



Yahoo Japan Corporation
FY 2007-2Q & First Half Results
(Jul. - Sept./Apr. - Sept. 2007)

October 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 Interim Period Ended September 30, 2007.”

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FY2007 First Half and 2Q Highlights (1)

(Apr. 2007 – Sept. 2007)

- The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates improved during the interim period. Net sales advanced 17.2% year on year, to ¥117.7 billion. Operating income amounted to ¥59.7 billion, increasing 21.9% from a year earlier. Ordinary income totaled ¥57.8 billion, rising 21.2% from the same period last year. Interim net income increased to ¥29.2 billion, up 9.2% year on year.
- In the second quarter, net sales climbed 7.7% from the previous quarter and 19.2% year on year, to ¥61.0 billion. Operating income amounted to ¥30.0 billion, expanding 1.4% from the previous quarter and 20.3% from a year earlier. Ordinary income totaled ¥29.3 billion, increasing 2.7% from the previous quarter and 18.3% from the same period last year. Net income decreased to ¥13.0 billion, down 4.0% year on year and 19.4% from the previous quarter.
- In the advertising business, the overall market remained in a stagnant mood brought on by a curtailing of advertising by advertisers. Under these conditions, the Group focused its sales efforts on advertising products that meet the needs of advertisers, such products with strong branding benefits and behavioral targeting products. As a result, display advertising sales grew favorably compared with the same quarter in the previous fiscal year. Paid search advertising sales surged ahead even after adjusting for the effect of the conversion of Overture K.K. to a consolidated subsidiary because of the start of a listing advertising service that takes into consideration a quality index and the bidding price. Consequently, interim advertising sales amounted to ¥ 54.0 billion, increasing 27.0% from a year earlier. Advertising sales for the second quarter grew 20.4% from the previous quarter and 38.6% from a year earlier, to ¥29.5 billion.



FY2007 First Half and 2Q Highlights (2)

(Apr. 2007 – Sept. 2007)

- In business services other than advertising, sales of Yahoo! Real Estate rose substantially, reflecting the expanded product lineup and the large growth in the number of listings. As a result of efforts by Yahoo! Auctions and Yahoo! Shopping to increase the number of merchant stores, the number of merchant stores registered on these sites totaled 29,436 at the end of September, expanding by 7,132 stores, or 32.0% year on year. Consequently, tenant fees and sales commissions also rose significantly. Research-related sales grew sharply due to, among other efforts, the active sales of new products by Yahoo Japan Value Insight Corporation, a subsidiary formed by the merger of two Group consolidated subsidiaries. Overall, interim business service sales grew 27.0% from a year earlier, to ¥28.1 billion. Business service for the second quarter totaled ¥14.1 billion, increasing 0.4% from the previous quarter and 23.5% year on year.
- In the personal service business, Yahoo! Auctions' revenues from system-use fees remained at previous levels because, in addition to the lack of growth in transaction volume, the proportion of B-to-C auctions rose along with the growth of store numbers. Yahoo! Premium recovered to record a net increase in the number of members. This net growth resulted from efforts to build membership through new member campaigns aimed at users with Yahoo! Auctions bidding experience as a result of the relaxed conditions for participation in auctions. Overall, personal service sales for the interim period decreased 0.7% from a year earlier, to ¥35.5 billion. This decline was partially due to the substantial drop in Yahoo! BB's ISP fee income year on year because of the impact of the revision of the contract with SOFTBANK BB Corp. Personal service sales for the second quarter decreased 3.9% from the previous quarter and 5.9% from a year earlier, to ¥17.4 billion.



FY2007 First Half and 2Q Highlights (3)

(Apr. 2007 – Sept. 2007)

- In September, the Company started to consolidate Overture K.K. The single month consolidation impact on Net Sales for the first half of the fiscal year was an increase of 3 billion yen, meanwhile the impact on profits was negligible. (See “Impact of consolidation of Overture K.K.” on page 17 of “Results for the Interim Period ended September 30, 2007”).
- Aiming to expand business opportunities through partner sites, the Company began offering the online payment service Yahoo! Wallet to non-Group companies in August. In addition, the Company took steps to enlarge the ad network used to deliver advertising to partner sites. Effective October 1, the Company has established a Partner Solutions Division, to promote further expansion and reinforcement of partner site business.
- The Company recorded an extraordinary loss due to an evaluation of the asset with a drop in the market price of the stock of ValueCommerce Co., Ltd.

FY2007 First Half Financial Results (Consolidated)

•Major consolidated subsidiaries at the end of FY2007-First Half

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ NewsWatch, Inc.
- ◆ Tricle Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ Netrust, Ltd.
- ◆ Overture K.K. NEW!
- ◆ Yahoo Japan Value Insight Corporation
- ◆ Y's Insurance Inc.

•Affiliated companies (equity method) at the end of FY2007-First Half

- ◆ All About, Inc.
- ◆ Fashion Walker, Inc.
- ◆ JWord Inc.
- ◆ Seven and Y Corp.
- ◆ TELEWAVE, INC. NEW!
- ◆ ValueCommerce Co., Ltd.
- ◆ 4travel, Inc. NEW!
- ◆ CREO CO., LTD.
- ◆ INTAGE Interactive Inc.
- ◆ Oricon DD, Inc. NEW!
- ◆ Tavigator, Inc.
- ◆ TV Bank Corporation
- ◆ YUME NO MACHI SOUZOUINKAI CO., LTD.



FY2007 First Half Statements of Income

	Apr. - Sept. 2007	Apr. - Sept. 2006	Changes
Net Sales (¥ 100M)	1,177	1,004	17 %
Cost of Sales (¥ 100M)	72	41	72 %
Gross Profit (¥ 100M)	1,105	962	15 %
Operating Income (¥ 100M)	597	490	22 %
Ordinary Income (¥ 100M)	578	477	21 %
Interim Net Income (¥ 100M)	292	268	9 %
EPS (¥)	483	443	9 %
Number of Shares Outstanding (Thousands of Shares) (Average of Period)	60,478	60,456	0 %
Fully Diluted EPS (¥)	483	442	9 %
Number of Shares Assuming Full Dilution (Thousands of Shares)	60,563	60,575	0 %

Notes:

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



FY2007 First Half Balance Sheets

(¥100M)	Major Items	9/30/2007	3/31/2007	Increase/ Decrease	Major Reasons for Changes
< Assets >					
	Current Assets	1,300	1,153	147	Increase in earnings from business activities
	Cash and Cash Equivalents	868	752	116	
	Notes and Accounts Receivable-Trade	300	302	-2	
	Fixed Assets	2,050	2,031	19	
	Tangible Fixed Assets	164	165	-1	
	Intangible Fixed Assets	164	146	17	
	Investment Securities	1,613	1,621	-8	
	Total Assets	3,351	3,184	166	
< Liabilities >					
	Current Liabilities	795	760	35	
	Short-Term Borrowings	201	201	-	Start of consolidation of Overture K.K.
	Accounts Payable-Other	161	133	28	
	Accrued Income Taxes	247	283	-36	
	Long-term Liabilities	400	500	-100	Repayment of borrowings
	Total Liabilities	1,196	1,260	-64	
< Net Assets >					
	Shareholders' Equity	2,128	1,893	235	
	Common Stock	72	71	0	
	Additional Paid-in Capital	23	22	0	
	Retained Earnings	2,033	1,798	234	Increase in net income
	Unrealized Gains on Available-for-Sale Securities	5	13	-8	
	Minority Interests in Consolidated Subsidiaries	20	16	3	
	Total Net Assets	2,154	1,923	231	
	Total Liabilities and Net Assets	3,351	3,184	166	



FY2007 First Half Cash Flow Statements

(¥100M)	Major Items	Apr. - Sept. 2007	Major Reasons for Changes
<u>Operating Activities</u>		<u>366</u>	
	Net Income before Income Taxes	541	Increase in interim net income before income taxes
	Depreciation/Amortization	45	
	Losses on Write-Down of Investment Securities	36	
	Equity in Losses/Gains of Unconsolidated Subsidiaries	17	Write-down of stock of ValueCommerce Co., Ltd.
	Decrease in Accounts Receivable-Trade	19	
	Increase in Accounts Payable-Trade	26	
	Other Receivables/Payables	-47	
	Income Taxes, etc.	-278	Payment of income taxes and other taxes
<u>Investing Activities</u>		<u>-284</u>	
	Deposit in Term Saving Account	-200	
	Purchases of Tangible Fixed Assets	-37	
	Purchases of Intangible Fixed Assets	-19	
	Acquisitions/Sales of Investment Securities	-58	
	Increase/Decrease from Acquisition of Newly Consolidated Subsidiaries' Stocks	26	Cash inflow from acquisition of stock of Overture K.K.
<u>Financing Activities</u>		<u>-160</u>	
	Redemption of Long-Term Loans	-100	
	Payment of Dividends	-58	
<u>Net Change in Cash Flows</u>		<u>-78</u>	

FY2007-2Q Financial Results (Consolidated)

•Major consolidated subsidiaries at the end of FY2007-2Q

- ◆ ALPS MAPPING K.K.
- ◆ Indival, Inc.
- ◆ NewsWatch, Inc.
- ◆ Tricle Inc.
- ◆ Y's Agencies Inc.
- ◆ Y's Sports Inc.
- ◆ Firstserver, Inc.
- ◆ Netrust, Ltd.
- ◆ Overture K.K. **NEW!**
- ◆ Yahoo Japan Value Insight Corporation
- ◆ Y's Insurance Inc.

•Affiliated companies (equity method) at the end of FY2007-2Q

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



FY2007-2Q Statements of Income

	FY2007-2Q (Jul. - Sept. 2007)	FY2006-2Q (Jul. - Sept. 2006)	Changes
Net Sales (¥100M)	610	512	19 %
Cost of Sales (¥100M)	47	21	123 %
Gross Profit (¥100M)	562	490	15 %
Operating Income (¥100M)	300	250	20 %
Ordinary Income (¥100M)	293	247	18 %
Quarterly Net Income (¥100M)	130	136	-4 %
EPS (¥)	215	225	-4 %
Number of Shares Outstanding (Thousands of shares) (Average of Period)	60,479	60,459	0 %
Fully Diluted EPS (¥)	215	224	-4 %
Number of Shares Assuming Full Dilution (Thousands of shares)	60,562	60,567	0 %

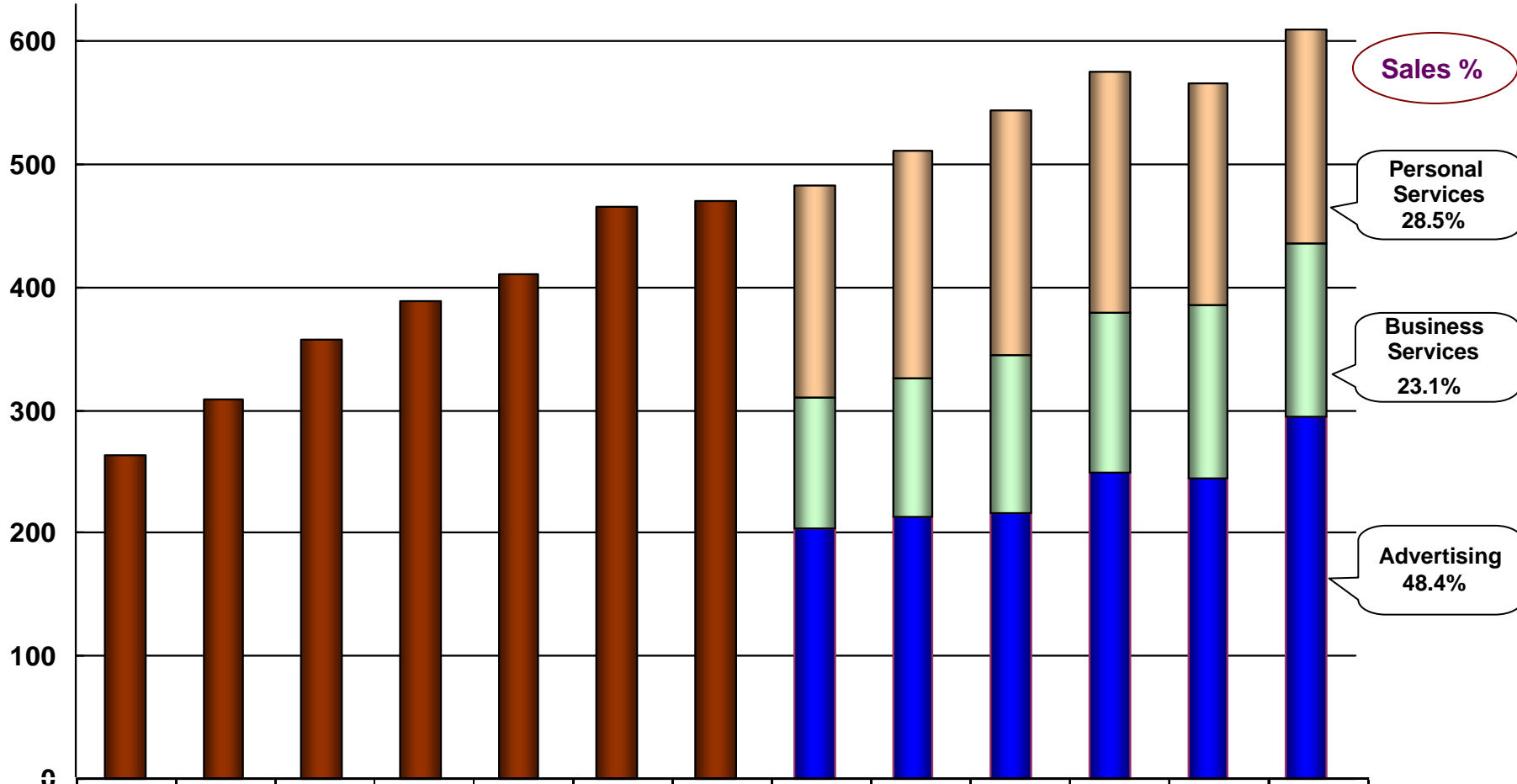
Notes:

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



Quarterly Net Sales

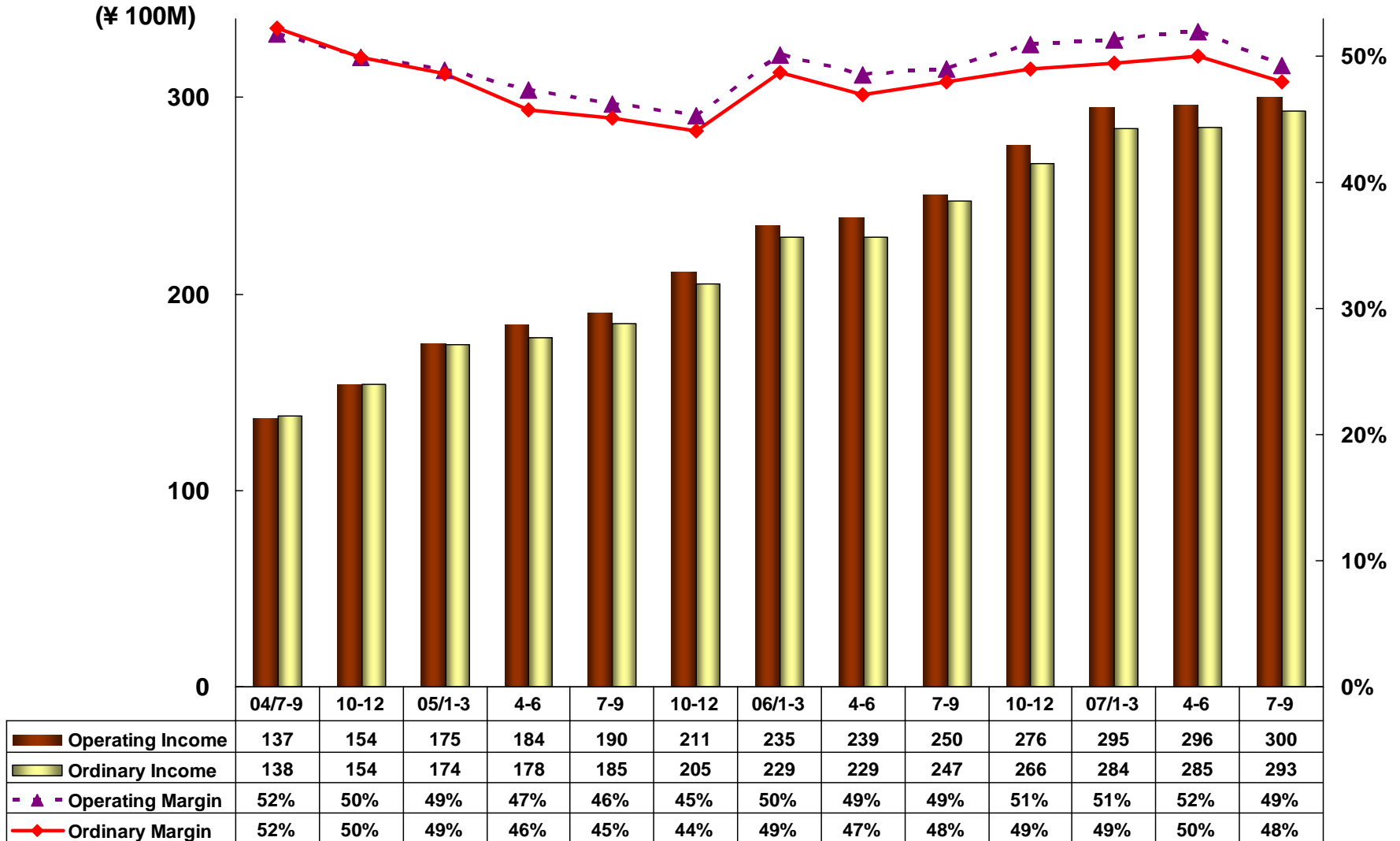
(¥ 100M)



	04/7-9	10-12	05/1-3	4-6	7-9	10-12	06/1-3	4-6	7-9	10-12	07/1-3	4-6	7-9
Net Sales	264	309	358	388	411	466	470	492	512	545	575	566	610



Quarterly Profits



*Margins of FY2007- 2Q are affected down by the start of consolidation of Overture K.K.





FY2007-2Q Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	295	Search Business	56%	268	110	157	53.3%
		Media Business	13%				
		Service Supervising Division	10%				
		Auction Business	4%				
		Social Net Business	4%				
Business Services	141	Regional Services Business	31%	122	65	56	40.3%
		New Businesses Office	26%				
		Auction Business	15%				
		Shopping Business	13%				
		Member Services Business	10%				
Personal Services	174	Auction Business	44%	172	56	115	66.4%
		Member Services Business	42%				
		New Businesses Office	8%				



SG&A Breakdown

(¥ 100M)

Major factors for year on year changes

	07/2Q	%	07/1Q	Quarterly changes	06/2Q	Annual changes
Personnel expenses	52	20.1%	50	3.9%	46	12.5%
Business commissions	40	15.5%	37	8.3%	34	17.7%
Sales commissions	28	10.7%	26	5.3%	24	16.5%
Depreciation expenses	22	8.6%	20	9.4%	19	18.4%
Communication charges	20	7.7%	20	-2.3%	19	4.0%
Royalties	17	6.7%	16	8.6%	14	20.1%
Lease and utility expenses	16	6.4%	9	81.4%	12	34.3%
Content provider fees	12	4.9%	12	3.5%	11	11.4%
Payment commissions	11	4.3%	11	2.2%	8	40.4%
Sales promotion costs	10	3.9%	10	-1.6%	18	-42.7%
Allowance for doubtful accounts	4	1.8%	5	-11.8%	4	3.2%
Administrative and maintenance expenses	4	1.8%	6	-21.9%	4	2.0%
Amortization of goodwill	4	1.5%	3	7.4%	3	13.3%
Others	15	5.9%	15	-0.6%	19	-19.5%
SG&A Total	261	100.0%	246	6.3%	240	8.8%

Increase in personnel (3,690 at the end of 07/2Q: 691 increase from 06/2Q)

Expenses for temporary and contracted employee, and settlement operations related to Personal Services sales

Acquisition of software

Office relocation and expansion of office space

Increase in transaction volume of Yahoo! ezPay

Elimination of Yahoo! BB subscriber acquisition costs due to the revision of the business alliance contract with SOFTBANK BB Corp.



FY2007-2Q Balance Sheets

Major Items	9/30/2007	9/30/2006	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
< Assets >					
Current Assets	1,300	863	437	Increase in earnings from business activities	
Cash and Cash Deposits	868	508	360		
Notes and Accounts Receivable -Trade	300	270	29		
Fixed Assets	2,050	1,995	54		
Tangible Fixed Assets	164	144	19		
Intangible Fixed Assets	164	131	32		
Investment Securities	1,613	1,665	-52		
Total Assets	3,351	2,859	491		
< Liabilities >					
Current Liabilities	795	631	164	Start of consolidation of Overture K.K.	
Short-term Borrowings	201	201	-0		
Accounts Payable-Other	161	112	49		
Accrued Income Taxes	247	210	36		
Long-term Liabilities	400	600	-200	Repayment of borrowings	
Total Liabilities	1,196	1,232	-36		
<Net Assets>					
Shareholders' Equity	2,128	1,579	548	Increase in net income	
Common Stock	72	71	1		
Additional Paid-in Capital	23	21	1		
Retained Earnings	2,033	1,487	546		
Unrealized Gains on Available- for- Sale Securities	5	32	-27	Mark-to-market of investment securities	
Minority Interests in Consolidated Subsidiaries	20	14	6		
Total Net Assets	2,154	1,626	528		
Total Liabilities and Net Assets	3,351	2,859	491		



FY2007-2Q Cash Flow Statements

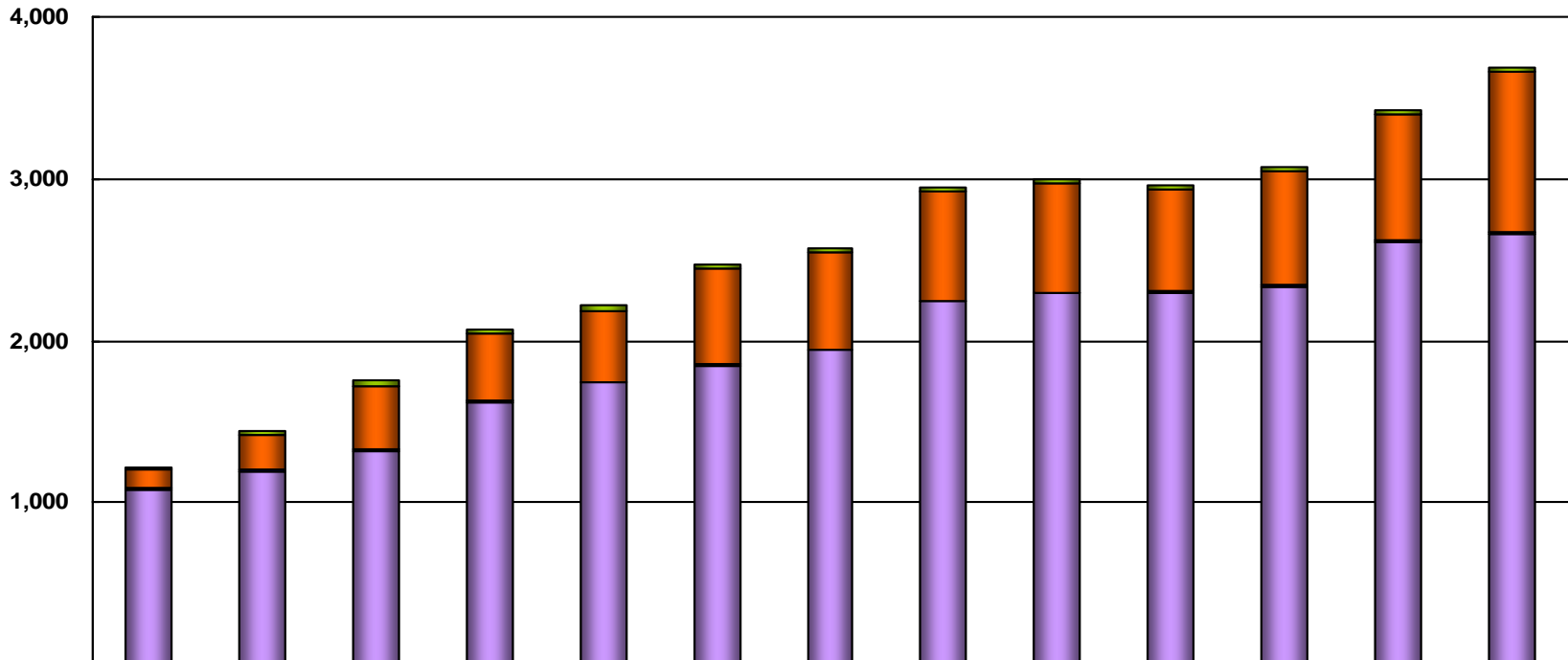
Major Items	FY2007-2Q (Jul. - Sept. 2007)	Major Factors for Changes (¥ 100M)
<u>Operating Activities</u>	<u>317</u>	
Net Income before Income Taxes	255	Increase in quarterly net income before income taxes
Depreciation/Amortization	23	
Losses on Write-down of Investment Securities	36	Write-down of stock of ValueCommerce Co., Ltd.
Equity in Losses/Gains of Unconsolidated Subsidiaries	6	
Increase in Accounts Payable-Trade	27	
Other Receivables/Payables	-41	
<u>Investing Activities</u>	<u>-2</u>	
Purchase of Tangible Fixed Assets	-12	
Purchase of Intangible Fixed Assets	-6	
Acquisition/Sales of Investment Securities	-8	
Increase/Decrease from Acquisition of Newly Consolidated Subsidiaries' Stocks	26	Acquisition of stock of Overture K.K. and other
<u>Financing Activities</u>	<u>0</u>	
<u>Net Change in Cash Flows</u>	<u>315</u>	



Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	04/9	12	05/3	6	9	12	06/3	6	9	12	07/3	6	9
Directors and auditors of Subsidiaries	19	26	34	27	27	33	33	31	31	25	27	27	33
Employees of Subsidiaries	108	209	397	417	438	583	594	669	670	634	711	773	990
Directors and auditors of Yahoo! JAPAN	9	9	8	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	1,083	1,196	1,316	1,616	1,740	1,849	1,940	2,239	2,289	2,293	2,331	2,610	2,658
Total	1,219	1,440	1,755	2,069	2,214	2,474	2,576	2,948	2,999	2,961	3,078	3,419	3,690

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 FY2007-2Q Business Outlook

- Due to the consolidation of Overture K.K. the one-month financial results of Overture for Sept. are consolidated in our statements of income. As a result, sales increased by approx. ¥3.0 billion, meanwhile the impact to operating and ordinary income was negligible.
 - Business commissions and sales promotion costs were controlled.
 - Extraordinary losses of approx. ¥3.7 billion were incurred due to the write-down of the stock of ValueCommerce Co., Ltd. resulting from the decline in market value of the stock.
- As a result, net sales, operating income and ordinary income exceeded the range of our projection, meanwhile net income fell short of our projection range.

(¥ 100M)

(Consolidated)	Actual	Projection (as of Jul. 24, 2007)
Net Sales	610	565 ~ 589
Operating Income	300	282.5 ~ 300
Ordinary Income	293	273 ~ 290.5
Quarterly Net Income	130	156.5 ~ 165.5



FY2007-3Q Business Outlook (Consolidated)

As of Oct. 24, 2007

Net sales in FY2007-3Q are estimated to increase largely because three month's net sales of Overture K.K. will be consolidated to our statements of income. Meanwhile, cost of sales of Overture will be added fully for three month, and some items of SG&A expenses of the Group, such as variable costs and depreciation expenses, may also increase. Accordingly, operating expenses in FY2007-3Q are estimated to increase by approx. ¥8.2 billion compared with that in FY2007-2Q.

(¥ 100M)

	FY2006-3Q (Actual)	FY2007-2Q (Actual)	FY2007-3Q (Projection)
Net Sales	545	610	684 ~ 708
Operating Income	276	300	297 ~ 311
Ordinary Income	266	293	293.5 ~ 308
Quarterly Net Income	151	130	166 ~ 175

- 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)

Consolidation of Overture K.K.

Overture K.K. became a consolidated subsidiary on Sept. 1, 2007

Major Impact

◆ Consolidated net sales:

Approx. ¥3.0 billion increase (only 1 month's sales of Overture for Sept.)

Total revenue from paid search advertising posted on Yahoo! JAPAN, excluding the TAC* paid to Yahoo! JAPAN (TAC to Yahoo! JAPAN is eliminated for consolidation), and total revenue from advertising posted on partner sites other than Yahoo! JAPAN are added to our net sales.

*TAC=Traffic Acquisition Cost

Overture K.K. pays fees to partner sites in return of using space on their pages.

◆ Cost of sales:

TAC paid to partner sites

Advertisement distribution system usage fee paid to Yahoo! Inc.

◆ Operating income, Ordinary income, and Net Income:

The impact was negligible.

◆ Number of employees:

Addition of approx. 200 people



Special Note (1) Consolidation of Overture K.K.

Prospective synergy effects brought by the consolidation of Overture K.K.

Synergies in Sales Operations

- Utilizing Yahoo! JAPAN's sales force and advertising agency network for sales activities of paid search advertising.
- Making comprehensive proposals to advertisers that package display advertising and paid search advertising. Also, developing better ways of presenting advertisements to improve the effectiveness of both types of advertising together.

Synergies in Network Partnerships

- Providing our partner sites with business opportunities to monetize their sites through both display and paid search advertising. Also, providing partner sites with Yahoo! JAPAN's tools and infrastructure, such as Yahoo! Wallet, to help them more effectively operate their services.

Synergies in Technological Development

- Improving the technologies in search service and advertisement distribution service by reinforcing collaboration with Overture K.K.



Special Note (2) Yahoo! JAPAN Top Page Renewal

1. Purpose of Renewal

Improvement of usability

- Addition of a function for customizing content boxes.
- Introduction of category tab for Topics.

Broaden the information base on Yahoo! JAPAN Top Page

- New space being edited by solo concept
- New space distributing CGM information
- New space distributing local information about the user's region of choice

Networking with partner sites

- Network traffic to partner sites from a specific space on the page.

2. Mid and long term positive impact on advertising sales

- Introduction of "Triple size" as a new product of Brand Panel
- Increased usage of search service and resulting impact on paid search

3. Schedule

In late October

- Release of beta version of new Top Page
- Trial opening of new Top Page to some users

Beginning of 2008

- Release of official version of new Top Page
- Full switch to New Top Page



Sample of new Yahoo! JAPAN Top Page



Review of Operations



Businesses of Yahoo! JAPAN

Advertising Business

Internet advertising

- Display advertising such as banners
- Paid search service offered by Overture K. K., a newly consolidated subsidiary on Sept. 1, 2007, etc.

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
- Yahoo Japan Value Insight Corporation, 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, etc.



Advertising Business

Display (banner and others) advertising

- The overall market remained in a stagnant mood brought on by a curtailing of advertising expenditure by advertisers. Under these circumstances, we focused our sales efforts on advertising products with strong branding effects and targeting products. As a result, display advertising sales grew favorably year on year.
- The accumulated number of advertisers of behavioral targeting products increased and we saw increased demand, especially among financial, cosmetics and toiletries advertisers for this product. The sales of targeting advertising products, which combine behavioral targeting with area or demographical targeting, were also favorable.

Paid search advertising (Search Business, etc.)

- The new paid search system, reflecting the quality index and the bidding price in determining the listing order, started on Jul. 12. Immediately after the introduction of this system, average click rates increased and average cost per click decreased. However, average cost per click recovered soon afterward and as a result, revenue per search increased. The number of queries also increased favorably and the sales related to Sponsor Site increased largely year on year. The sales of the mobile version of Sponsor Site also increased greatly.
- We started to consolidate Overture K.K. on Sept. 1 with the goal of bringing about greater synergies with Overture in sales operations, network partnership, and technological development. (Please refer to page 21 and 22).

SG&A expenses

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



Advertising Sales by Industry

Industries with large year on year increase^(*)

- Autos (Transport Equipment)
- Real Estate/Construction
- Transportation/Leisure

Industries with high year on year growth rate^(*)

- Bridal Related Services
- Fashion/Accessories
- Autos (Transport Equipment)

	06/2Q	3Q	4Q	07/1Q	2Q
Finance/Insurance/Securities	22.0%	17.3%	18.5%	17.8%	17.8%
Autos (Transport Equipment)	8.7%	8.9%	10.7%	10.2%	12.0%
Real Estate/Construction	8.9%	8.7%	11.0%	9.8%	10.0%
Cosmetics/Toiletries	7.9%	7.5%	6.0%	7.7%	8.5%
Transportation/Leisure	5.1%	6.6%	6.5%	6.2%	6.4%
Beverages/Cigarettes	4.3%	2.7%	3.1%	4.8%	5.0%
Mobile Communications Service	6.6%	5.2%	3.2%	6.1%	4.7%
Recruitment Services	6.6%	6.2%	7.4%	5.1%	4.0%
Foodstuffs	3.2%	3.7%	3.2%	3.3%	3.4%
Computers/Office Equipment	4.3%	4.5%	6.5%	4.2%	3.2%
Fashion/Accessories	1.9%	3.4%	2.5%	3.1%	2.7%
Entertainment Related Software	2.3%	3.7%	2.7%	2.6%	2.3%
Bridal Related Services	1.1%	1.2%	1.1%	1.5%	1.7%
Others	17.1%	20.4%	17.6%	17.6%	18.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

•The above figures do not include revenue from paid search advertising.

(*) In the order of increasing amount and rate excluding the industries in "Others."



Display Advertising Introduction of New Advertising Product

Major product of display advertising is now “Prime Display”

Purpose of introduction of “Prime Display”

1. For a better user interface, content is placed in the upper part of the page.
2. Changed size and shape of advertising space for a higher level of creativity.
3. The size and shape of “Prime Display” is widespread in the market especially in U.S. (Recommended advertising size by IAB in U.S. and JIAA)



300 x 250 pixel

- Began full operation of “Prime Display” on October 1.
- “Prime Display” can be shown also on ad network partner sites.
- Already introduced in main properties such as Yahoo! Topics, Yahoo! News, Yahoo! Movies, and Yahoo! Weather and planned to be introduced in other properties in the near future.
- Unit price of “Prime Display” is approx. 20 % higher than that of “Super Banner”.





Business Services Business

e-Commerce related sales

(Auction Business, Shopping Business, etc.)

- In Yahoo! Shopping, transactions in such categories as fashion and leisure/sports were strong. In Yahoo! Auctions, the proportion of B-to-C auctions rose because of an increase in the number of auction stores.
- The total number of stores of Yahoo! Shopping and Yahoo! Auctions rose to 29,436 at the end of Sept., up 7,132 or 32.0% year on year. As a result, commerce-related revenues increased 30% from a year earlier.

Information listing revenue (Regional Services Business, etc.)

- Sales of Yahoo! Real Estate in the second quarter increased substantially, up 2.4 times year on year

Online Research Business (New Business Office)

- Started offering a new service lineup along with Yahoo Japan Value Insight Corporation. As a result of vigorous sales activities, online research related sales increased more than 50% year on year. At the end of Sept., the total number of registered monitors amounted to 1.57 million, the largest organization of research monitors in Japan.

SG&A expenses

- Personnel expenses, business commissions, lease and utility expenses, etc.



Personal Services Business

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

- Transaction volume of Yahoo! Auctions in the second quarter remained at ¥171.0 billion, up only ¥3.7 billion or 2.2% year on year. Personal Services revenues from system use fee for Yahoo! Auctions decreased partly because of an increase of the proportion of B-to-C auctions resulting from a growth of the number of auction stores.

Yahoo! Premium Revenues (Member Services Business)

- The number of Yahoo! Premium members increased to 6.49 million IDs at the end of Sept. partly because of “Free Yahoo! Premium Membership for the Rest of the Year Campaign” for new members with Yahoo! Auctions bidding experience.

Yahoo! BB ISP Revenues (Member Service Business)

- Yahoo! BB ISP revenues decreased by approx. ¥900 million year on year because of the revision in April, 2007 of the business alliance contract with SOFTBANK BB Corp.

SG&A expenses

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

Review of Operations by Business Unit



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

Search Business

- Started consolidation of Overture K.K. from Sept. 1, 2007.
- Introduced a new paid search system that incorporates both quality index and bidding price on July 12.
- Launched a mobile version of Yahoo! Dictionary offering various types of dictionary service for mobile use.
- Mobile version of Yahoo! Answers: Added new functions enabling users to post question and answers from mobile phones and newly created “small talk” category.
- Yahoo! Search: Made the photos in the photo sharing site “Flickr” searchable by our image search service.

Auction Business

- Yahoo! Auctions: Changed participation guideline and users with only a Yahoo! JAPAN ID can now bid only for items of under ¥5,000. Tried to increase the transaction volume by various campaigns.
- Continued hosting public auctions for governmental body including National Tax Agency, Internet auctions for publicly owned assets and auctions for modern coins by Ministry of Finance. Formed partnerships in public auctions with governmental bodies of all prefectures in Japan.
- In real estate category, started listing items of property exclusively from the collection of real estate items on “Pitatto Auction” to stabilize the number of listed items and to unify the standard of listing.
- Total transaction volume of charity auctions in FY2007-2Q was approx. ¥37.25 million.
- Implemented “8 big gift campaign” and “¥8 start big sale” for the 8th anniversary of Yahoo! Auctions.



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

Member Services Business

- **Yahoo! Premium and Yahoo! BB:** Implemented various promotions to acquire new members. (Free Yahoo! Premium membership for the rest of the year, ¥1,000 discount for 15 months campaign of Yahoo! BB.)
- **Implemented measures to increase value of Yahoo! Premium membership in collaboration with other business units.** (Exclusive discount of pay content for Yahoo! Premium members, membership exclusive distribution of live concerts of famous artists, etc.)
- **Yahoo! Keitai Shop:** Added new functions of posting word-of-mouth information and implemented campaigns with different every month gifts.
- **Yahoo! Partner and Yahoo! Marriage:** The membership expanded favorably along with various campaigns such as discounted membership fee for Yahoo! Premium members.
- **Yahoo! Insurance:** Started offering “ free selection of various non-life insurance product” exclusively for Yahoo! Premium members in collaboration with Mitsui Sumitomo Insurance Co., Ltd.

Regional Services Business

- **Yahoo! StepUp:** Started a new service “Web Training” offering 300 e-learning courses, the largest e-learning service in Japan, and began offering comprehensive English learning service.
- **Yahoo! Gourmet:** Began offering “Call Payment”, restaurant information listing service where payments for listing information are collected based on the number of order calls through a telephone number on the site.
- **Yahoo! Rikunabi:** Launched “TRAVAILLE”, the site of career change guide for women.
- **Yahoo! Maps:** Began collaboration with “Carwings”, a car navigation system by Nissan Motor Co., Ltd. on Wai Wai Map (beta version).
- **Yahoo! Internet Certification:** Launched a mobile version of “Everybody’s Certification” in which users can invent original certification tests or try to do those tests set by other users.



FY2007-2Q Review of Operations by Business Unit (3)

Media Business

- Launched a beta version of Yahoo! Guess, user participation service that lets users enjoy predicting the outcome of sport games.
- Yahoo! News: Renewed a mobile version of Yahoo! News. Started offering “Public News”, publishing news contents reported by general users.
- Launched a mobile version of Yahoo! Politics. Featured a mobile version of “Upper House election in 2007”.
- Yahoo! Streaming: Started offering “CM Museum”, showing the collection of popular TV commercials.

Shopping Business

- Launched the site of outlet shopping of imported brand-name merchandise in collaboration with MITSUI & CO., LTD.
- Implemented “Get 8 times of Yahoo! Points campaign” for the 8th anniversary of Yahoo! Shopping.
- Ran a special promotional campaign along with seasonal events such as Mid-year Gift-Giving and The Respect-for-Senior-Citizens Day
- Promoted popular DVDs of overseas TV drama such as “24 TWENTY-FOUR” through tie-up with Yahoo! Rental DVD opening campaign, “ Overseas TV Drama Collection”.

Lifestyle Business

- Launched Yahoo! Rental DVD by which users can order DVDs on the Internet and return the DVDs through postal mail in collaboration with posren Co.,Ltd.
- Launched Yahoo! FASHION offering fashion-related content such as free web magazines about latest fashion trend information, etc.



FY2007-2Q Review of Operations by Business Unit (4)

Social Net Business

- Launched an official version of Yahoo! Videocast, a service that allows users to upload and share video clips.
- Started offering “BR+”, a service enabling companies to distribute their new products and topics for blog site operators.
- Began new service with Creative Link Corporation using which the bloggers of Yahoo! Blogs can post various picture news that have been distributed by “AFPBB News”.
- Added reputation functions to various Yahoo! JAPAN services to promote a transformation of Yahoo! JAPAN to Social Media.

Mobile Business

- Launched Yahoo! Posting Appli by which users can post pictures and streaming content from mobile phones.
- Released “ Yahoo! Keitai Magazine”, an information magazine introducing various ways to enjoy mobile phone use.
- Launched a mobile version of Yahoo! Dictionary offering various types of dictionary service for mobile use.
- Mobile version of Yahoo! Answers: Added new functions enabling users to post questions and answers from mobile phones and newly created “small talk” category.
- Renewed a mobile version of Yahoo! News.
- Launched a mobile version of Yahoo! Politics. Featured a mobile version of “Upper House election in 2007”.



FY2007-2Q Review of Operations by Business Unit (5)

New Businesses Office

- **Settlement Services:** Yahoo! NetBanking introduced no-charge transfer and account maintenance services. Began offering our online payment service Yahoo! Wallet to sites outside Yahoo! JAPAN.
- **Travel Services:** Formed a business and capital alliance with 4travel, Inc. Started collaboration between Yahoo! Answers and “Travel Memo”, a service that lets users record their memories and share them with others.
- **Research Services:** The number of registered PC monitors amounted to 1.57 million at the end of Sept. 2007.
- **Digital Home Projects:** Announced a joint development with Sharp Corporation for an Internet portal site specially for Sharp’s LCD TV “AQUOS”.

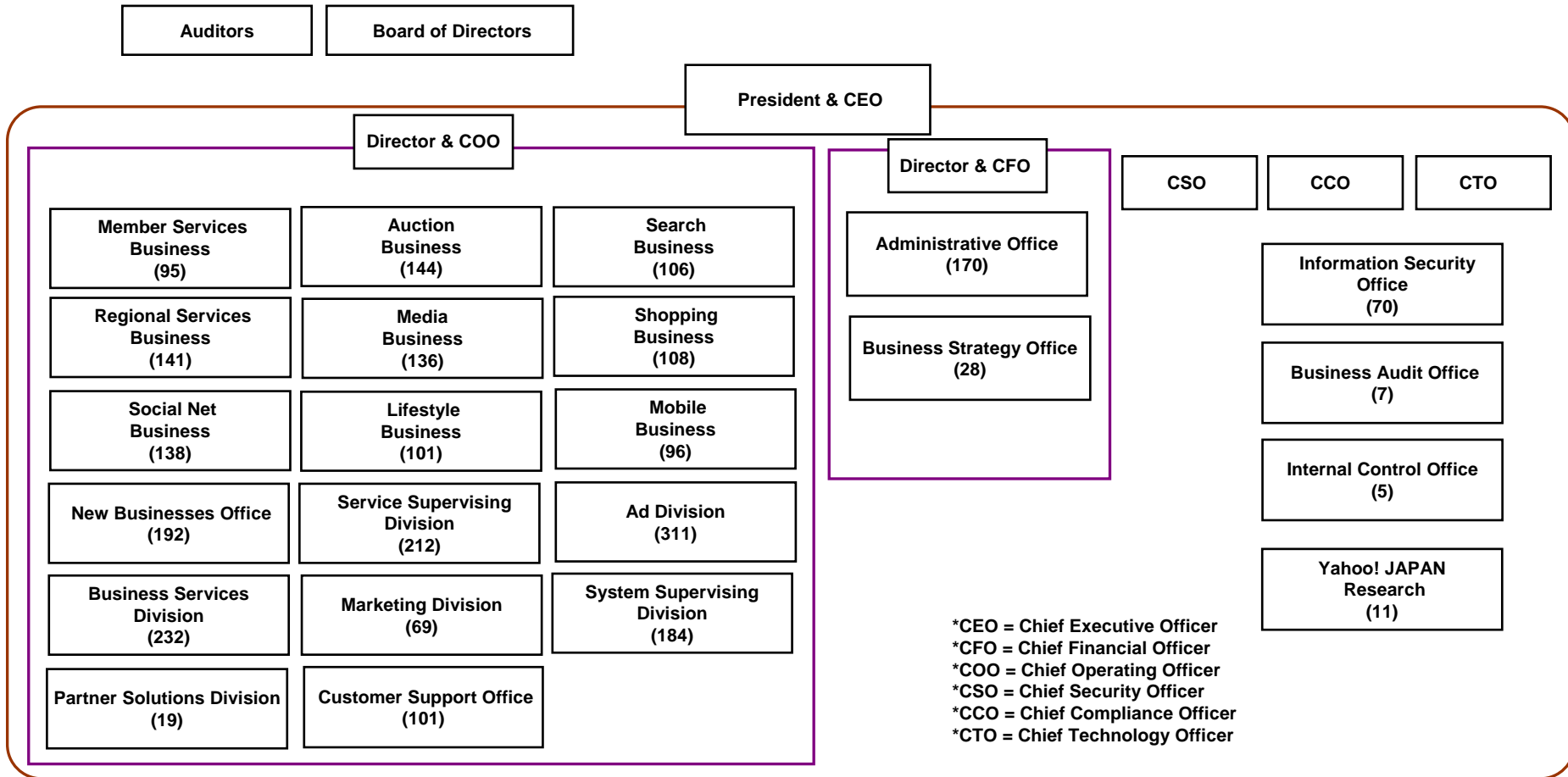
Service Supervising Division

- **Yahoo! Kids:** Started “Yahoo! Kids Pokemon”, a new community service for children enabling children to enjoy chat and games using Yahoo! JAPAN ID.
- **“Sports Support Project 2007”:** Announced the winners of various awards such as the “LIFE ENGINE award” giving tickets to seminars by famous athlete and ¥1 million in sports goods.
- Released a special feature, “Give a Cheer for Special Olympics 2007 Shanghai”, as a national partner of Special Olympics Japan.

Appendix



Organization



Total : 2,677 people (as of Oct. 1, 2007)



Additional Business Data: 2007-2Q

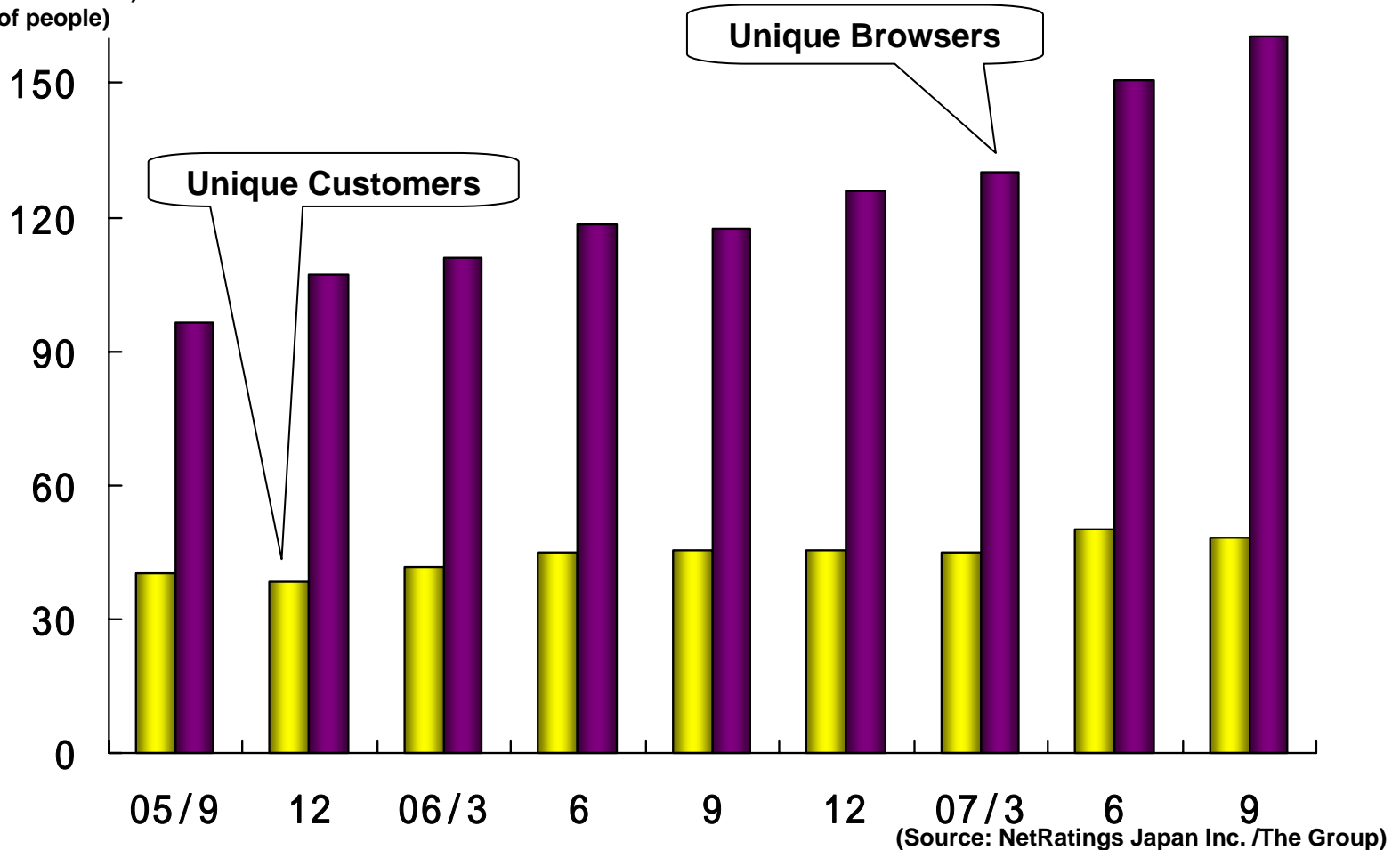
• Average Daily Transaction Volume	<u>Jul. - Sept. 2006</u>	<u>Jul. - Sept. 2007</u>
Commerce (¥ 100M)	22.7	24.1
Auction (¥ 100M)	18.1	18.5
Shopping* (¥ 100M)	4.6	5.6
 Yahoo! Mobile e-commerce (¥ 100M)	 1.9	 2.7
• Subscriber Lines for Yahoo! BB Services	<u>End of Sept. 2006</u>	<u>End of Sept. 2007</u>
Total (thousand lines)	5,146	5,042
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,157	1,052
• Other Data of Auction Business	<u>Jul. - Sept. 2006</u>	<u>Jul. - Sept. 2007</u>
Average Closing Price (¥)	5,603	5,450
Average Successful Auction Ratio (%)	28	22
• Number of Business Express Contracts (contract) (monthly average)	<u>Jul. - Sept. 2006</u>	<u>Jul. - Sept. 2007</u>
	3,280	3,570

* 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)



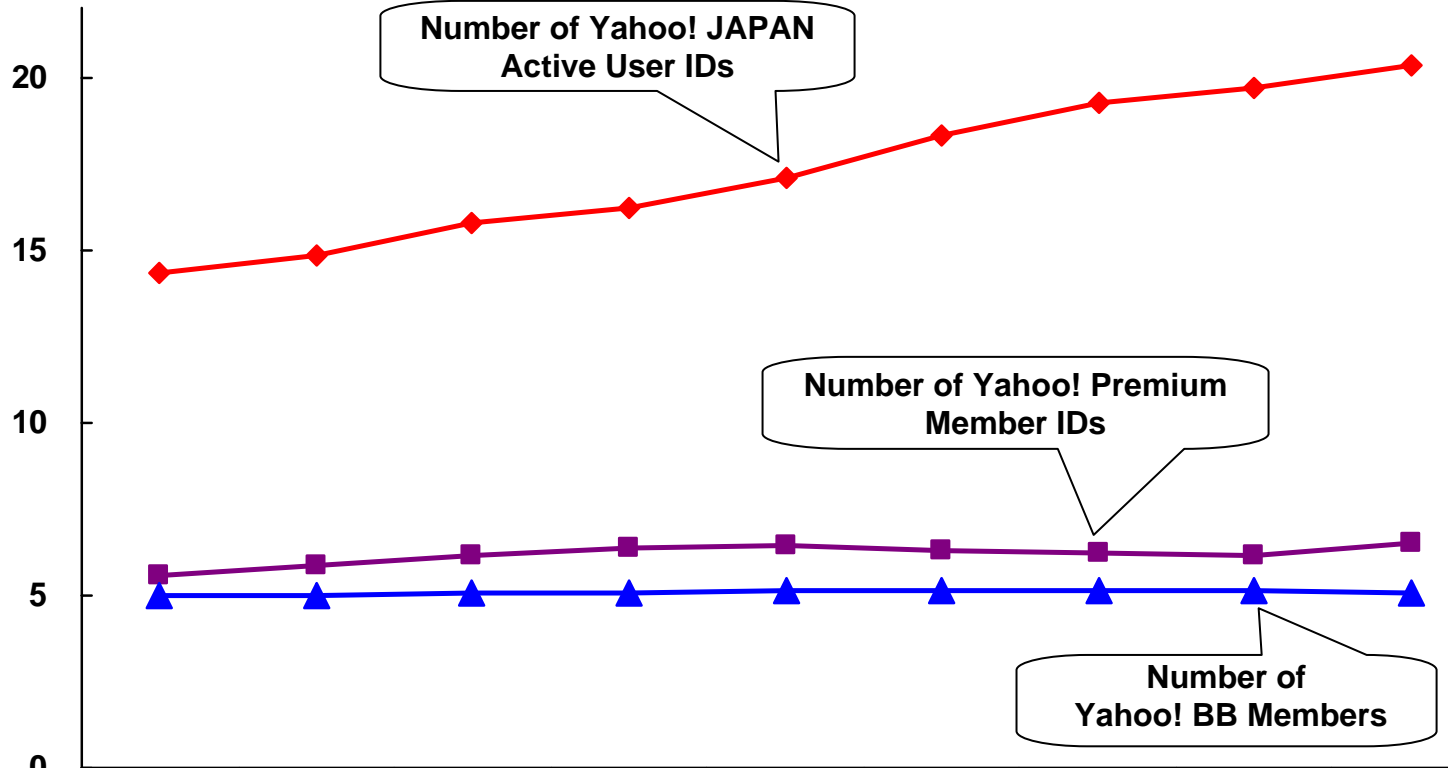
- The Number of Unique Browsers is the total number of unique browsers accessing our services.
- The Number of Unique Customers is compiled using the duplication rate of access by people from home and work from the Internet Survey of NetRatings Japan, Inc. based on the data of Nielsen/NetRatings (NetView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





Number of Yahoo! JAPAN IDs and Members

(Millions of IDs and lines)



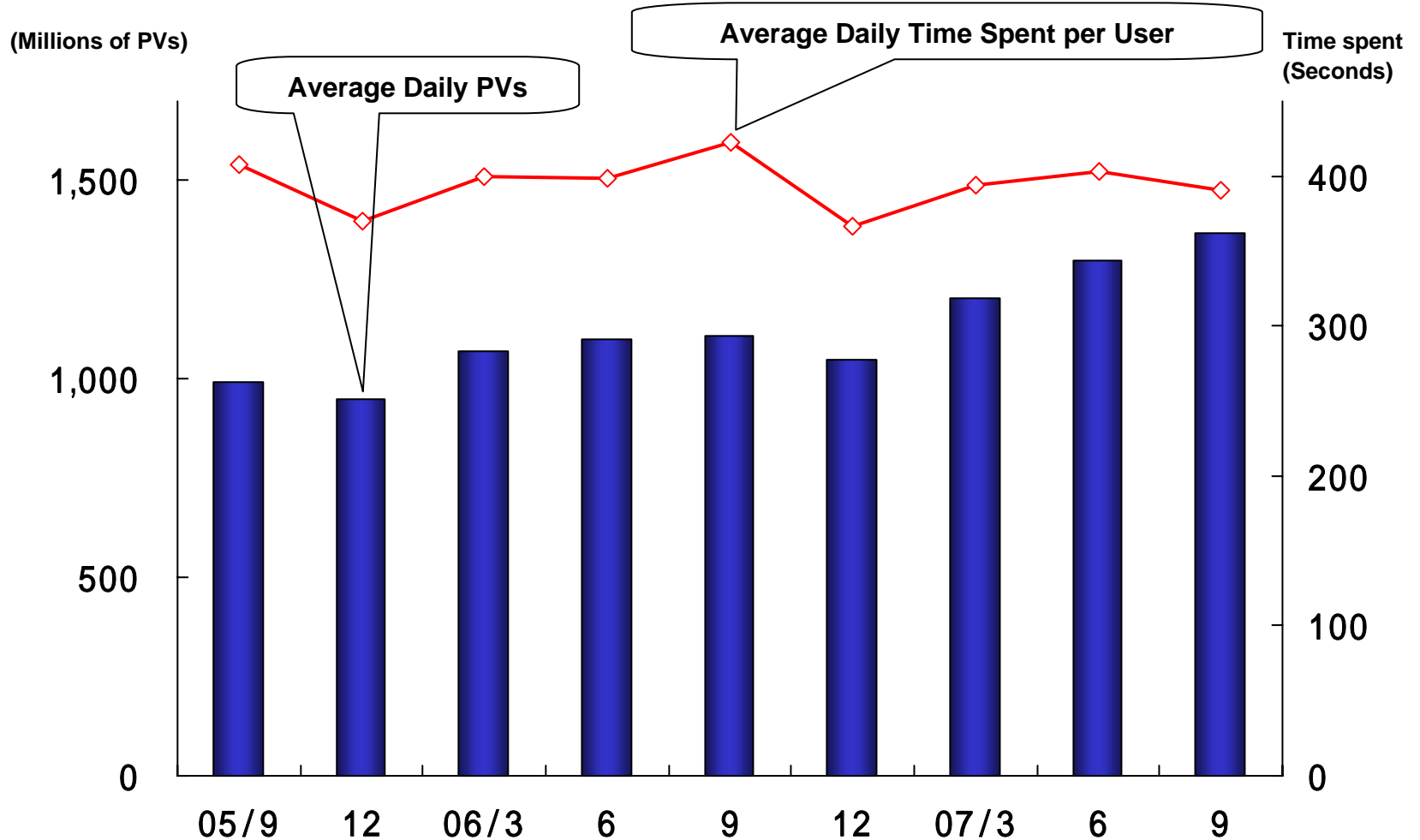
	05/9	12	06/3	6	9	12	07/3	6	9
◆ Active User IDs	14.36	14.85	15.80	16.24	17.05	18.28	19.23	19.67	20.31
■ Premium Member IDs	5.58	5.88	6.15	6.35	6.43	6.30	6.19	6.16	6.49
▲ Yahoo! BB Members	4.97	5.01	5.05	5.09	5.15	5.16	5.16	5.13	5.04

* 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 per user is based on the data of Nielsen/NetRatings (NetView AMS JP) from Sept. 2005 to Sept. 2007, regarding access by individuals from home



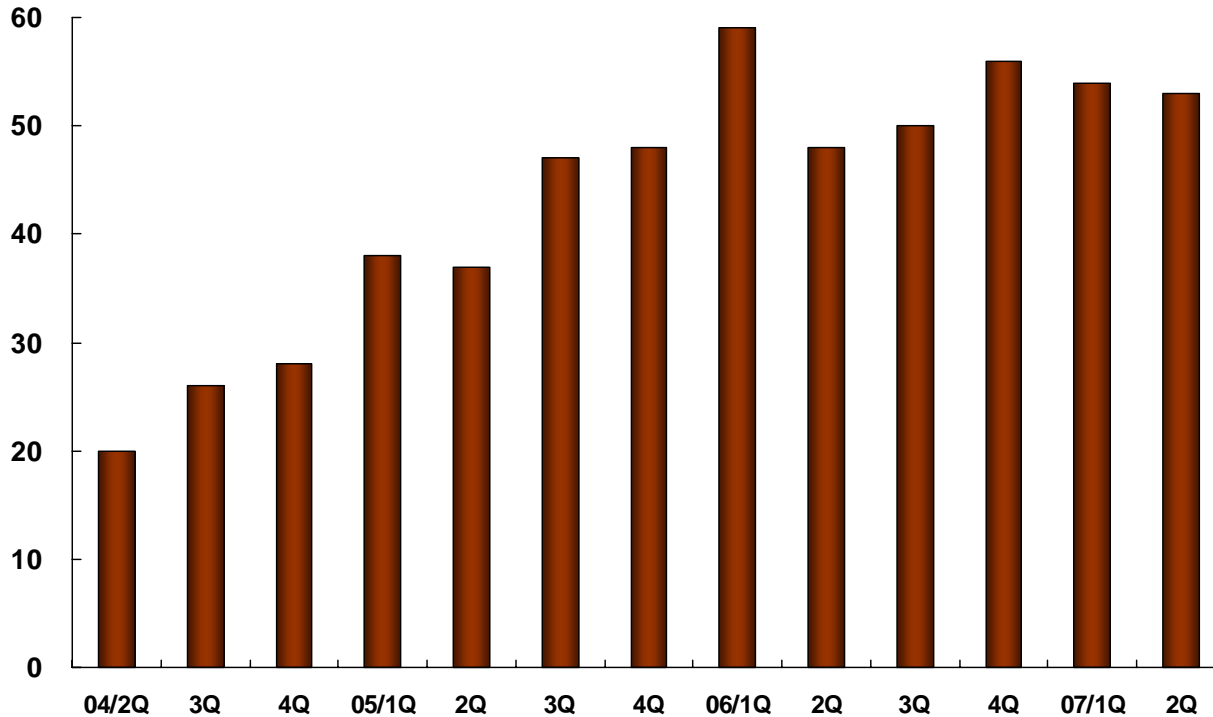


National Client Trends

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

¥ 5.3 Billion (07/2Q)

(¥ 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 paid search advertising.



FY2007-2Q Major Advertisers

■ Finance/Insurance/Securities

JCB Co., Ltd.
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.
DAIKYO INCORPORATED

■ Cosmetics/Toiletries

Shiseido Company
DHC Corporation
Emotent

■ Transportation/Leisure

All Nippon Airways Co., Ltd.
Japan Airlines Corporation
JAL TOURS Co., Ltd.

■ Beverages/Cigarettes

Otsuka Pharmaceutical Co., Ltd.
Kirin Brewery Company, Limited
Coca-Cola (Japan) Company, Limited

■ Mobile Communications Services

KDDI CORPORATION
SOFTBANK MOBILE Corp.

■ Recruitment Services

En-japan inc.
Mainichi Communications Inc.

■ Foodstuffs

Kenkou Corporation
Yazuya Co., Ltd.

■ Computers/Office Equipment

EPSON SALES JAPAN CORPORATION
FUJITSU LIMITED

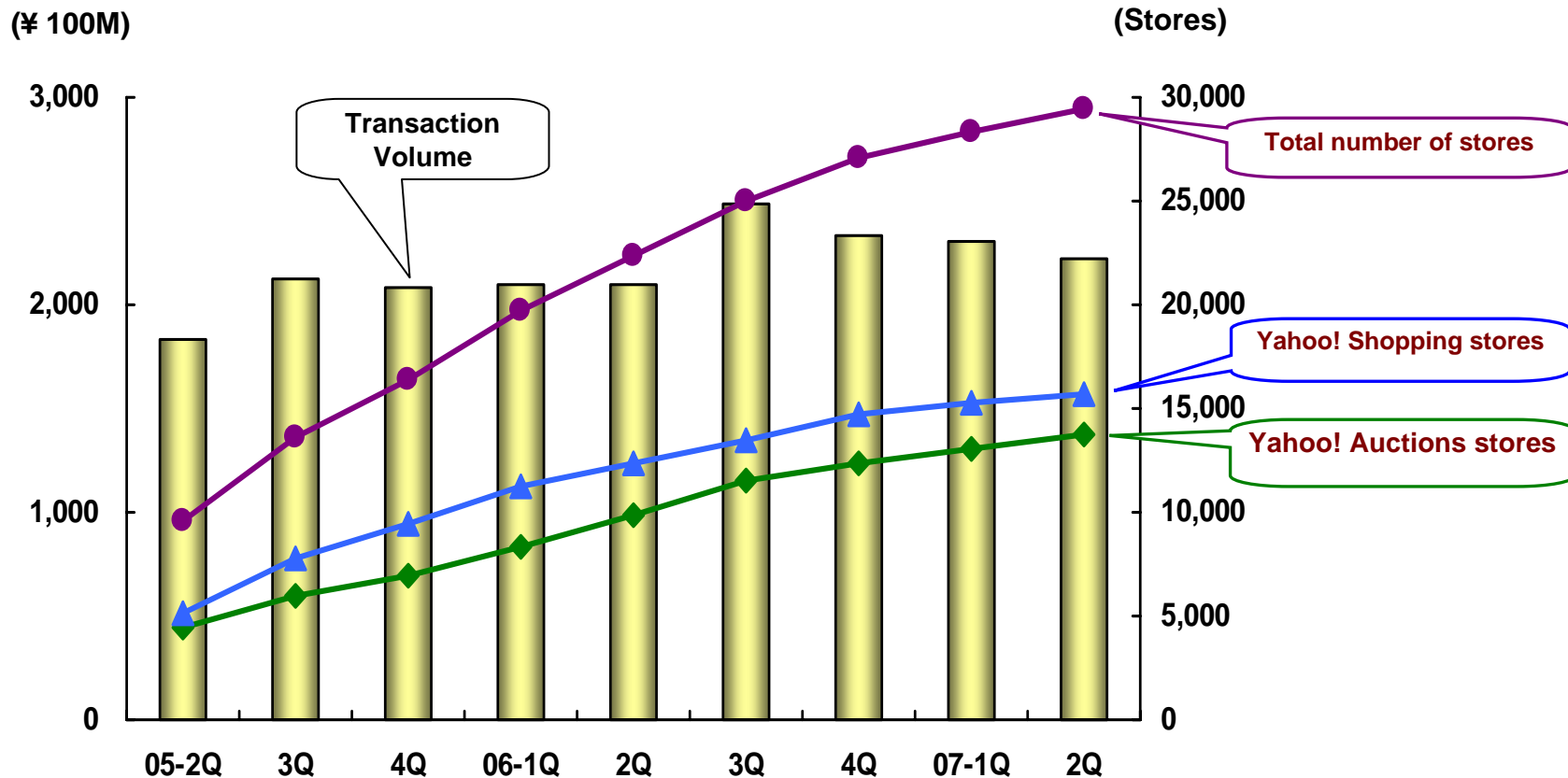
■ Fashion/Accessories

adidas Japan K.K.
Levi Strauss Japan K.K.

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



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/>