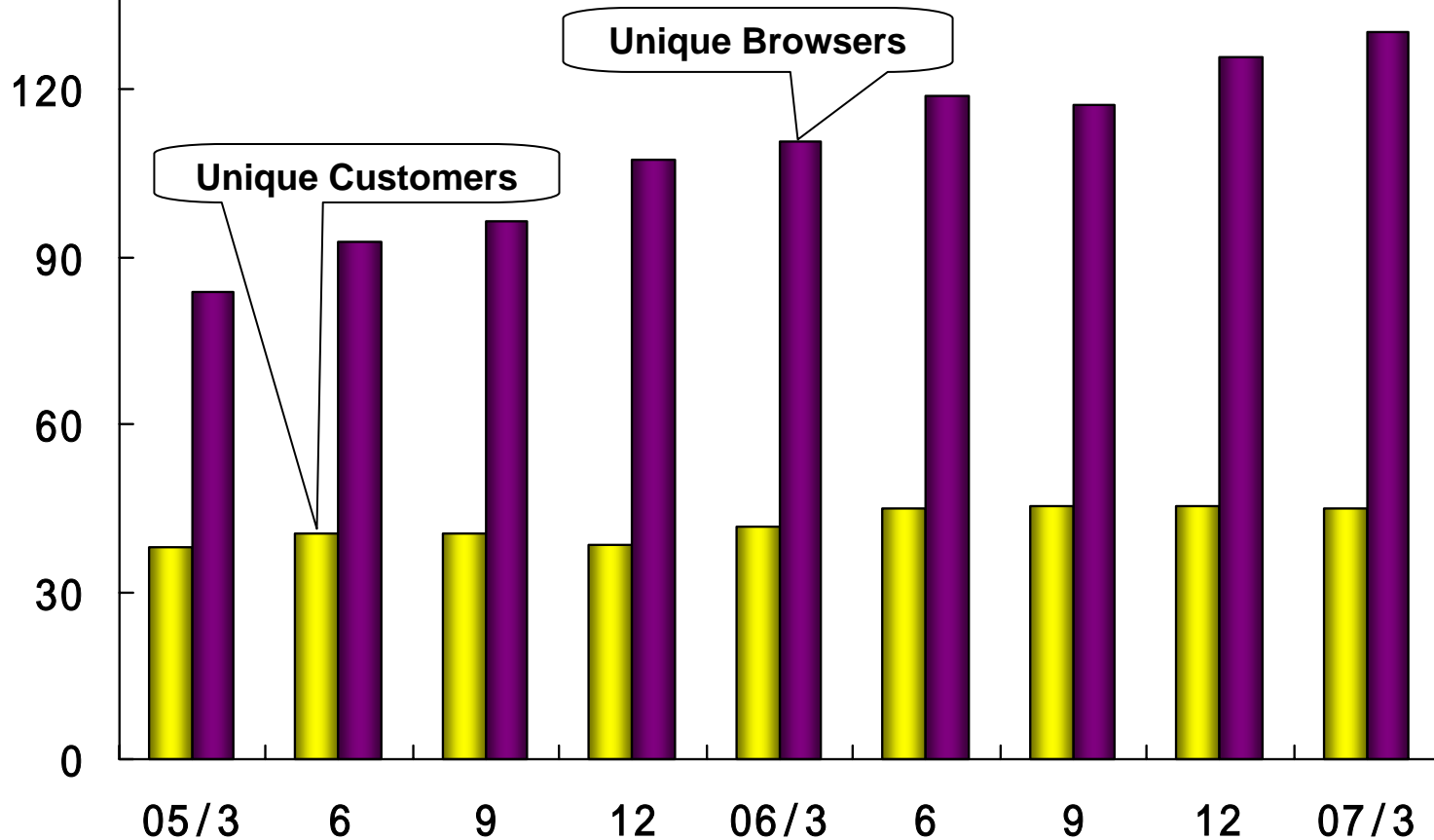
• Average Daily Transaction Volume	<u>Oct. - Dec. 2006</u>	<u>Jan. - Mar. 2007</u>
Commerce (¥ 100M)	26.9	25.8
Auction (¥ 100M)	21.8	20.7
Shopping* (¥ 100M)	5.1	5.1
 Yahoo! Mobile e-commerce (¥ 100M)	 2.5	 2.7
• Subscriber Lines for Yahoo! BB Services	<u>End of Dec. 2006</u>	<u>End of Mar. 2007</u>
Total (thousand lines)	5,161	5,164
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,139	1,124
• Other Data of Auction Business	<u>Oct. - Dec. 2006</u>	<u>Jan. - Mar. 2007</u>
Average Closing Price (¥)	5,884	5,694
Average Successful Auction Ratio (%)	28	26
• Number of Business Express Contracts (contract) (monthly average)	<u>Oct. - Dec. 2006</u>	<u>Jan. - Mar. 2007</u>
	3,463	3,073

* The transaction volume of *Yahoo! Shopping, Yahoo! Tickets and Yahoo! Travel, excluding fraudulent orders for both periods



Number of Yahoo! JAPAN Users

Millions of browsers
Millions of people



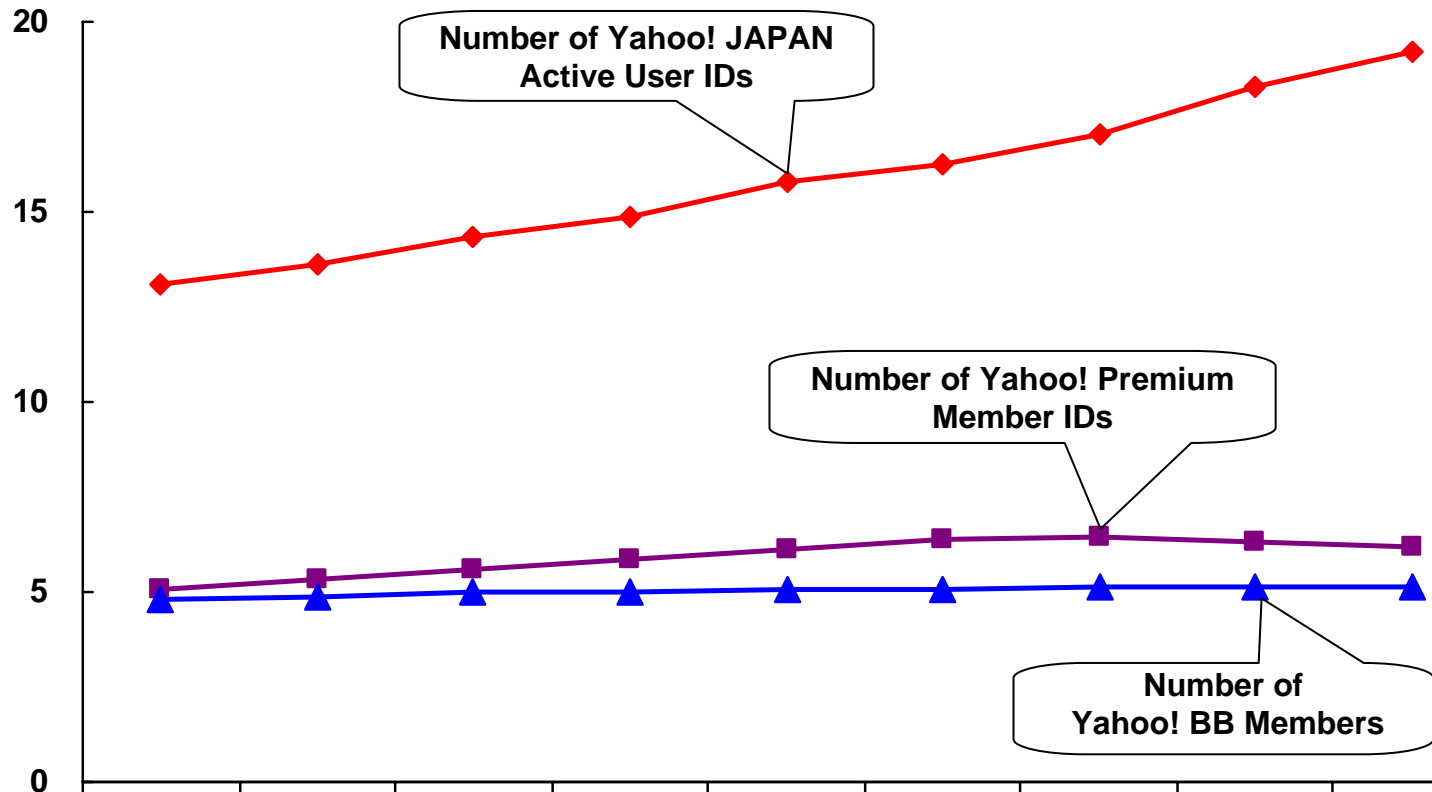
(Source: NetRatings Japan Inc. /The Group)

- 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)



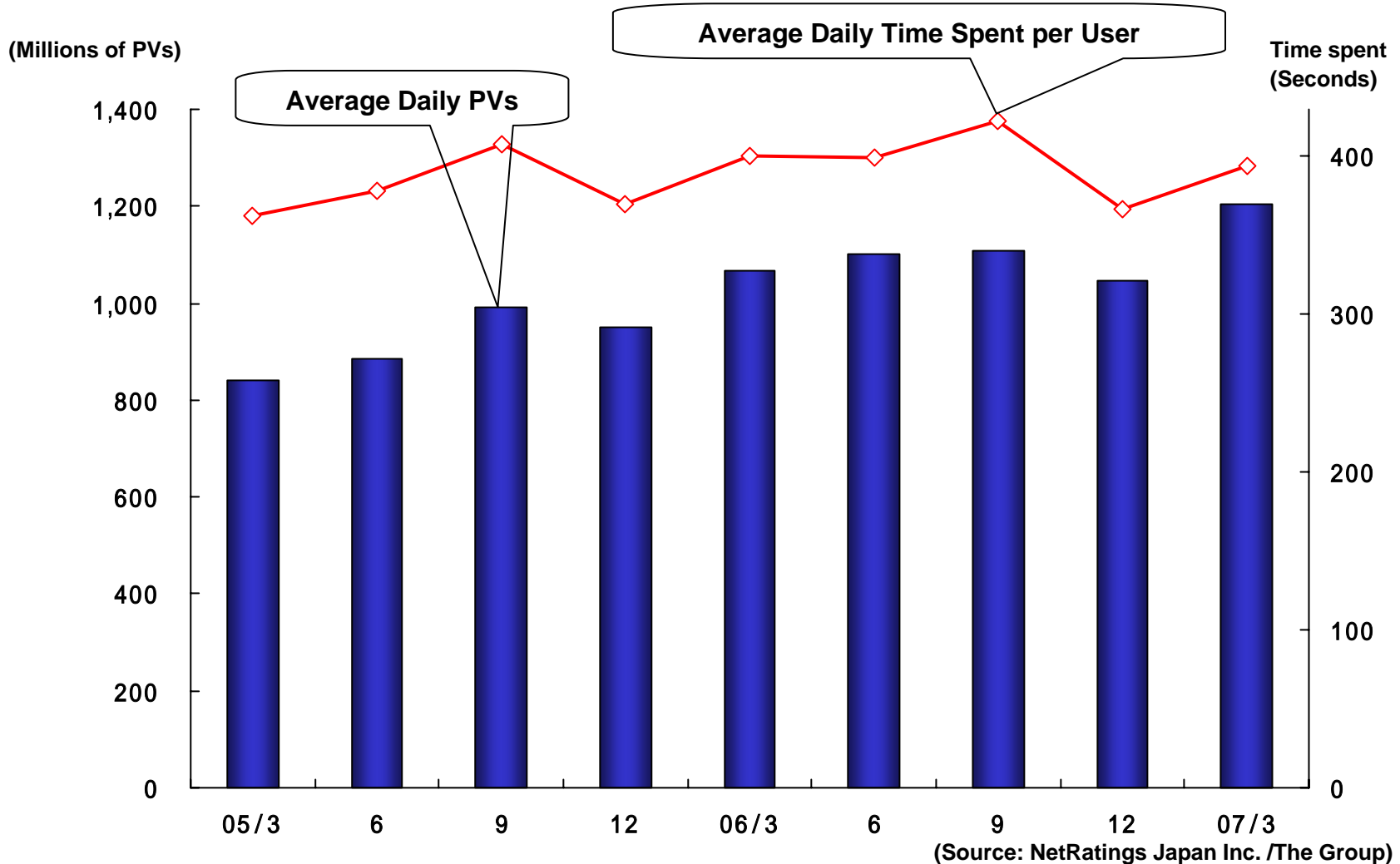
	05/3	6	9	12	06/3	6	9	12	07/3
◆ Active User IDs	13.10	13.60	14.36	14.85	15.80	16.24	17.05	18.28	19.23
■ Premium Member IDs	5.08	5.33	5.58	5.88	6.15	6.35	6.43	6.30	6.19
▲ Yahoo! BB Members	4.78	4.89	4.97	5.01	5.05	5.09	5.15	5.16	5.16

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



Unauthorized use is not permitted

Number of Yahoo! JAPAN Page Views and Time Spent



- Average Daily PVs are based on the Company's data
- Average Daily Time Spent per user is based on the data of Nielsen/NetRatings (NetView AMS JP) from Mar. 2005 to Mar. 2007, regarding access by individuals from home



FY2006-4Q Major Advertisers

■ Finance/ Insurance/ Securities

Mitsui Direct General Insurance Company
Sumitomo Mitsui Banking Corporation
AIFUL CORPORATION

■ Real Estate/Construction

Asahi Kasei Homes Corporation
COSMOS INITIA Co., Ltd.
DAIKYO INCORPORATED
Nomura Real Estate Development Co., Ltd.

■ Autos (Transport Equipment)

Honda Motor Co., Ltd.
TOYOTA MOTOR CORPORATION
Carview Corporation

■ Recruitment Services

En-japan inc.
SOFTBANK Human Capital CORP.

■ Transportation/Leisure

All Nippon Airways Co., Ltd.
Japan Airlines Corporation
HANKYU EXPRESS INTERNATIONAL CO., LTD

■ Computers/ Office Equipment

FUJITSU LIMITED
NEC Corporation
Sony Corporation

■ Cosmetics/Toiletries

Shiseido Company
DHC Corporation
Emotent

■ Mobile Communication Services

KDDI CORPORATION
SOFTBANK MOBILE Corp.

■ Foodstuffs

Kenkou Corporation
Yazuya Co., Ltd.

■ Beverages/Cigarettes

Coca-Cola (Japan) Company Limited
KIRIN BREWERY COMPANY, LIMITED
SAPPORO BREWERIES LTD.

- The above are the major clients of Yahoo! JAPAN's advertising sales excluding Sponsor Site.
- The above are classified by contents of advertisement.



Advertising Sales by Industry (Calendar Year)

Yahoo! JAPAN Ad Sales by Industry (1)	2004	2005	2006	Mass Media 2006 (2)
Cosmetics/Toiletries	3.9%	6.7%	7.0%	10.0%
Foodstuffs	1.7%	2.4%	3.3%	8.2%
Finance/Insurance	21.4%	21.6%	20.4%	8.0%
Transportation/Leisure	4.9%	4.9%	6.0%	7.9%
Beverages/Cigarettes	3.4%	5.3%	4.3%	7.6%
Information/Communications	18.3%	13.3%	14.4%	7.4%
Distribution/Retail Sales	0.6%	1.3%	0.9%	6.4%
Automobiles/Related Products	7.1%	10.0%	9.0%	6.4%
Medicament/Medical Supplies	1.5%	1.1%	1.5%	4.9%
Real Estate/Housing Facilities	7.0%	8.4%	9.5%	4.5%
Hobbies/Sporting Goods	2.8%	3.1%	2.9%	4.0%
Publication	1.4%	1.3%	1.0%	4.0%
Food Services/Other Services	17.0%	11.8%	9.6%	3.6%
Education/Medical Services/Religion	4.0%	3.1%	1.7%	3.5%
Others	5.0%	5.7%	8.5%	13.6%

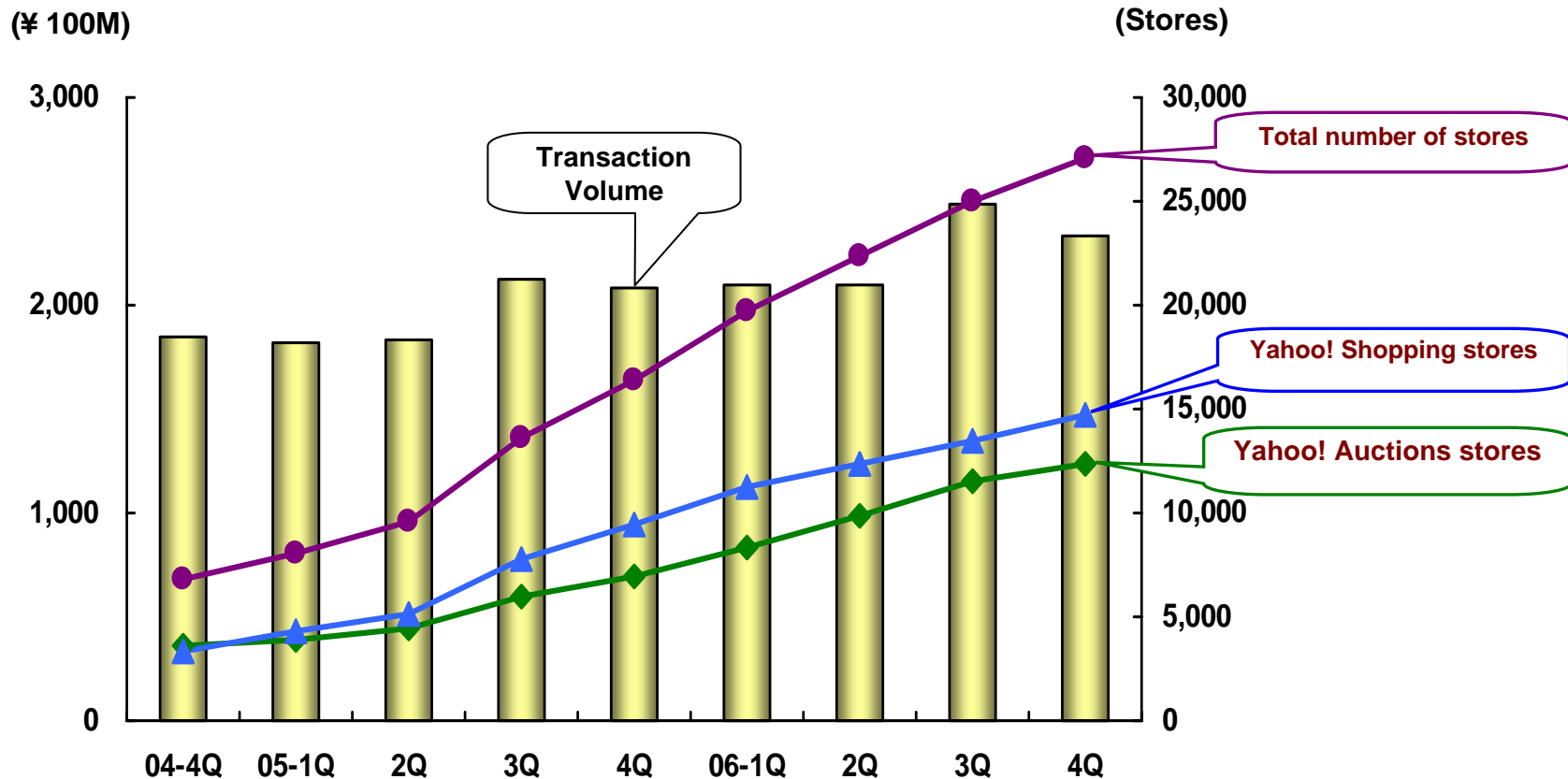
- The above figures exclude revenue from Sponsor Site

(1) Industry category by DENTSU INC.

(2) DENTSU INC. "2006 Advertising Expenditures in Japan"



e-Commerce Transaction Volume and 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 Seven and Y's own site is eliminated from the month.
- Before 2005-2Q, stores are counted at the point of their opening.
- Transaction volume excludes the amount of fraudulent orders



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