

# **Yahoo Japan Corporation**

## **FY 2007-1Q Results**

**(For the quarter ended June 30, 2007)**

**July 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 Three Months Ended June 30, 2007.”**

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# FY2007-1Q Highlights (1)

(Apr. 2007 – Jun. 2007)

- **The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates was favorable in the first quarter. Net sales amounted ¥56.6 billion, down 1.5% from the previous quarter and up 15.1% year on year. Operating income amounted to ¥29.6 billion, increasing 0.5% from the previous quarter and 23.7% from a year earlier. Ordinary income totaled ¥28.5 billion, climbing 0.1% from the previous quarter and 24.3% from the same period last year. Net income increased to ¥16.2 billion, up 1.4% from the previous quarter and 22.7% year on year.**
- **In the Advertising Business, the overall market remained in a stagnant mood brought on by a curtailing of advertising by advertisers that began at the start of the previous fiscal year. Under these circumstances, the Group focused its sales efforts on display advertising (banner advertising, etc.), mainly on products with strong branding benefits and behavioral targeting products that target users according to their past history of usage. As a result, sales expanded favorably compared with the first quarter in the previous fiscal year. Sponsor Site sales also increased substantially year on year. Consequently, advertising sales amounted to ¥24.5 billion, rising 15.5% from a year earlier and decreasing 1.7% from the previous quarter.**
- **In the Business Services Business, sales of Yahoo! Real Estate increased 2.6 times year on year, reflecting the large growth in the number of listings and an increase in listing fees. Yahoo! Rikunabi sales also increased favorably. The number of merchant stores registered on Yahoo! Auctions and Yahoo! Shopping totaled 28,368 at the end of the quarter, expanding by 8,692 stores, or 44.2% year on year. Tenant fees and sales commissions advanced substantially and research-related sales also greatly expanded from a year earlier. As a result, sales of the Business Services Business in the first quarter rose 7.2% from the previous quarter and 30.8% year on year, to ¥14 billion.**



# FY2007-1Q Highlights (2)

(Apr. 2007 – Jun. 2007)

- In the Personal Services Business, Yahoo! Auctions continued its measures to expand users, such as allowing users to bid for items with just a Yahoo! JAPAN ID. Reflecting these measures, transaction volume in the first quarter expanded favorably, amounting to about ¥181.5 billion, up approximately ¥9.2 billion, or 5.4% from the previous first quarter. The measures to increase use of Yahoo! Auctions again placed downward pressure on Yahoo! Premium member IDs, but this pressure was offset by various campaigns to promote new membership and measures to increase the value-added content for existing members. Consequently, the number of Yahoo! Premium member IDs rose to 6.16 million at the end of June, recovering to positive monthly growth for the first time in 9 months. Yahoo! BB's ISP fee income declined during the quarter, because of the revision of the contract with SOFTBANK BB Corp., decreasing about ¥800 million year on year and about ¥900 million from the previous quarter. Overall, sales of the Personal Services Business in the first quarter were ¥18.1 billion, up 4.8% from the first quarter last year and down 7.1% from the previous quarter.
- In collaboration with Overture K.K., the Group completed the conversion to the new system for Sponsor Site and began to operate the new system to display advertising according to search results reflecting an item quality index and the bid price on July 12.
- Consolidated subsidiaries INFO PLANT CO., LTD., and Interscope Inc. merged on July 1, becoming Yahoo Japan Value Insight Corporation. The new subsidiary will aim to become No. 1 in terms of quality and sales in the Internet research market.

# FY2007-1Q Financial Results

(Consolidated)

## •Major consolidated subsidiaries at the end of FY2007-1Q

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

## •Affiliated companies (equity method) at the end of FY2007-1Q

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



# FY2007-1Q Statements of Income

	<b>FY2007-1Q</b> (Apr. - Jun. 2007)	<b>FY2006-1Q</b> (Apr.- Jun. 2006)	<b>Changes</b>
<b>Net Sales (¥100M)</b>	<b>566</b>	<b>492</b>	<b>15 %</b>
<b>Cost of Sales (¥100M)</b>	<b>24</b>	<b>20</b>	<b>18 %</b>
<b>Gross Profit (¥100M)</b>	<b>542</b>	<b>472</b>	<b>15 %</b>
<b>Operating Income (¥100M)</b>	<b>296</b>	<b>239</b>	<b>24 %</b>
<b>Ordinary Income (¥100M)</b>	<b>285</b>	<b>229</b>	<b>24 %</b>
<b>Quarterly Net Income (¥100M)</b>	<b>162</b>	<b>132</b>	<b>23 %</b>
<b>EPS (¥)</b>	<b>267</b>	<b>218</b>	<b>23 %</b>
<b>Number of Shares Outstanding</b> (Thousands of shares) (Average of Period)	<b>60,476</b>	<b>60,453</b>	<b>0 %</b>
<b>Fully Diluted EPS (¥)</b>	<b>267</b>	<b>217</b>	<b>23 %</b>
<b>Number of Shares Assuming</b> <b>Full Dilution (Thousands of shares)</b>	<b>60,563</b>	<b>60,582</b>	<b>0 %</b>

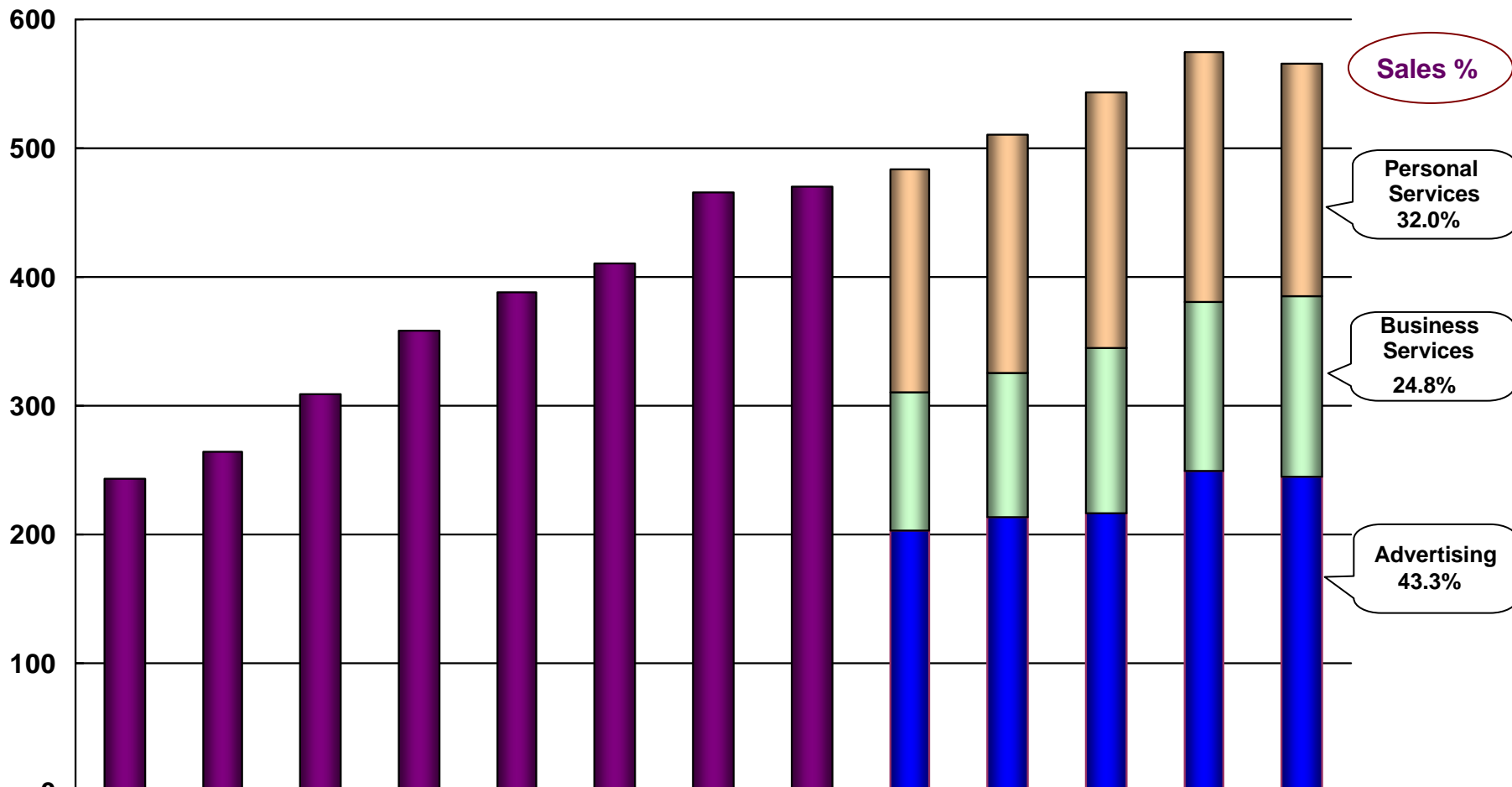
**Notes:**

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



# Quarterly Net Sales

(¥ 100M)

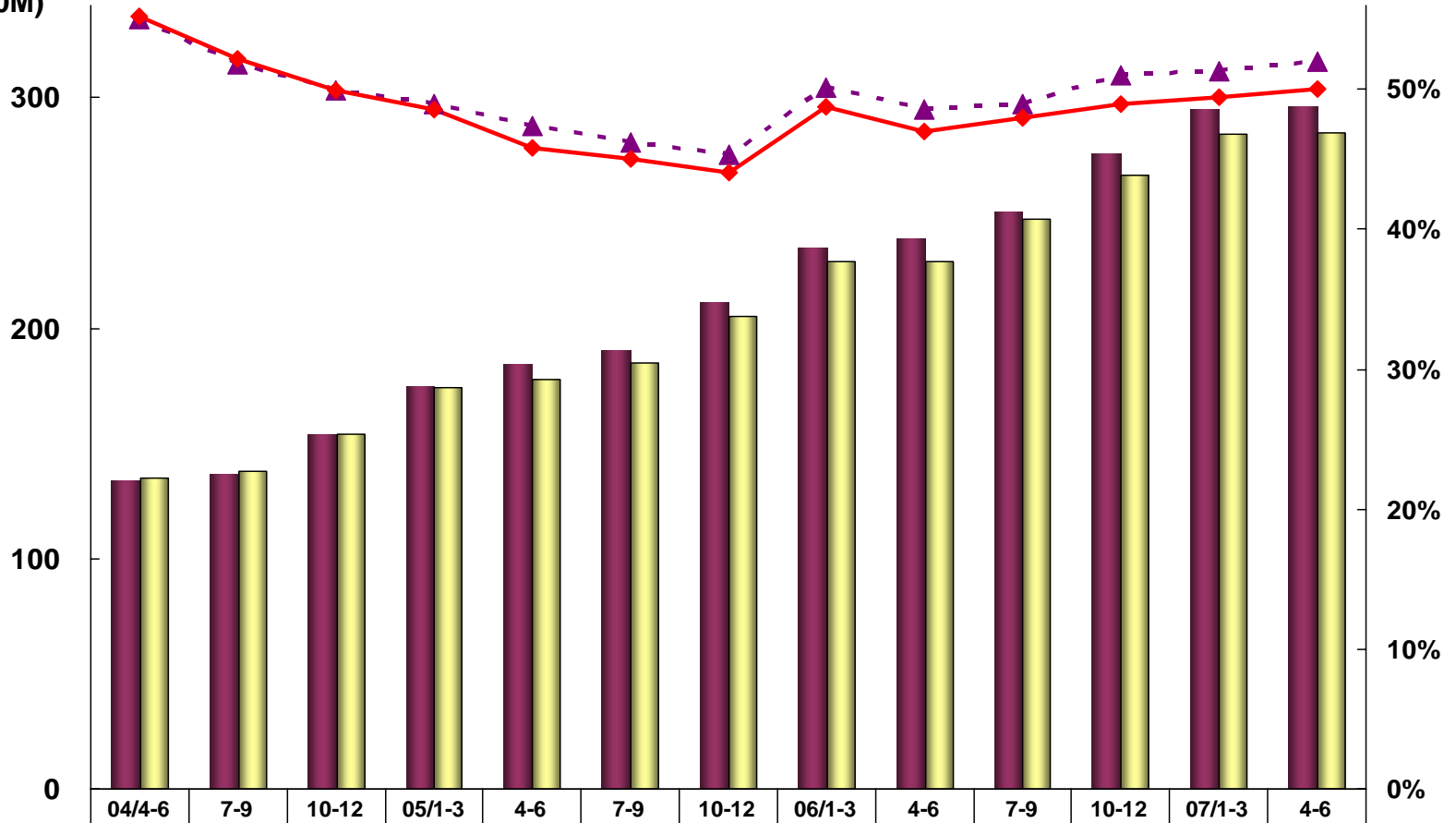


Net Sales	244	264	309	358	388	411	466	470	492	512	545	575	566
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# Quarterly Profits

(¥ 100M)



Operating Income	134	137	154	175	184	190	211	235	239	250	276	295	296
Ordinary Income	135	138	154	174	178	185	205	229	229	247	266	284	285
Operating Margin	55%	52%	50%	49%	47%	46%	45%	50%	49%	49%	51%	51%	52%
Ordinary Margin	55%	52%	50%	49%	46%	45%	44%	49%	47%	48%	49%	49%	50%





# FY2007-1Q Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	245	Search Business	49%	243	96	147	60.1%
		Media Business	16%				
		Service Supervising Division	11%				
		Social Net Business	4%				
		Auction Business	4%				
Business Services	140	Regional Services Business	31%	121	63	58	41.6%
		New Business Office	25%				
		Auction Business	15%				
		Shopping Business	13%				
		Member Services Business	11%				
Personal Services	181	Auction Business	46%	178	57	120	66.4%
		Member Services Business	41%				
		New Business Office	8%				



# SG&A Breakdown

(¥ 100M)

Major factors for year on year changes

	07/1Q	%	06/4Q	Quarterly changes	06/1Q	Annual changes
Personnel expenses	50	20.6%	47	5.7%	44	14.2%
Business commissions	37	15.2%	35	5.3%	33	10.0%
Sales commissions	26	10.8%	29	-8.8%	25	6.0%
Communication charges	20	8.4%	19	4.7%	19	4.8%
Depreciation expenses	20	8.4%	24	-15.3%	17	20.8%
Royalties	16	6.5%	16	-0.7%	13	16.1%
Content provider fees	12	5.1%	12	1.0%	10	19.2%
Payment commissions	11	4.5%	10	7.2%	8	36.2%
Sales promotion costs	10	4.3%	16	-37.9%	16	-36.1%
Lease and utility expenses	9	3.7%	14	-34.8%	12	-28.6%
Administrative and maintenance expenses	6	2.5%	4	21.6%	3	78.4%
Allowance for doubtful accounts	5	2.2%	5	-3.5%	6	-10.3%
Amortization of goodwill	3	1.5%	3	9.9%	3	6.0%
Taxes and public dues	2	1.0%	2	-4.7%	2	22.3%
Others	12	5.3%	14	-12.4%	15	-14.9%
<b>SG&amp;A Total</b>	<b>246</b>	<b>100.0%</b>	<b>258</b>	<b>-4.7%</b>	<b>232</b>	<b>5.9%</b>

Increase in personnel (3,419 at the end of the quarter: 471 increase from 06/1Q)

Outsourcing costs of credit card business  
Expenses for temporary and contracted employee

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

Increase in transaction volume of Yahoo! ezPay

Yahoo! BB subscriber acquisition costs was eliminated as a result of the revision of the business alliance contract

Temporary decline because of partial relocation of the office



# FY2007-1Q Balance Sheets

Major Items	6/30/2007	6/30/2006	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
<b>&lt; Assets &gt;</b>					
Current Assets	934	838	95		
Cash and Cash Deposits	553	489	64	Increase in earnings from business activities	
Notes and Accounts Receivable -Trade	283	264	19	Increase in sales from advertising business Increase in receivables from individuals	
Fixed Assets	2,059	1,778	281		
Tangible Fixed Assets	162	142	19		
Intangible Fixed Assets	145	125	19	Acquisition of shares of the Japan Net Bank, Limited and others	
Investment Securities	1,658	1,460	198		
<b>Total Assets</b>	<b>2,994</b>	<b>2,616</b>	<b>377</b>		
<b>&lt; Liabilities &gt;</b>					
Current Liabilities	567	495	72		
Short-term Borrowings	201	201	-0		
Accounts Payable-Other	108	100	8	Increase in income	
Accrued Income Taxes	114	93	20		
Long-term Liabilities	400	609	-209	Repayment of borrowings	
<b>Total Liabilities</b>	<b>967</b>	<b>1,104</b>	<b>-136</b>		
<b>&lt; Net Assets &gt;</b>					
Shareholders' Equity	1,997	1,443	554		
Common Stock	72	70	1		
Additional Paid-in Capital	22	21	1		
Retained Earnings	1,902	1,351	551	Increase in net income	
Unlized gain on available- for- sale securities	10	55	-45	Delisting of Internet Research Institute, Inc. and mark-to-market of other investment securities	
Minority Interests in Consolidated Subsidiaries	17	13	4		
<b>Total Net Assets</b>	<b>2,026</b>	<b>1,512</b>	<b>514</b>		
<b>Total Liabilities and Net Assets</b>	<b>2,994</b>	<b>2,616</b>	<b>377</b>		



# FY2007-1Q Cash Flow Statements

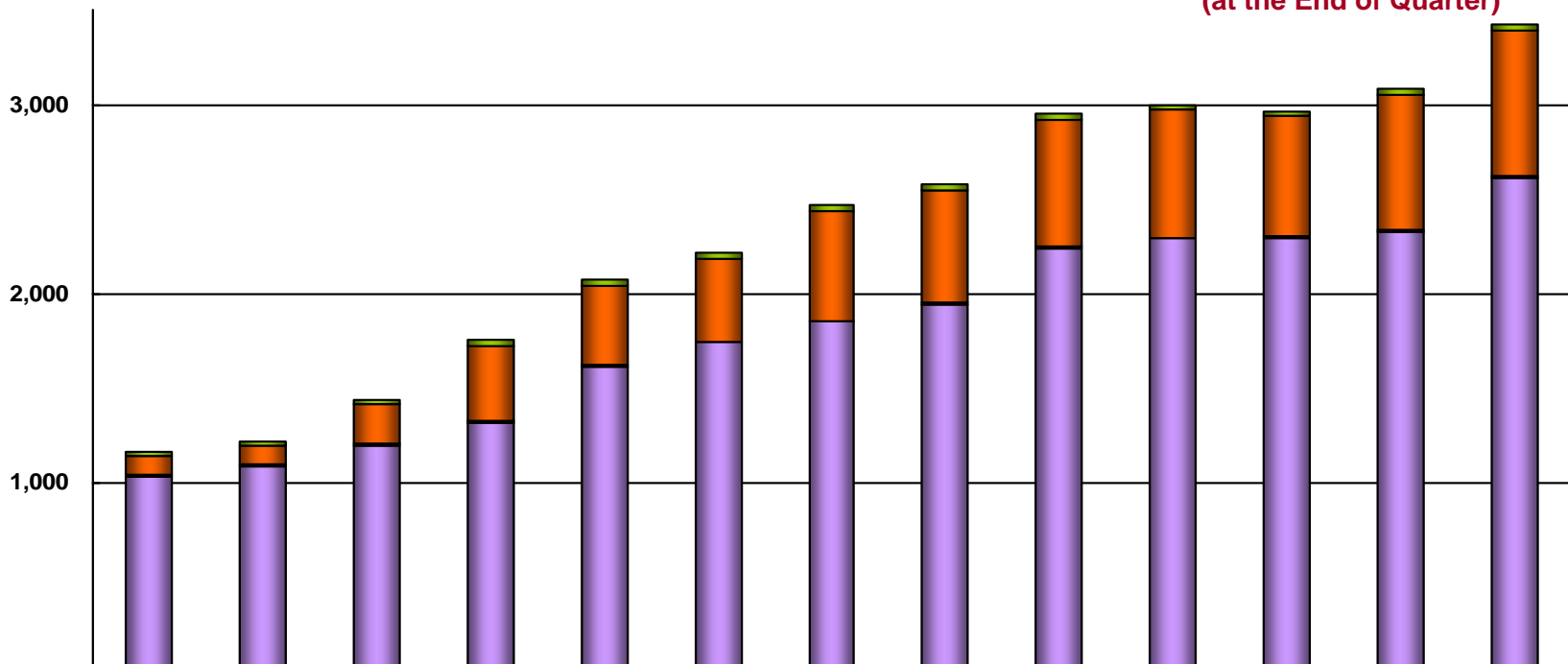
Major Items	FY2007-1Q (Apr. - Jun. 2007)	Major Factors for Changes	(¥ 100M)
<b><u>Operating Activities</u></b>			
Net Income before Income Taxes	48		
	285	Increase in quarterly net income before income taxes	
Depreciation Expenses	21		
Decrease in Accounts Receivable-Trade	19		
Payment of Income Taxes and Other Taxes	-278	Payment of income taxes and other taxes	
<b><u>Investing Activities</u></b>			
Deposit in Term Saving Account	-281		
	-200		
Purchase of Tangible Fixed Assets	-25		
Purchase of Intangible Fixed Assets	-13		
Acquisition of Investment Securities	-50		
<b><u>Financing Activities</u></b>			
	-160		
Redemption of Long-Term Loan	-100	Repayment of borrowings	
Payment of Dividends	-58	Payment of dividends	
<b><u>Net Change in Cash Flows</u></b>			
	-393		



# Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	04/6	9	12	05/3	6	9	12	06/3	6	9	12	07/3	6
Directors and auditors of Subsidiaries	24	19	26	34	27	27	33	33	31	31	25	27	27
Employees of Subsidiaries	101	108	209	397	417	438	583	594	669	670	634	711	773
Directors and auditors of Yahoo! JAPAN	9	9	9	8	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	1,029	1,083	1,196	1,316	1,616	1,740	1,849	1,940	2,239	2,289	2,293	2,331	2,610
<b>Total</b>	<b>1,163</b>	<b>1,219</b>	<b>1,440</b>	<b>1,755</b>	<b>2,069</b>	<b>2,214</b>	<b>2,474</b>	<b>2,576</b>	<b>2,948</b>	<b>2,999</b>	<b>2,961</b>	<b>3,078</b>	<b>3,419</b>

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 FY2007-1Q Business Outlook

Yahoo! BB ISP revenues declined due to the revision of the contract with SOFTBANK BB. Advertising and other sales could not cover the decline in ISP revenues, and net sales in the first quarter of FY2007 ended up with being slightly higher than the lower end of our projection range although staying within the range of our projection. In SG&A expenses, variable costs such as sales commissions moved along with the result of net sales, meanwhile we strove to cut business commissions and other expenses. As a result, operating and ordinary income reached the upper range of our projections.

(¥ 100M)

(Consolidated)	Actual	Projection (as of Apr.24 2007)
Net Sales	566	556 ~ 582
Operating Income	296	281.5 ~ 300.5
Ordinary Income	285	270 ~ 289
Quarterly Net Income	162	147.5 ~ 166.5



# FY2007-2Q Business Outlook (Consolidated)

As of Jul. 24, 2007

Lease and utility expenses in the second quarter are estimated to increase greatly compared with those in the first quarter due to the office move and expansion of office space completed in the fourth quarter in FY2006. Variable costs and depreciation expenses are also estimated to increase, making SG&A expenses in the second quarter to be estimated to increase by approx. ¥1.6 billion compared with the first quarter. The effects of the consolidation of Overture K.K. are not included in the projections below because an acquisition contract is not concluded yet.

(¥ 100M)

	FY2006-2Q (Actual)	FY2007-1Q (Actual)	FY2007-2Q (Projection)
Net Sales	512	566	565 ~ 589
Operating Income	250	296	282.5 ~ 300
Ordinary Income	247	285	273 ~ 290.5
Quarterly Net Income	136	162	156.5 ~ 165.5

- 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.



# Review of Operations





# Businesses of Yahoo! JAPAN

## Advertising Business

### Internet advertising

- Display 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

## Display (banner and others) advertising

- The overall market remained in a stagnant mood that began at the start of the previous fiscal year, brought on by a curtailing of advertising expenditure by advertisers including consumer finance companies. Under these circumstances, we focused our sales efforts on advertising products with strong branding effects and targeting products. As a result, sales grew favorably year on year.
- Gained increased number of orders for behavioral targeting products mainly from national clients despite the price raise of the products in Apr. 2007. Also, recognition of geographical targeting products spread among regional banks, automobile dealers, real estate businesses, and regional public bodies.

## Sponsor Site (Search Business, etc.)

- The new system for Sponsor Site was introduced on Apr. 16 and the transfer of Sponsor Site advertisers into the new system was completed. By introducing the new system, usability including user interface improved. Began to display Sponsor Site advertising reflecting a quality index and the bid price on Jul. 12. Sponsor Site sales increased year on year despite the transfer of advertisers into new system being under way.
- Started providing Sponsor Site advertising for the pages on Yahoo! News, Yahoo! Maps, and Yahoo! Keitai.

## SG&A expenses

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

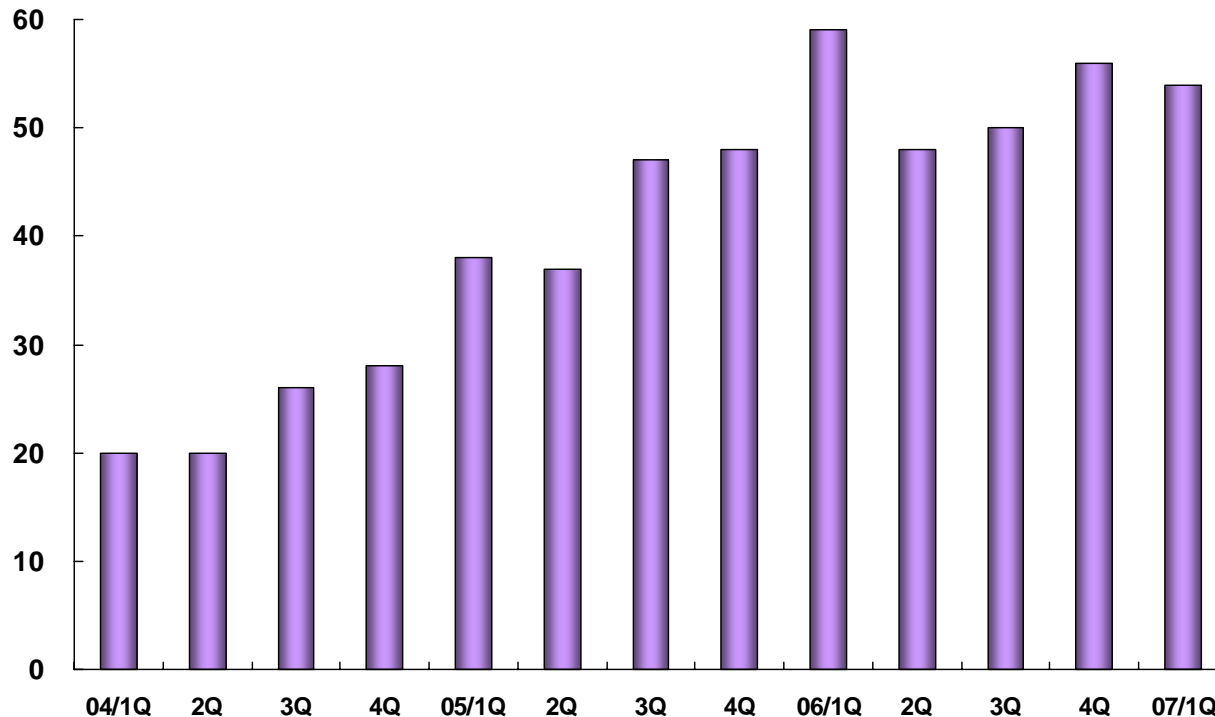


# National Client Trends

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

¥ 5.4 Billion (07/1Q)

(¥ 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 (2006)
- MRS: Top 100 companies in advertising expenditure in newspapers and magazines (2006)

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 year on year increase<sup>(\*)</sup>

Autos (Transport Equipment)  
Real Estate/Construction  
Fashion/Accessories

## Industries with high year on year growth rate<sup>(\*)</sup>

Pharmaceuticals/Medical Supplies  
Fashion/Accessories  
Autos (Transport Equipment)

	06/1Q	2Q	3Q	4Q	07/1Q
Finance/Insurance/Securities	21.5%	22.0%	17.3%	18.5%	17.8%
Autos (Transport Equipment)	7.2%	8.7%	8.9%	10.7%	10.2%
Real Estate/Construction	7.4%	8.9%	8.7%	11.0%	9.8%
Cosmetics/Toiletries	7.2%	7.9%	7.5%	6.0%	7.7%
Transportation/Leisure	5.7%	5.1%	6.6%	6.5%	6.2%
Mobile Communications Service	9.5%	6.6%	5.2%	3.2%	6.1%
Recruitment Services	6.9%	6.6%	6.2%	7.4%	5.1%
Beverages/Cigarettes	6.3%	4.3%	2.7%	3.1%	4.8%
Computers/Office Equipment	4.6%	4.3%	4.5%	6.5%	4.2%
Foodstuffs	3.2%	3.2%	3.7%	3.2%	3.3%
Fashion/Accessories	1.8%	1.9%	3.4%	2.5%	3.1%
Entertainment Related Software	2.2%	2.3%	3.7%	2.7%	2.6%
Movies	2.1%	1.2%	1.6%	1.5%	1.9%
Pharmaceuticals/Medical Supplies	0.9%	1.4%	2.0%	1.0%	1.8%
Others	13.5%	15.6%	18.0%	16.2%	15.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

•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 fashion/accessories and home/furniture were active. In Yahoo! Auctions, transactions of sports/leisure and consumer electronics/AV/camera were strong although transactions of fashion, brand items and autos did not go well. As a result, e-Commerce related transaction volume in the first quarter totaled ¥230 billion, increasing by ¥21.8 billion or 10.4% year on year.
- The total number of stores of Yahoo! Shopping and Yahoo! Auctions rose to 28,368 at the end of the first quarter, up 8,692 or 44.2% year on year. As a result, commerce-related revenues increased 50% from a year earlier.

## Information listing revenue (Regional Services Business, etc.)

- Yahoo! Rikunabi related sales remained firm. Sales of Yahoo! Real Estate increased 2.6 times year on year, reflecting the growth in the number of listings and increase in listing fees. Continue to make vigorous sales efforts for further sales growth.



# Business Services Business (2)

## Yahoo! BB related incentive revenues (Member Services Business)

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

## On-line Research Business (New Business Office)

- Consolidated subsidiaries INFO PLANT Co., LTD., and Interscope Inc. merged on Jul. 1 2007, becoming Yahoo Japan Value Insight Corporation. Along with the merger, the new company started offering a new service lineup. At the end of June 2007, the total number of registered monitors amounted to 1.51 million, the largest organization of research monitors in Japan.

## SG&A expenses

- Personnel expenses, business commissions, royalties, etc.



# Personal Services Business

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

- Transaction volume of Yahoo! Auctions in the first quarter expanded compared with the same period of the last fiscal year, and amounted to ¥181.5 billion, up ¥9.2 billion or 5.4% year on year.

## Yahoo! Premium Revenues (Member Services Business)

- The campaign allowing users to participate in Yahoo! Auctions without Yahoo! Premium membership continued to place downward pressure on Yahoo! Premium member IDs and new sign-ups for Yahoo! Premium decreased. However, this influence was overcome through “Free Yahoo! Premium Membership for the Rest of the Year Campaign” for new member with Yahoo! Auctions bidding experience. As a result, the number of Yahoo! Premium members was 6.16 million IDs at the end of the first quarter, recovering to positive monthly growth for the first time in 9 months.

## Yahoo! BB ISP Revenues (Member Service Business)

- Yahoo! BB ISP revenues declined because of the revision of the business alliance contract with SOFTBANK BB, decreasing about ¥800 million year on year.

## SG&A expenses

- Business commissions, payment commissions, Depreciation expenses, etc.

Yahoo! BB subscriber acquisition costs of ¥2,400 per line was eliminated as a result of the revision of the business alliance contract with SOFTBANK BB.

The acquisition costs of the first quarter in FY2006 was approx. ¥600 million.



# **Review of Operations by Business Unit**

TM





## FY2007-1Q Review of Operations by Business Unit (1)

### Search Business

- Introduced new paid search system that incorporates both quality index and cost per click. Completed the transfer of existing advertisers to new system and started a full operation of the new system on July 12.
- Started paid search service for Yahoo! Keitai.
- Started providing a search function for Internet service of Nintendo Co., Ltd.'s Wii video-game consoles.
- Yahoo! Bookmark: Added social bookmark functions that enable users to share the list of the sites they bookmarked with each other.
- Yahoo! Image Search: Started offering a mobile version of Yahoo! Image Search that allows users to search images on PC sites through mobile phone.

### Auction Business

- In collaboration with Yamato Transport Co., Ltd., Nippon Express Co., Ltd., and Seven-Eleven Japan Co., Ltd., we began preparations for offering Yahoo! Auctions users an anonymous payment service and delivery, and another service called Do Now, Pay Later to send or receive items at 7-Eleven convenience stores also on anonymous base, both by utilizing Yahoo! NetBanking capabilities.
- Renewed “Real Estate Category” and started listing items of property exclusively from the collection of items on “Pitatto Auction” to stabilize the number of listed items and to unify the standard of listing.
- Governmental Body Auctions: Contracted with National Tax Agency and hosted public auction for the agency. With the start of service, we now cover public auctions for all governmental bodies in Japan.
- Announced the extension of campaign allowing users to bid for items without Yahoo! Premium membership until August 2007. Also announced the change of participation guideline that all Yahoo! JAPAN ID holders can bid for items of under ¥5,000 after August 2007.
- Implemented Free listing campaign on mobile version of Yahoo! Auctions.



## FY2007-1Q Review of Operations by Business Unit (2)

### Member Services Business

- Implemented various promotions to acquire Yahoo! Premium and Yahoo! BB members.  
(Use of paid search advertising, free Yahoo! Premium membership for the rest of the year for users with Yahoo! Auctions bidding experience, free Yahoo! Premium membership for three month with the purchase of SOFTBANK mobile phone, five month free Yahoo! BB monthly charge campaign, etc.)
- Implemented measures to increase value of Yahoo! Premium membership in collaboration with other business units.  
(Exclusive discount of pay content for Yahoo! Premium members, free gift of iPod shuffle for new subscriber of SOFTBANK MOBILE, membership exclusive distribution of free secret live concerts of famous artists, etc.)
- Yahoo! Partner, Yahoo! Marriage: The membership expanded favorably along with various campaigns such as discounted membership fee for Yahoo! Premium members.
- Yahoo! Insurance: Usage of the service expanded by offering a wider variety of insurance products.

### Regional Services Business

- Yahoo! Maps: Added function of “Area Information Search,” search service that provide various information on surrounding area.
- Wai Wai Map (beta version): Started providing “Blog Parts” enabling users to copy the information from the map and insert the information in their blogs and sites.
- Mobile version of Yahoo! Maps: Added “Guidance to Destination,” route search service using GPS functions.
- Yahoo! Developer Network: Released “Flash version of Map API.”
- Yahoo! Gourmet: Added “Dining Out Journal,” by which users can register their favorite restaurants and other information and organize other users’ reviews. Upgraded ranking function of restaurant information.



## FY2007-1Q Review of Operations by Business Unit (3)

### Media Business

- **Yahoo! News:** Reached an agreement to form a business and capital alliance with Oricon DD, Inc. With the alliance, we can improve entertainment news services on our sites and reinforce the advertising network distribution to Oricon sites.
- **Launched a beta version of “Netarica,”** a new entertainment news site with an advanced user posting function.
- **Yahoo! Politics:** Added a review function of congressional agenda along with our special feature on the Upper House election in 2007.
- **Yahoo! Weather:** Started providing “Blog Parts” enabling users to copy the weather information on the sites and insert the information in their blogs and sites.
- **Launched a mobile version of Yahoo! Streaming (beta version) for Yahoo! Keitai.**

### Shopping Business

- **Ran a special promotional campaign along with seasonal events such as Mother’s Day and Father’s Day. Promoted popular DVDs such as “ Billy’s Boot Camp” and “ Neon Genesis Evangelion”**
- **Added “Mobile Suica Net Settlement,” “ Convenience Store Settlement,” and “ Pay-easy Settlement” to the selection of settlement options for Yahoo! Shopping stores.**
- **Enabled users to shop using a credit card registered with Yahoo! Wallet in mobile version of Yahoo! Shopping.**
- **Yahoo! Books:** Made a limited time offer of the full content of a new book for free before the book is released in the market.



## FY2007-1Q Review of Operations by Business Unit (4)

### Lifestyle Business

- **Yahoo! Music: Launched “ Music Download on iTunes” cooperating with iTunes Store Japan. Hosted an audition for fresh new artists under “Oronamin C Drink Presents Kimochi Switch Project”.**
- **Started offering Yahoo! Consumer Electronics Navigator, the biggest home appliance comparison site in Japan.**

### Social Net Business

- **Launched the beta version of Yahoo! Videocast, a service that allows users to upload and share video clips. Added a new function that enable users to insert their choice of streaming videos into the pages of such services as Yahoo! Blogs. Introduced an instant posting function for social news service, Yahoo! Everybody’s Topics.**
- **Yahoo! Days (beta version): Added a new function allowing users to show their collections of pictures and streaming videos in their digital diaries.**

### Mobile Business

- **Launched a mobile version of Yahoo! Streaming (beta version) for Yahoo! Keitai.**
- **Mobile version of Yahoo! Search: Started paid search service for Yahoo! Keitai.**
- **Launched Yahoo! MobameruTan, a new service that allows mobile phone users to send search words and receive the results of searches by e-mail to their mobile phone.**
- **Started offering mobile version of Yahoo! Image Search that allows users to search images on PC sites through mobile phones.**



## FY2007-1Q Review of Operations by Business Unit (5)

### New Business Office

- **Settlement Services:** Started offering Yahoo! Public Payments, a new service through which users can pay local taxes and utilities by credit card on Yahoo! JAPAN. In collaboration with Yamato Transport Co., Ltd., Nippon Express Co., Ltd., and Seven-Eleven Japan Co., Ltd., we began preparations for offering Yahoo! Auctions users an anonymous payment service and delivery, and another service called Do Now, Pay Later to send or receive items at 7-Eleven convenience stores also on anonymous base, both by utilizing Yahoo! NetBanking capabilities.
- **Travel Services:** Reached an agreement to join forces with Ikyu.com, a travel reservation site specializing in luxury hotels and inns .Started “Travel Memo”, a service that lets users record their memories and share them with others.
- **Research Services:** Consolidated subsidiaries INFO PLANT CO., LTD. and Interscope, Inc. have merged and changed the company name to Yahoo Japan Value Insight Corporation. The number of registered PC monitors of Yahoo! Research amounted to 1.51 million at the end of June 2007.
- **Yahoo! Business Express:** Launched mobile version of Yahoo! Business Express, a pay service offering an express screening of the content of the sites applying to be registered on mobile version of Yahoo! Category.
- **Digital Home Projects:** Began offering Yahoo! Auctions, Yahoo! Topics and Yahoo! Image Search services for Sony Corp’s flat screen television model Bravia.

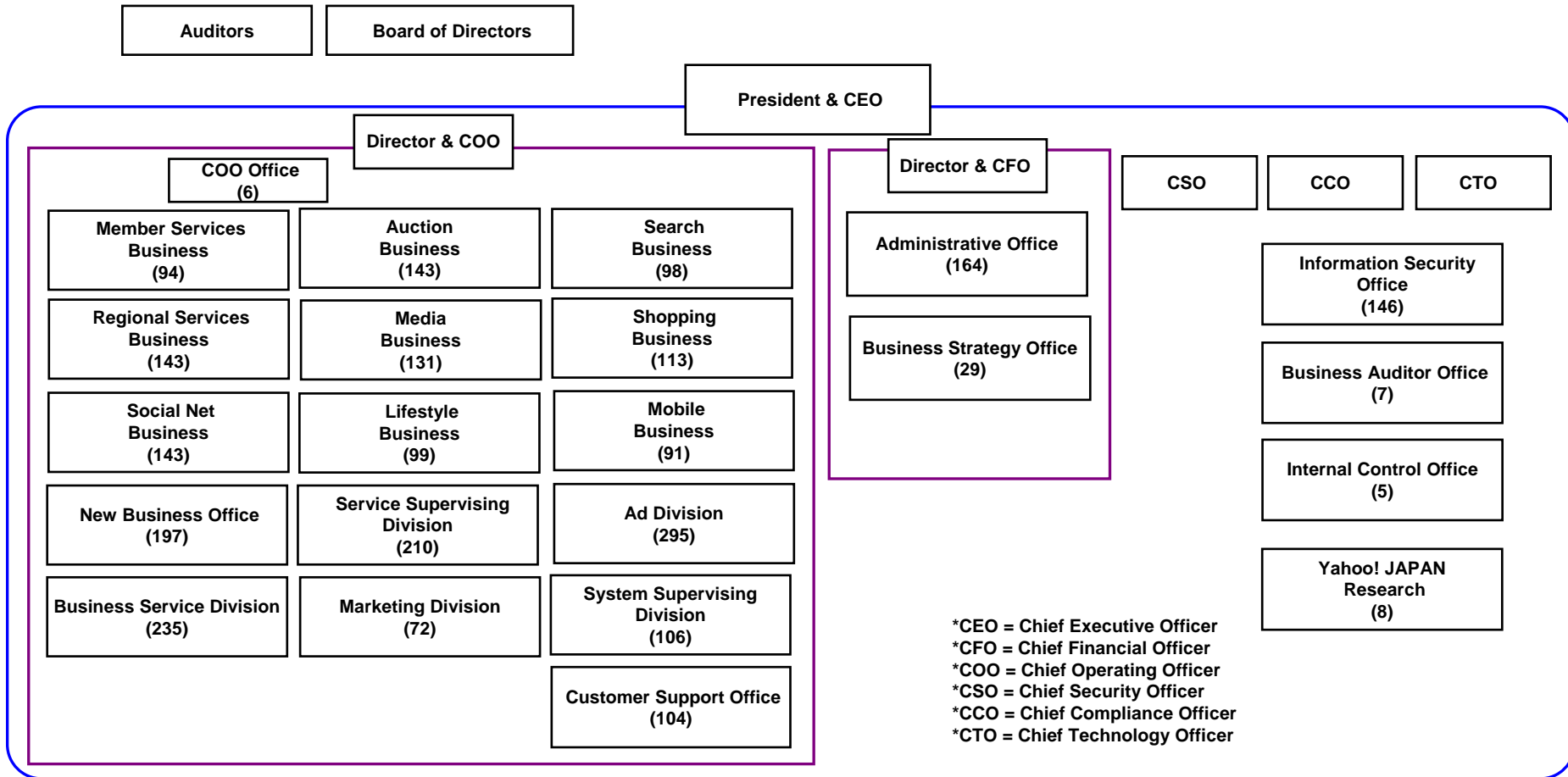
### Service Supervising Division

- Started experimental distribution of alpha version of new Yahoo! JAPAN Top page, which is planned to be renewed within this year and feedback from users is being used for the improvement of Top page.
- Hosted “Sports Support Project 2007”, a project to promote sports culture and contribute to its development.





# Organization



**Total : 2,640 people (as of Jul. 1, 2007)**



## Additional Business Data: 2007-1Q

<b>• Average Daily Transaction Volume</b>	<b><u>Apr. - Jun. 2006</u></b>	<b><u>Apr. - Jun. 2007</u></b>
Commerce (¥ 100M)	22.9	25.3
Auction (¥ 100M)	18.9	19.9
Shopping* (¥ 100M)	4.0	5.4
 Yahoo! Mobile e-commerce (¥ 100M)	 2.1	 2.6
<b>• Subscriber Lines for Yahoo! BB Services</b>	<b><u>End of Jun. 2006</u></b>	<b><u>End of Jun. 2007</u></b>
Total (thousand lines)	5,089	5,134
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,155	1,094
<b>• Other Data of Auction Business</b>	<b><u>Apr. - Jun. 2006</u></b>	<b><u>Apr. - Jun. 2007</u></b>
Average Closing Price (¥)	5,571	5,433
Average Successful Auction Ratio (%)	32	24
<b>• Number of Business Express Contracts (contract) (monthly average)</b>	<b><u>Apr. - Jun. 2006</u></b>	<b><u>Apr. - Jun. 2007</u></b>
	3,248	3,445

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

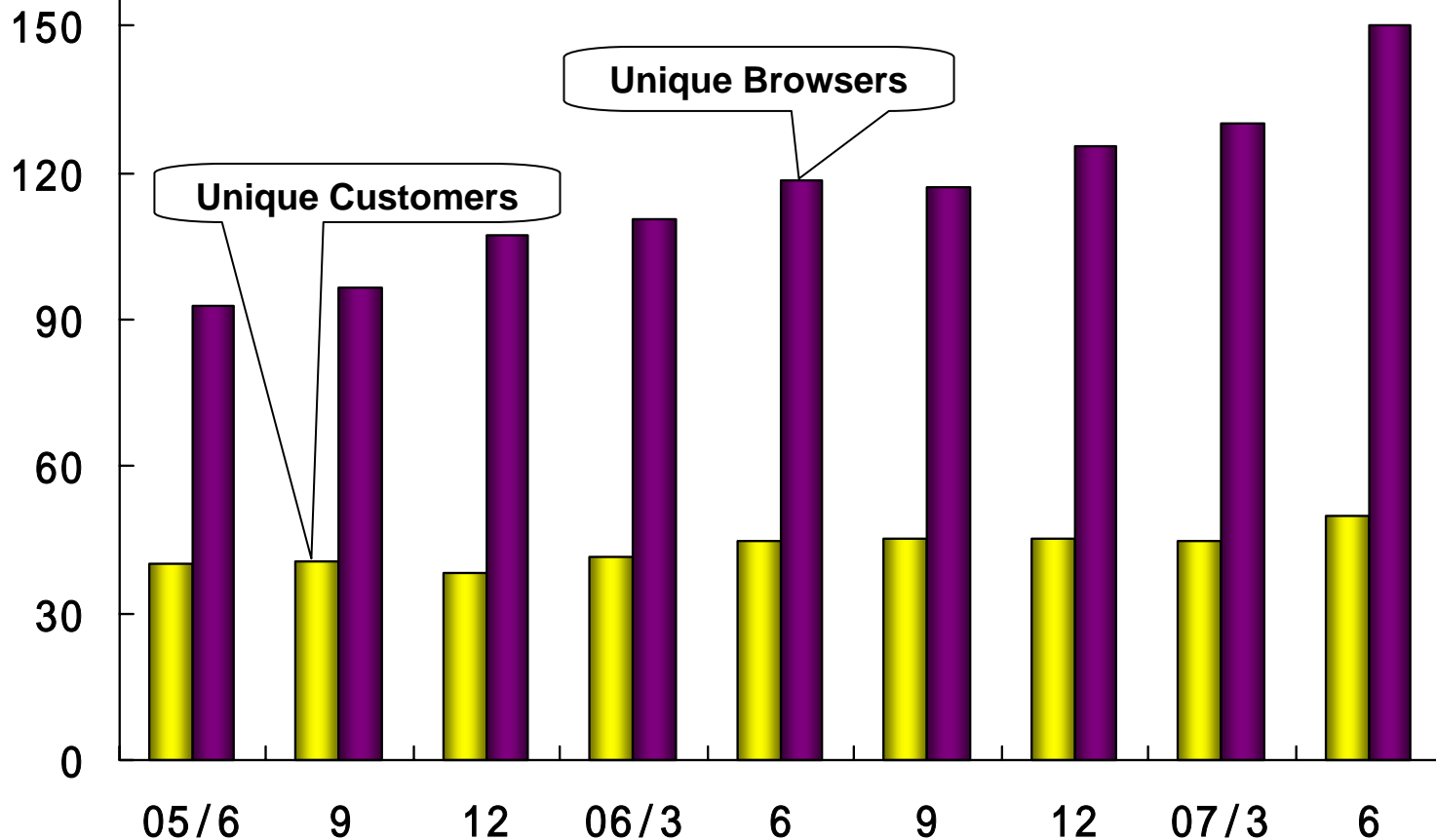




# Number of Yahoo! JAPAN Users

Millions of browsers

Millions of people



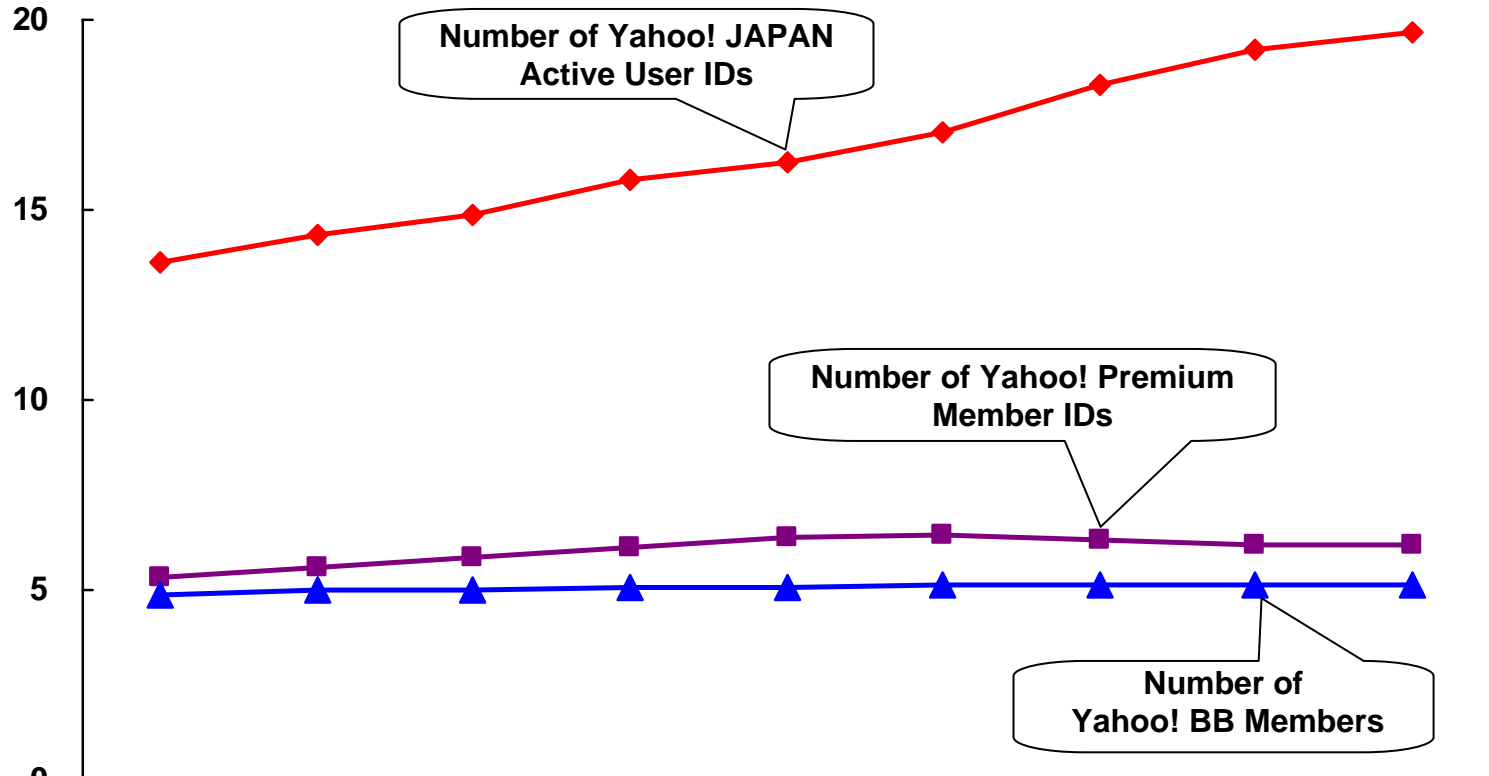
(Source: NetRatings Japan Inc. /The Group)

- 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)



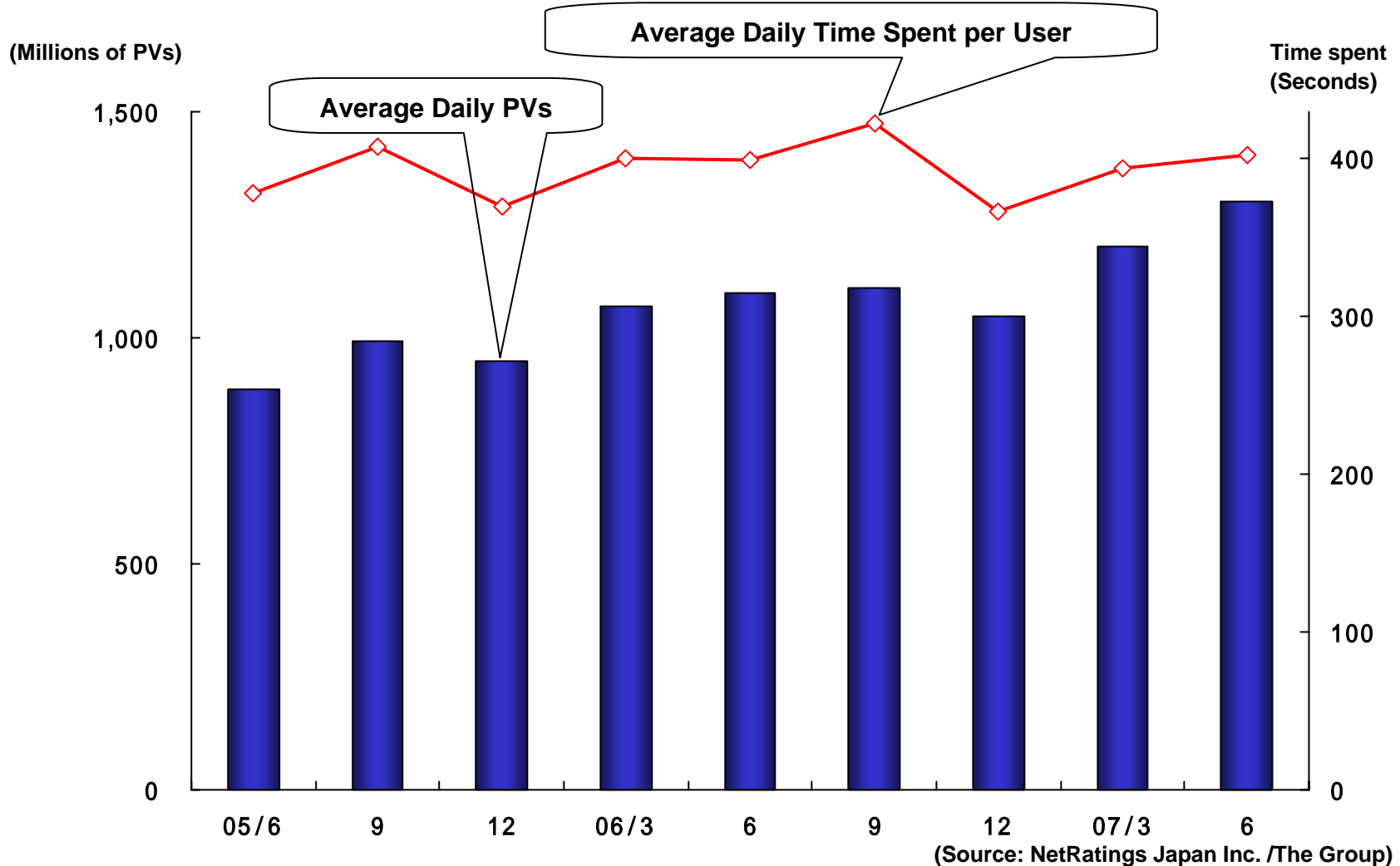
	05/6	9	12	06/3	6	9	12	07/3	6
◆ Active User IDs	13.60	14.36	14.85	15.80	16.24	17.05	18.28	19.23	19.67
■ Premium Member IDs	5.33	5.58	5.88	6.15	6.35	6.43	6.30	6.19	6.16
▲ Yahoo! BB Members	4.89	4.97	5.01	5.05	5.09	5.15	5.16	5.16	5.13

\* 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 Jun. 2005 to Jun. 2007, regarding access by individuals from home



# FY2007-1Q Major Advertisers

## ■ Finance/Insurance/Securities

ORIX Trust and Banking Corporation  
Sumitomo Mitsui Banking Corporation  
ORIX Credit Corporation

## ■ Autos (Transport Equipment)

TOYOTA MOTOR CORPORATION  
Nissan Motor Co., Ltd.  
Honda Motor Co., Ltd.

## ■ Real Estate/Construction

Asahi Kasei Homes Corporation  
COSMOS INITIA Co., Ltd.  
Mitsui Fudosan Residential Co., Ltd.

## ■ Cosmetics/Toiletries

Shiseido Company  
DHC Corporation  
Emotent

## ■ Transportation/Leisure

All Nippon Airways Co., Ltd.  
Japan Airlines Corporation  
The Japan Racing Association

## ■ Mobile Communication Services

KDDI CORPORATION  
SOFTBANK MOBILE Corp.

## ■ Recruitment Services

En-japan inc.  
Mainichi Communications Inc.

## ■ Beverages/Cigarettes

ITO EN, LTD.  
KIRIN BREWERY COMPANY, LIMITED  
SAPPORO BREWERIES LTD.

## ■ Computers/Office Equipment

Dell Inc.  
FUJITSU LIMITED

## ■ Foodstuffs

Kenkou Corporation  
Yazuya Co., Ltd.

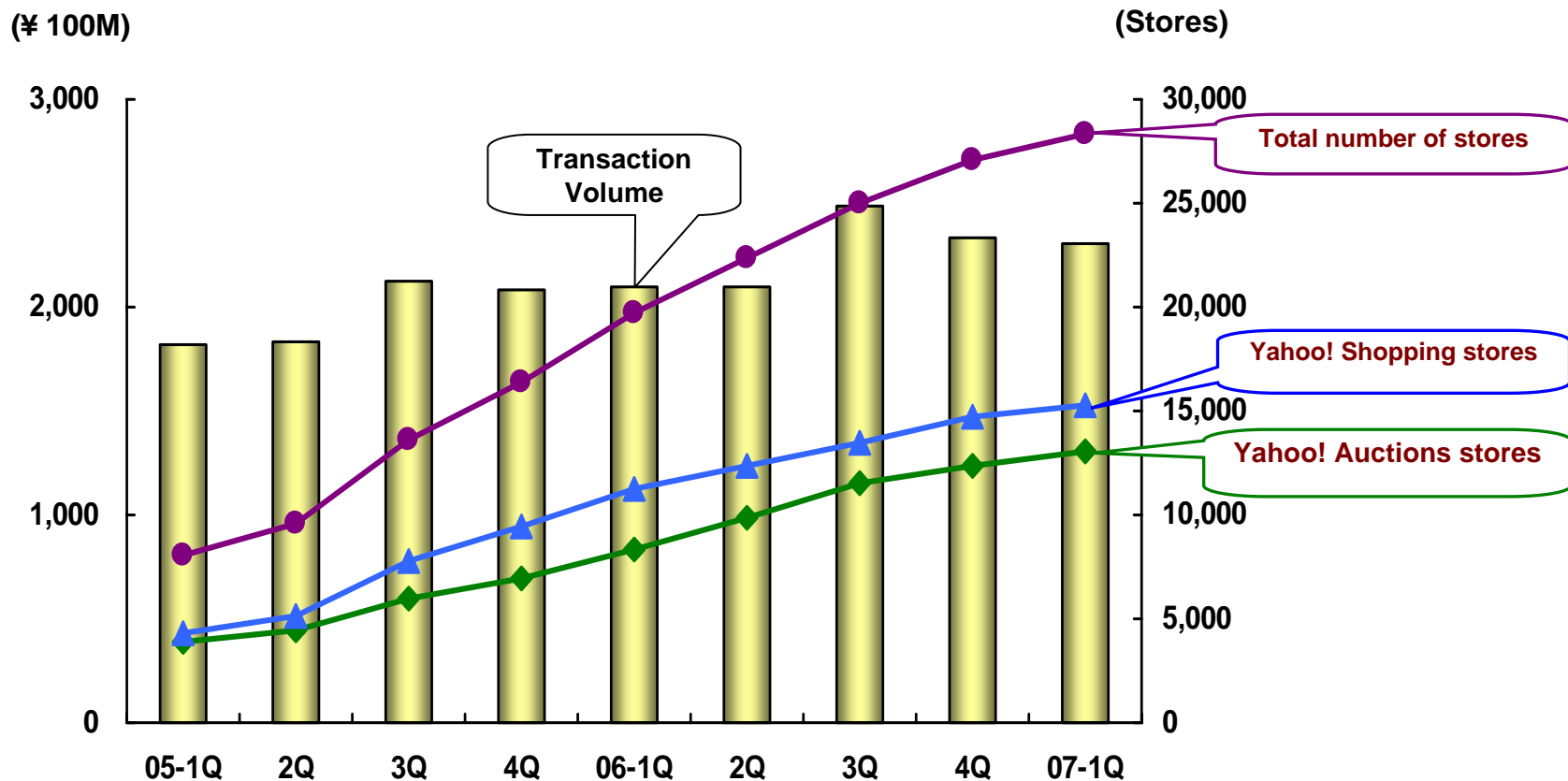
## ■ Fashion/Accessories

adidas Japan K.K.  
UNIQLO 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.



# 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/>**