



**Yahoo Japan Corporation**  
**FY 2007-3Q Business Results**  
(Oct.-Dec. 2007)

**January 30, 2008**



**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 December 31, 2007.”**

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# FY2007 3Q Highlights (1)

(Oct. 2007 – Dec. 2007)

- The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates improved during the third quarter. Net sales rose 14.8% from the previous quarter and 28.5% year on year, to ¥70.0 billion. Operating income amounted to ¥31.2 billion, increasing 4.0% from the second quarter and 13.0% from a year earlier. Ordinary income totaled ¥30.8 billion, gaining 5.2% over the last quarter and 15.8% over the same period last year. Third quarter net income increased to ¥17.1 billion, up 31.5% from the second quarter and 13.2% year on year.
- In the advertising business, sales of display advertising were robust, supported by firm sales of behavioral advertising and growth in sales of Prime Display, which the Group began marketing as a strategic product in October. Paid listing advertising sales again surged ahead from the previous quarter because of the further expansion of the paid listing advertising market, increased use of search services, start of the listing advertising service started during the previous quarter, which takes into consideration a quality index and the bidding price in determining the listing order, and the consolidation of Overture K.K.'s sales since the start of the quarter (September). Advertising sales amounted to ¥36.7 billion, rising 24.4% from the previous quarter and 69.0% from a year earlier.
- In business services other than advertising, sales of Yahoo! Real Estate increased sharply, reflecting the large growth in the number of listings. Yahoo! Shopping and Yahoo! Auctions made further progress with increasing the number of merchant stores. Yahoo! Shopping implemented complete renewals of their personal computer and mobile sites, refreshing the design and operation of the sites and improving the functions for stores. As a result of the renewal, use of the sites increased, especially of the mobile site. At the end of December, the number of merchant stores registered on Yahoo! Shopping and Yahoo! Auctions totaled 30,223, expanding by 5,162 stores, or 20.6% year on year. Research-related sales also grew sharply from the third quarter last year. Business service for the third quarter totaled ¥14.7 billion, increasing 4.5% from the previous quarter and 14.5% year on year.



# FY2007 3Q Highlights (2)

(Oct. 2007 – Dec. 2007)

•In the personal service business, Yahoo! Auctions' revenues from system-use fees grew from the second quarter on the strength of various sales promotions run in conjunction with the year-end sales campaign. On the other hand, overall sales struggled because of an increase in the proportion of B-to-C auctions, sales of which are recorded as business service, and a slump in transaction volume for special categories compared with the same quarter last year. In addition, there were some effects resulting from cancellations of new memberships following the end of a Yahoo! Premium campaign offering free membership for the rest of the year that started in June 2007. As a result, however, the number of Yahoo! Premium membership IDs rose to 6.74 million at the end of December 2007, representing a net increase of 430,000 IDs, or 6.9% from a year earlier. Income from Yahoo! BB's ISP fees declined substantially from the same period last year because of the impact of the revision of the contract with SOFTBANK BB Corp. Overall, personal service sales for the quarter increased 6.8% from the previous quarter and decreased 6.7% from a year earlier, to ¥18.6 billion.

•During the quarter, the Company began discussions with eBay Inc., the United States' largest Internet auction company, on a business alliance that would strengthen support and guidance for mutual market entry into Japan and the United States. The overall aim of the alliance would be the creation and expansion of a new international auction market.

•Effective January 1, the Company renewed the top page of Yahoo! JAPAN. The transition went smoothly, and in addition to page views increasing, advertisers and advertising companies were pleased with the new top page advertising products.

# FY2007-3Q Financial Results (Consolidated)

## •Major consolidated subsidiaries at the end of FY2007-3Q

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

## •Affiliated companies (equity method) at the end of FY2007-3Q

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



# FY2007-3Q Statements of Income

	<b>FY2007-3Q</b> (Oct. - Dec. 2007)	<b>FY2006-3Q</b> (Oct. - Dec. 2006)	<b>Changes</b>
<b>Net Sales (¥100M)</b>	<b>700</b>	<b>545</b>	<b>29 %</b>
<b>Cost of Sales (¥100M)</b>	<b>99</b>	<b>20</b>	<b>375 %</b>
<b>Gross Profit (¥100M)</b>	<b>600</b>	<b>524</b>	<b>15 %</b>
<b>Operating Income (¥100M)</b>	<b>312</b>	<b>276</b>	<b>13 %</b>
<b>Ordinary Income (¥100M)</b>	<b>308</b>	<b>266</b>	<b>16 %</b>
<b>Quarterly Net Income (¥100M)</b>	<b>171</b>	<b>151</b>	<b>13 %</b>
<b>EPS (¥)</b>	<b>283</b>	<b>250</b>	<b>13 %</b>
<b>Number of Shares Outstanding</b> (Thousands of shares) (Average of Period)	<b>60,486</b>	<b>60,464</b>	<b>0 %</b>
<b>Fully Diluted EPS (¥)</b>	<b>283</b>	<b>250</b>	<b>13 %</b>
<b>Number of Shares Assuming</b> <b>Full Dilution (Thousands of shares)</b>	<b>60,580</b>	<b>60,565</b>	<b>0 %</b>

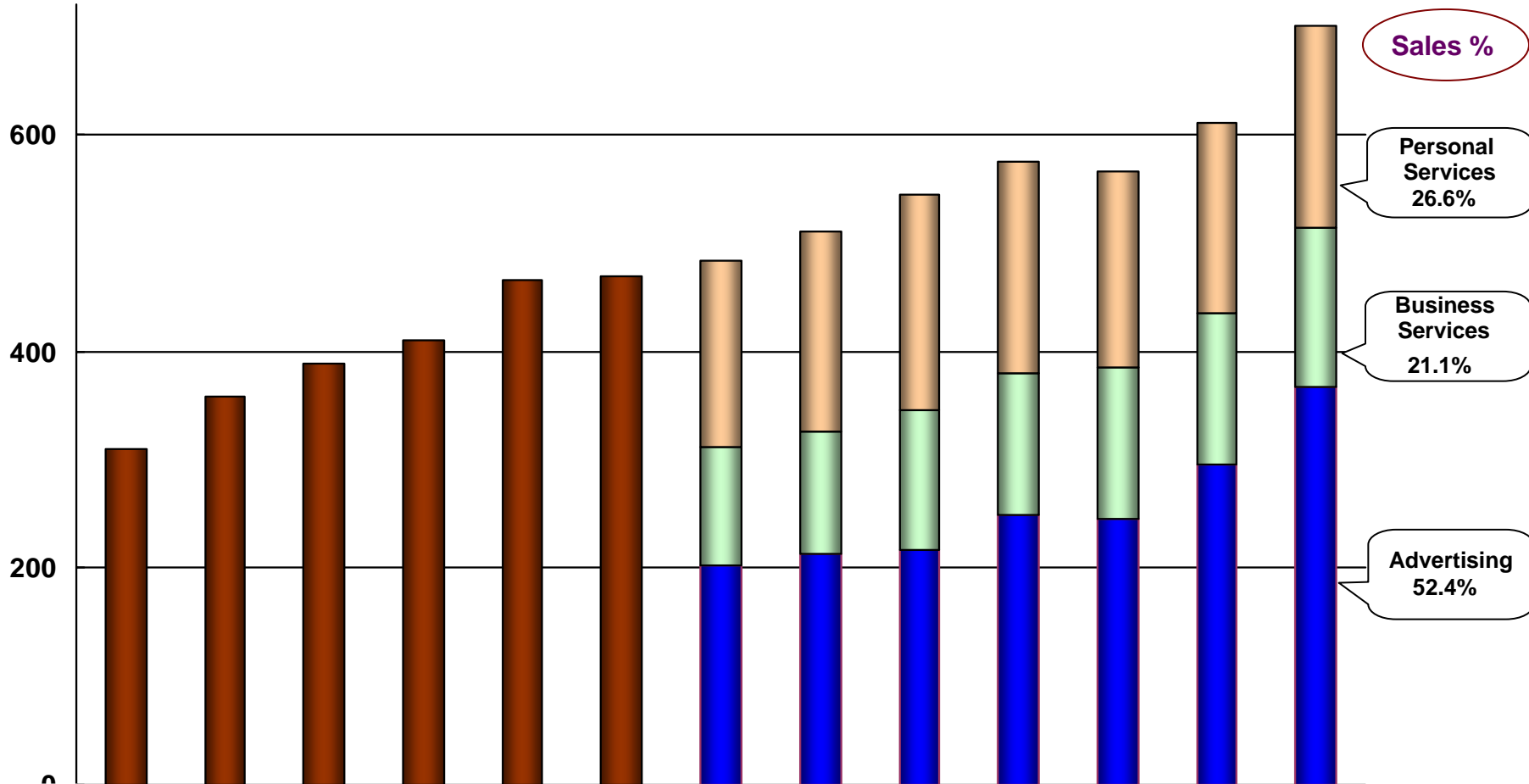
**Notes:**

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



# Quarterly Net Sales

(¥ 100M)



Sales %

Personal Services  
26.6%

Business Services  
21.1%

Advertising  
52.4%

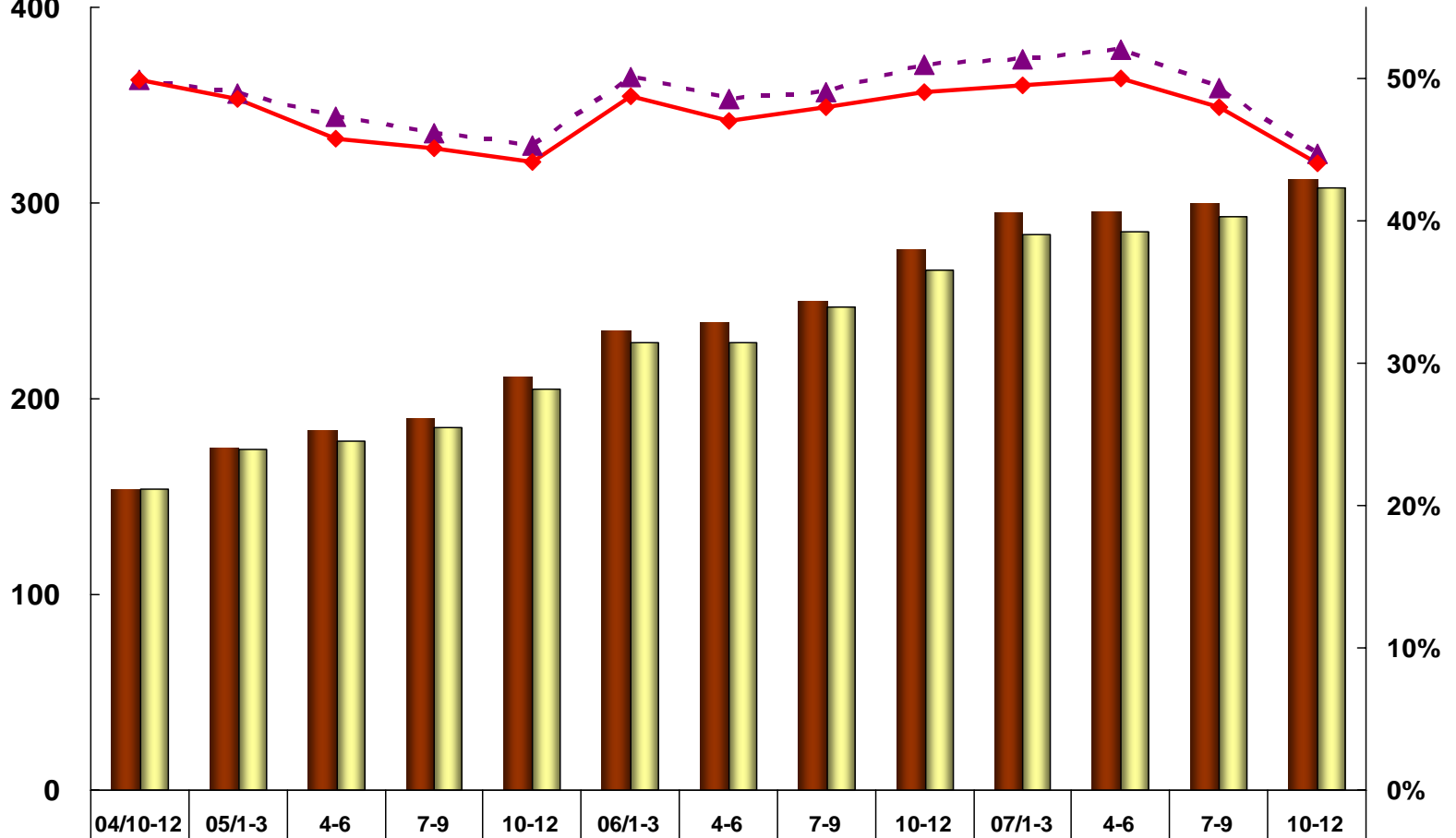
	04/10-12	05/1-3	4-6	7-9	10-12	06/1-3	4-6	7-9	10-12	07/1-3	4-6	7-9	10-12
Net Sales	309	358	388	411	466	470	492	512	545	575	566	610	700





# Quarterly Profits

(¥ 100M) 400



Operating Income	154	175	184	190	211	235	239	250	276	295	296	300	312
Ordinary Income	154	174	178	185	205	229	229	247	266	284	285	293	308
Operating Margin	50%	49%	47%	46%	45%	50%	49%	49%	51%	51%	52%	49%	45%
Ordinary Margin	50%	49%	46%	45%	44%	49%	47%	48%	49%	49%	50%	48%	44%

\*Margins of FY2007- 2Q and after have been affected negatively by the start of consolidation of Overture K.K.







# FY2007-3Q Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	367	Search Business & Overture K.K.	62%	287	127	160	43.7%
		Media Business	12%				
		Service Supervising Division	9%				
		Social Net Business	4%				
		Lifestyle Business	3%				
Business Services	147	Regional Services Business	32%	129	68	60	41.1%
		New Businesses Office	25%				
		Auction Business	17%				
		Shopping Business	13%				
		Member Services Business	9%				
Personal Services	186	Auction Business	46%	184	60	123	66.6%
		Member Services Business	40%				
		New Businesses Office	9%				



# SG&A Breakdown

(¥ 100M)

## Major factors for year on year changes

	07/3Q	%	07/2Q	Quarterly changes	06/3Q	Annual changes
Personnel expenses	60	21.1%	52	15.3%	48	24.7%
Business commissions	40	14.1%	40	0.1%	34	18.8%
Sales commissions	28	9.9%	28	1.9%	24	14.8%
Depreciation expenses	24	8.6%	22	10.3%	20	19.7%
Communication charges	21	7.3%	20	4.4%	20	4.0%
Lease and utility expenses	19	6.9%	16	19.4%	11	67.8%
Royalties	19	6.9%	17	13.4%	15	27.2%
Payment commissions	14	5.0%	11	28.9%	10	43.7%
Content provider fees	13	4.8%	12	7.3%	11	19.9%
Sales promotion costs	11	4.0%	10	11.7%	19	-41.8%
Administrative and maintenance expenses	4	1.7%	4	4.3%	4	3.0%
Amortization of goodwill	4	1.6%	4	18.0%	3	39.1%
Allowance for doubtful accounts	4	1.5%	4	-12.5%	6	-30.5%
Others	18	6.5%	15	20.9%	15	22.6%
<b>SG&amp;A Total</b>	<b>288</b>	<b>100.0%</b>	<b>261</b>	<b>10.1%</b>	<b>247</b>	<b>16.5%</b>

Increase in personnel (3,717 at the end of 07/3Q: 756 increase from 06/3Q)

Expenses for temporary and contracted employee, management commission for credit card business, consolidation of Overture K.K.

Acquisition of software

Office relocation and expansion of office space, consolidation of Overture K.K.

Increase in transaction volume of Yahoo! ezPay, consolidation of Overture K.K.

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

Higher debt collection rate for individual customers



# FY2007-3Q Balance Sheets

Major Items	2007/12/31	2006/12/31	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
<b>&lt; Assets &gt;</b>					
<b>Current Assets</b>	1,299	880	419		
Cash and Cash Equivalents	819	514	304	Increase in earnings from business activities	
Notes and Accounts Receivable -Trade	345	278	66	Consolidation of Overture K.K.	
<b>Fixed Assets</b>	2,070	1,995	74		
Tangible Fixed Assets	162	145	17		
Intangible Fixed Assets	161	135	26	Mark-to-market of investment securities, delisting of Internet Research Institute Inc.	
Investment Securities	1,638	1,653	-14		
<b>Total Assets</b>	<b>3,370</b>	<b>2,875</b>	<b>494</b>		
<b>&lt; Liabilities &gt;</b>					
<b>Current Liabilities</b>	732	599	133	Consolidation of Overture K.K., Increase in transaction volume of Yahoo! ezPay	
Short-term Borrowings	201	201			
Accounts Payable-Other	128	116	12		
Accrued Income Taxes	140	148	-8		
<b>Long-term Liabilities</b>	300	500	-199	Repayment of borrowings	
<b>Total Liabilities</b>	<b>1,033</b>	<b>1,100</b>	<b>-66</b>		
<b>&lt;Net Assets&gt;</b>					
<b>Shareholders' Equity</b>	2,302	1,732	569		
Common Stock	73	71	1		
Capital Surplus	23	22	1		
Retained Earnings	2,205	1,639	566	Increase in net income	
Unrealized Gains on Available for Sale Securities	11	27	-15	Delisting of Internet Research Institute Inc.	
Minority Interests in Consolidated Subsidiaries	22	15	7		
<b>Total Net Assets</b>	<b>2,337</b>	<b>1,775</b>	<b>561</b>		
<b>Total Liabilities and Net Assets</b>	<b>3,370</b>	<b>2,875</b>	<b>494</b>		



# FY2007-3Q Cash Flow Statements

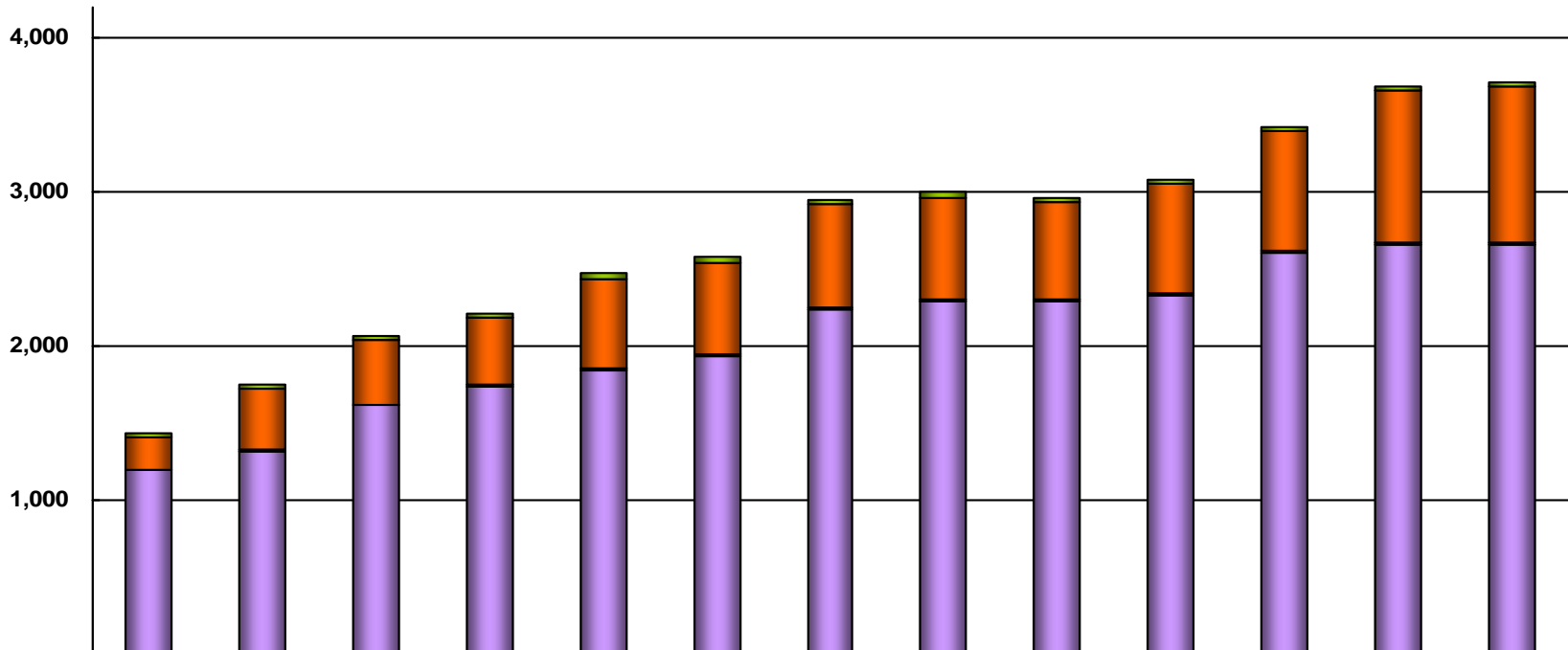
Major Items	FY2007-3Q (Oct.-Dec. 2007)	Major Factors for Changes (¥ 100M)
<b><u>Operating Activities</u></b>	<b><u>95</u></b>	
Net Income before Income Taxes	300	Increase in quarterly net income before income taxes
Depreciation/Amortization	26	
Increase in Accounts Payable-Trade	-9	
Increase in Accounts Payable-Other	-26	
Payment of Consumption Taxes	26	
Payment of Income Taxes and Other Taxes	-231	Payment of income taxes
<b><u>Investing Activities</u></b>	<b><u>155</u></b>	
Decrease in Term Deposit	200	Maturity of term deposit
Purchase of Tangible Fixed Assets	-15	
Purchase/Sales of Intangible Fixed Assets	-9	
Acquisition of Investment Securities	-20	
<b><u>Financing Activities</u></b>	<b><u>-101</u></b>	
Redemption of Long-Term Debt	-100	Repayment of borrowings
<b><u>Net Change in Cash Flows</u></b>	<b><u>150</u></b>	



# Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	04/12	05/3	6	9	12	06/3	6	9	12	07/3	6	9	12
Directors and auditors of Subsidiaries	26	34	27	27	33	33	31	31	25	27	27	33	31
Employees of Subsidiaries	209	397	417	438	583	594	669	670	634	711	773	990	1,015
Directors and auditors of Yahoo! JAPAN	9	8	9	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	1,196	1,316	1,616	1,740	1,849	1,940	2,239	2,289	2,293	2,331	2,610	2,658	2,662
<b>Total</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>	<b>3,690</b>	<b>3,717</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 FY2007-3Q Business Outlook

- Consolidation of the full three-months results of Overture K.K. added approx. 9 billion yen in net sales. The impact on operating and ordinary incomes was minor.
- Paid listing advertising was favorable, substantially outperforming forecast, meanwhile information listing and auction related revenues were slightly lower than our expectation.
- Reduced SG&A expenses, especially business commission, depreciation expenses, and sales promotions costs .

As a result, net sales came close to the highest end of the forecast, and operating and ordinary incomes exceeded the range of our projection.

(¥ 100M)

(Consolidated)	Actual	FY2007-3Q (As of Oct. 24, 2007)
Net Sales	700	684 ~ 708
Operating Income	312	297 ~ 311
Ordinary Income	308	293.5 ~ 308
Quarterly Net Income	171	166 ~ 175



# FY2007-4Q and Fiscal Year Business Outlook (Consolidated)

Expenses in FY2007-4Q are estimated to increase by approx. ¥2.7 billion compared with FY2007-3Q, mainly due to an increase in cost of sales along with the expansion of the paid listing ads, sales commissions and depreciation expenses.

(¥ 100M)

As of Jan. 30, 2008 (Consolidated)	FY2006-4Q (Actual)	FY2007-4Q (Projection)	FY2007-1Q to 3Q accumulation (Actual)	FY 2007 full year (Projection)
Net Sales	575	728~766	1,878	2,606.02~2,644.02
Operating Income	295	317.5~345.5	910	1,227.95~1,255.95
Ordinary Income	284	316~344	886	1,202.60~1,230.60
Net Income	159	184~200.5	464	648.43~664.93

- Since the business environment of the Group can fluctuate substantially in the short term, it is extremely difficult to forecast performance for the full fiscal year with a high degree of confidence. Therefore, the Group announces its financial results on a quarterly basis together with the business outlook only for the following quarter. The above “FY 2007 full year projection” is the accumulation of the results of FY 2007-1Q to 3Q and FY2007-4Q projection.



# Special Note (1)

## Start of Discussions with eBay Inc. toward a Business Alliance

- Yahoo! JAPAN and eBay Inc. plan to provide mutual support and guidance for market entry into Japan and the United States.
- Through the following three phases, the partners will provide a more useful and attractive online auction service with cross-border transactions.
- Yahoo! JAPAN will also look for other opportunities for cross-border services in the e-commerce field other than the auction market and the United States.

### Phase I

“Sekaimon”, a proxy buyer service shopping site operated by a subsidiary of netprice.com, Ltd., provides Japanese language display of listed items on eBay and a proxy bidding service.

### Phase II

A similar proxy buyer service will be launched on the Yahoo! Auctions site. The service will enable Yahoo! Auctions users to browse, bid on, and buy items on eBay in additions to the items on Yahoo! Auctions.

### Phase III

A proxy buyer service for Yahoo! Auctions items will be started on eBay. The service will provide English language display of an abundant variety of items on Yahoo! Auctions as well as intermediation services for bidding, etc.





# Special Note (2)

## Counter Fraud Efforts Made by Yahoo! Auctions

- **Strengthened counter fraud efforts by Yahoo! Auctions**
  - Provision of “After-delivery settlement service” (July, 2007)
  - Made the “settlement-after-delivery” compulsory for transactions in certain categories. (Dec. 2007)
  - Introduction of a new service – another “After-delivery settlement service” (Planned for 2008 Spring).
  - Provision of virtual banking account tied to Yahoo! JAPAN ID (Planned for 2008 Summer).
  - Campaign against illegal trading of Yahoo! JAPAN IDs. Cooperation with investigations by National Police Agency and police offices throughout Japan. Legal action taken against fraud perpetrators and Yahoo! JAPAN ID traders.
- **By continuous efforts to reduce fraud, the Group’s compensation payments to victims decreased drastically.**
  - Compensation payments accounted for Jan.-Dec. 2007 was approx. 130 million yen, decreasing 500 million yen (81%) comparing with the previous year.



# Special Note (3)

## Progress in Open Partnership Policy

### ■ Partnership in ad distribution

- The Group launched “Partner Solutions Division” in Oct. 2007. The division, together with Overture K.K., aggressively promotes the distribution of display ads and paid listing ads to partner sites.
- Launched “Yahoo! Web Owner Center” for individual owners of HP or blog sites. Site owners can receive supporting service for site creations and benefit from commission from display ads, etc.

### ■ Partnership in offering tools and infrastructure

- Offer tools and infrastructure to partner sites.
  - \* Yahoo! JAPAN ID log-in function : 10 sites
  - \* Charging system using “Yahoo! Wallet” : 207 sites
  - \* Various services such as API: (plenty)



# Special Note (4) Yahoo! JAPAN Top Page Renewal

On Jan. 1, 2008, the Group completely renewed the top page of the Yahoo! JAPAN site. The renewal was carried out smoothly and number of page views increased. The wider size of Brand Panel, including “Triple size”, is in high repute among advertisers.

## Search Function Box

Larger space for search functions

## Personalization

Customization of displayed items is available

## Social Media

Distribution of CGC

## Open Partnership Policy

Users can visit our partner sites' pages through links



## Ad Space

Larger space for better brand effect

## Personal Box

Personal tools and customizable information

## Yahoo! Everywhere

Information of Yahoo! Mobile and other devices

## Local Information

On demand distribution of daily local information



# Review of Operations



# Businesses of Yahoo! JAPAN

## Advertising Business

### Internet advertising

- Display advertising such as banners
- Paid listing service offered by Overture K. K., a newly consolidated subsidiary on Sept. 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.
- “Prime Display”, a product started in Oct. 2007, developed a good reputation among National Clients for its visibility and branding effects, and sales were favorable. Behavioral targeting combined with area targeting was popular, resulting in growth in the number of advertisers and in sales.

## Paid listing advertising (Search Business, Overture K.K., etc.)

- An increase in the number of queries and the higher revenue per search caused by the introduction of new system reflecting the quality index and the bidding price in determining the listing order, contributed to a drastic increase in paid listing ads revenue. The three-months consolidation of the earnings of Overture K.K. was also a factor. The paid listing ad revenue from mobile phones was also favorable.

## SG&A expenses

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



# Display Advertising Sales by Industry

## Industries with large year on year increase (\*)

- Mobile Communications Service
- Autos (Transport Equipment)
- Information Processing/Software

## Industries with high year on year growth rate (\*)

- Information Processing/Software
- Mobile Communications Service
- Autos (Transport Equipment)

	06/3Q	4Q	07/1Q	2Q	3Q
Finance/Insurance/Securities	17.3%	18.5%	17.8%	17.8%	15.8%
Autos (Transport Equipment)	8.9%	10.7%	10.2%	12.0%	10.8%
Real Estate/Construction	8.7%	11.0%	9.8%	10.0%	9.2%
Mobile Communications Service	5.2%	3.2%	6.1%	4.7%	8.5%
Cosmetics/Toiletries	7.5%	6.0%	7.7%	8.5%	7.7%
Transportation/Leisure	6.6%	6.5%	6.2%	6.4%	7.3%
Recruitment Services	6.2%	7.4%	5.1%	4.0%	4.0%
Computers/Office Equipment	4.5%	6.5%	4.2%	3.2%	3.8%
Entertainment Related Software	3.7%	2.7%	2.6%	2.3%	3.5%
Fashion/Accessories	3.4%	2.5%	3.1%	2.7%	3.2%
Beverages/Cigarettes	2.7%	3.1%	4.8%	5.0%	2.9%
Information Processing/Software	1.1%	1.8%	1.7%	1.2%	2.8%
Foodstuffs	3.7%	3.2%	3.3%	3.4%	2.6%
Others	20.5%	16.9%	17.4%	18.8%	17.9%
<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 paid listing advertising.  
In the order of increasing amount and rate excluding the industries in "Others."



# Business Services Business

## e-Commerce related sales

(Auction Business, Shopping Business, etc.)

- In Yahoo! Shopping, we renewed both the PC and mobile sites, and the usage of the shopping sites, especially the mobile site, increased accordingly. 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 30,223 at the end of Dec. 2007, up 5,162 or 21% year on year. As a result, commerce-related revenues increased favorably.

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

- Sales of Yahoo! Real Estate in the third quarter increased substantially, up more than 60% year on year.

## Online Research Business (New Business Office)

- Together with Yahoo Japan Value Insight Corporation, we conducted vigorous sales activities and made efforts to obtain monitors. Online research-related sales increased more than 30% year on year. At the end of Dec. 2007, the total number of registered monitors amounted to 1.61 million, the largest organization of research monitors in Japan.

## SG&A expenses

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





# Personal Services Business

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

- Because of stagnant sales of certain categories (auto body, game, etc.), and intensive efforts to delete fake brand products by strengthening counter-fraud measures, the transaction volume of Yahoo! Auctions in the third quarter fell to ¥194.3 billion, down 3% year on year. Personal Services revenues from system use fees for Yahoo! Auctions also decreased because of an increase of the proportion of B-to-C auctions resulting from growth in the number of auction stores. The active user ID numbers in listing, bidding and winning rose steadily.

## Yahoo! Premium Revenues (Member Services Business)

- Although the “Free Yahoo! Premium Membership Campaign” started in June 2007 terminated in Dec., the number of cancellation was limited. With a new “Free Yahoo! Premium Membership Campaign” and the addition of member only services, etc., the number of Yahoo! Premium members increased to 6.74 million IDs at the end of Dec.

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

- Yahoo! BB ISP revenues decreased by approx. ¥1 billion year on year because of the revision of the business alliance contract with SOFTBANK BB Corp. in April, 2007.

## Pay Content Income

- Revenues from pay content and services, such as Yahoo! Partner, Yahoo! Comics, and Yahoo! Mail security pack, were favorable.

## SG&A expenses

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

# **Review of Operations by Business Unit**



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

### Search Business

- Commenced offering “Yahoo! Search Ranking”, a keyword ranking information service based on the frequency of searches made by users
- Mobile version of Yahoo! Search: Added a function on Yahoo! Keitai to offer direct display of maps, images, and other information as search results on mobile phones.
- Released a search result screen for the Sony PSP console and a software keyboard for Nintendo’s Wii console.
- Yahoo! Search: Expanded the direct search function (news articles, display of suicide prevention message, etc). Also added a music search function.

### Auction Business

- Began discussing a business alliance with eBay Inc., the largest Internet auction site in United States. The partners plan to provide support and guidance for mutual entry into Japanese and U.S. markets and let users of each country enjoy the auction services of the other country (see page 16).
- Strengthened the fraud prevention measures (implemented obligation to settlement to come after delivery of item for certain categories, worked to increase awareness of not trading Yahoo! JAPAN IDs and cooperated with investigations by National Police Agency and local police organizations (see page 17).
- Continued to host public Internet auctions by government bodies.



## FY2007-3Q 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 campaign for the rest of the year or for 3-months for new members who have used Yahoo! Auctions, and 3-month of free Yahoo! Premium membership campaign for new subscribers of “Yahoo! BB” who registered Yahoo! Premium at the same time)
- Implemented measures to increase value of Yahoo! Premium membership in collaboration with other business units. (discount of pay services or special benefits exclusive for members, membership exclusive distribution of live concerts of famous artists, etc.)
- Launched a mobile version of Yahoo! Partner service.
- **Yahoo! Insurance:** Started offering the group casualty insurance service Chokotto Hoken exclusively to Yahoo! Premium members based on an agreement with Mitsui Sumitomo Insurance Co., Ltd.

### Regional Services Business

- **Yahoo! Get Local (beta version):** Renewed the site as a place to provide daily life information. Added a word-of-mouth function to share information on popular spots or special events.
- **Yahoo! Maps:** Made scroll and aerial map services applicable to the world map.
- **Yahoo! Rikunabi:** Expanded the service area of Shotworks, an employment listing service for short-term or part-time jobs, to all Japan.



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

### Media Business

- **Yahoo! News:** Strengthened the personalization functions, such as distribution of articles based on browsing history, etc.
- **Yahoo! Politics:** Commenced live video streaming of Diet sessions.
- **Yahoo! Finance:** Renewed the top page.

### Shopping Business

- Conducted full renewal of the Yahoo! Shopping site. Developed a platform to enable future improvement of services.
- Focused on Christmas and end-of-year sales promotions.
- Launched outlet shopping site for imported brand-name merchandise in collaboration with Mitsui & Co., Ltd.

### Social Net Business

- **Yahoo! Mail:** Added a function that allows users to refuse spoofed email sent by people pretending to be someone else. Also started offering users of Yahoo! Mail a sub address as a safety address to prevent spam.
- **Yahoo! Mail Academic Edition:** Made decision to provide email services to current students or other related people of educational institutions nationwide based on domains provided by schools.
- Commenced a mobile version of Yahoo! Videocast, a video posting service.
- **Yahoo! Blogs:** Changed the layout of the top page and added various functions.



## FY2007-3Q Review of Operations by Business Unit (4)

### Lifestyle Business

- Launched Yahoo! Pet with such functions as pet information sharing and posting of pictures.
- Yahoo! Beauty: Renewed this general beauty information site. Commenced distributing a monthly Web magazine, LUAU.
- Yahoo! Movies: Expanded the selection of movie titles available for online viewing.

### Mobile Business

- Launched a mobile version (beta version) of Yahoo! Desktop, which enables users to place search, weather, and other widgets on the display of a mobile phone.
- Mobile version of Yahoo! Search: Added a function on Yahoo! Keitai to offer direct display of maps, images, and other information as search results on mobile phones.
- Mobile version of Yahoo! Mail: Renewed the design and added functions. The display method, number of emails displayed, etc., can now be customized. Strengthened the spam prevention measures.
- Started offering a mobile version of Yahoo! Kids to all mobile phone carriers in Japan.



## FY2007-3Q Review of Operations by Business Unit (5)

### New Businesses Office

- **Settlement Services:** Through a business alliance with The Japan Net Bank, Ltd., began offering a service that converts Yahoo! Points to cash. For Yahoo! Public Payments, commenced collection service for donations to regional government bodies made by credit cards.
- **Travel Services:** Renewed services on the domestic accommodations reservation screen. Also started listing travel plans on Ikyu.com, the popular luxury hotel and Japanese inn reservation site. Formed a capital and business alliance with BestReserve Co., Ltd., which operates the online accommodation reservation site, BestReserve.
- **Research Services:** Carried out aggressive sales activities with the collaboration of Yahoo Japan Value Insight Corporation. The number of registered PC monitors amounted to 1.61 million at the end of Dec. 2007.
- **Digital Home Projects:** Announced a joint development with Sharp Corporation for an Internet Portal site for Sharp's LCD TV, AQUOS.

### Service Supervising Division

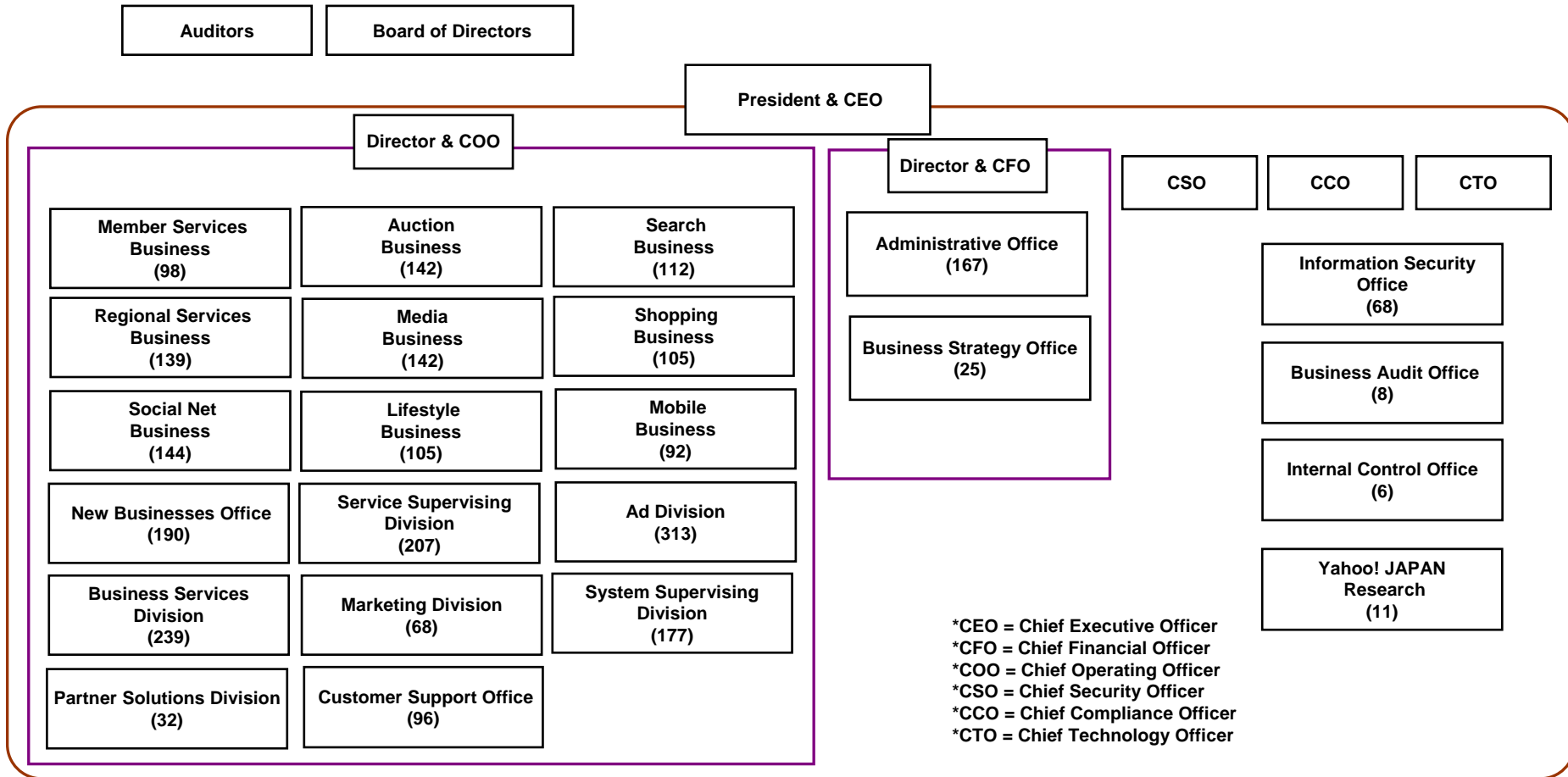
- Effective Jan. 1, 2008, completely renewed the top page of the Yahoo! JAPAN site (see page 19).
- As an official partner of the 2016 Tokyo Olympics Games bid promotion, ran a special feature on the bid for the Olympics, "Relive the Excitement! Let's Bring the 2016 Olympics to Tokyo!"
- Started offering a mobile version of Yahoo! Kids to all mobile phone carriers in Japan.

# Appendix





# Organization

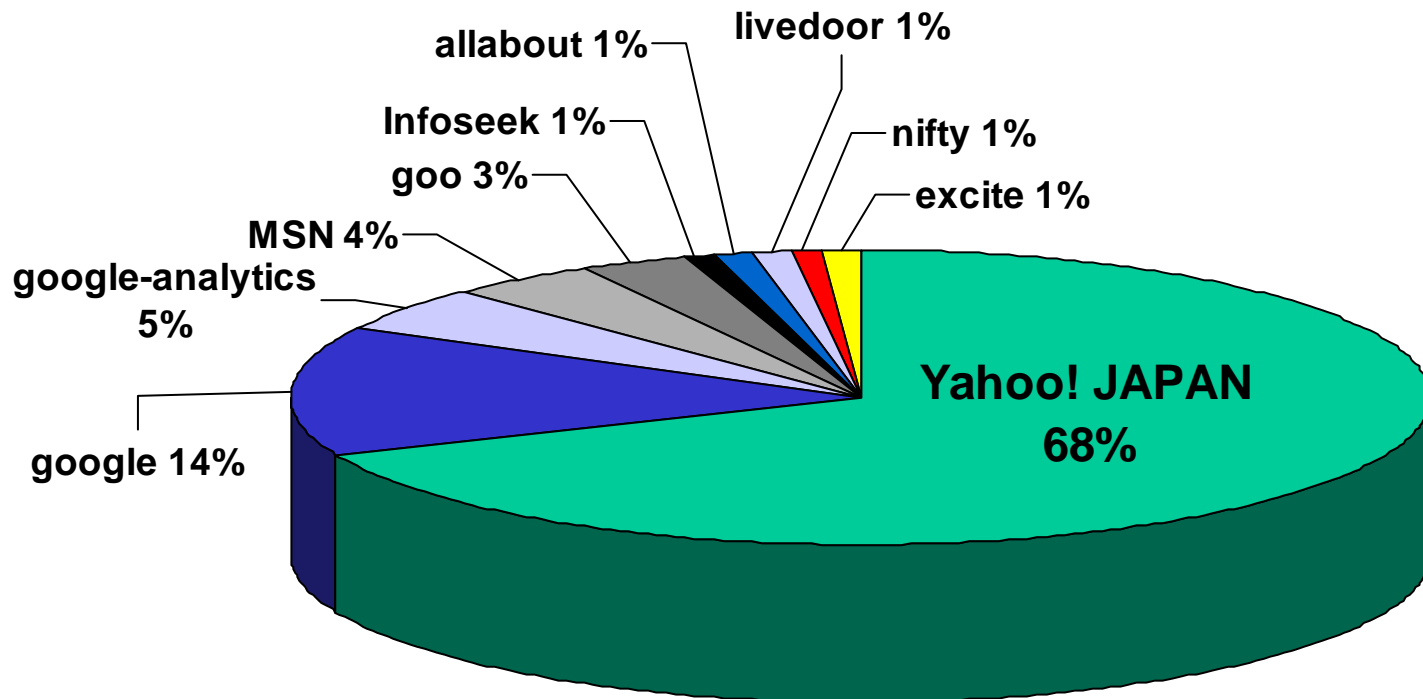


**Total : 2,687 people (as of Jan.1, 2008)**



## Overwhelming No.1 in Business use !

- According to a survey by Humming Heads Inc., the Yahoo! JAPAN site accounted for a 68% share of the total Internet access by offices. Average access per user was 12 times a day. (Approx. 150 thousand people in 150 companies surveyed for 1 month.)





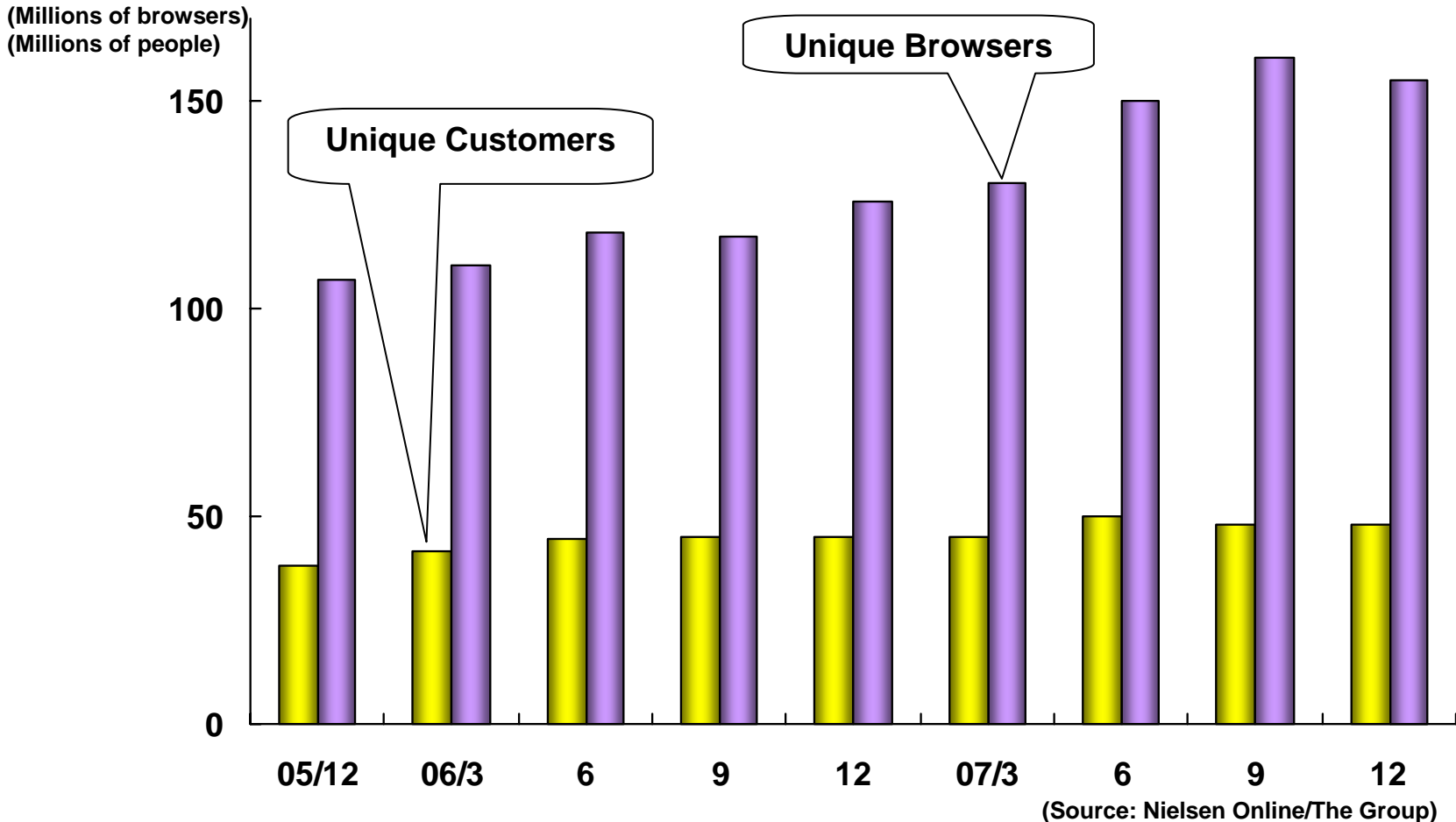
## Additional Business Data: 2007-3Q

<b>• Average Daily Transaction Volume</b>	<b><u>Oct.-Dec. 2006</u></b>	<b><u>Oct.-Dec. 2007</u></b>
Commerce (¥ 100M)	26.9	26.9
Auction (¥ 100M)	21.8	21.1
Shopping* (¥ 100M)	5.1	5.8
Yahoo! Mobile e-commerce (¥ 100M)	2.5	3.3
<b>• Subscriber Lines for Yahoo! BB Services</b>	<b><u>End of Dec. 2006</u></b>	<b><u>End of Dec. 2007</u></b>
Total (thousand lines)	5,161	4,943
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,139	1,018
<b>• Other Data of Auction Business</b>	<b><u>Oct.-Dec. 2006</u></b>	<b><u>Oct.-Dec. 2007</u></b>
Average Closing Price (¥)	5,884	5,378
Average Successful Auction Ratio (%)	28	23
<b>• Number of Business Express Contracts (contract) (monthly average)</b>	<b><u>Oct.-Dec. 2006</u></b>	<b><u>Oct.-Dec. 2007</u></b>
	3,463	3,713

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



# Number of Yahoo! JAPAN Users



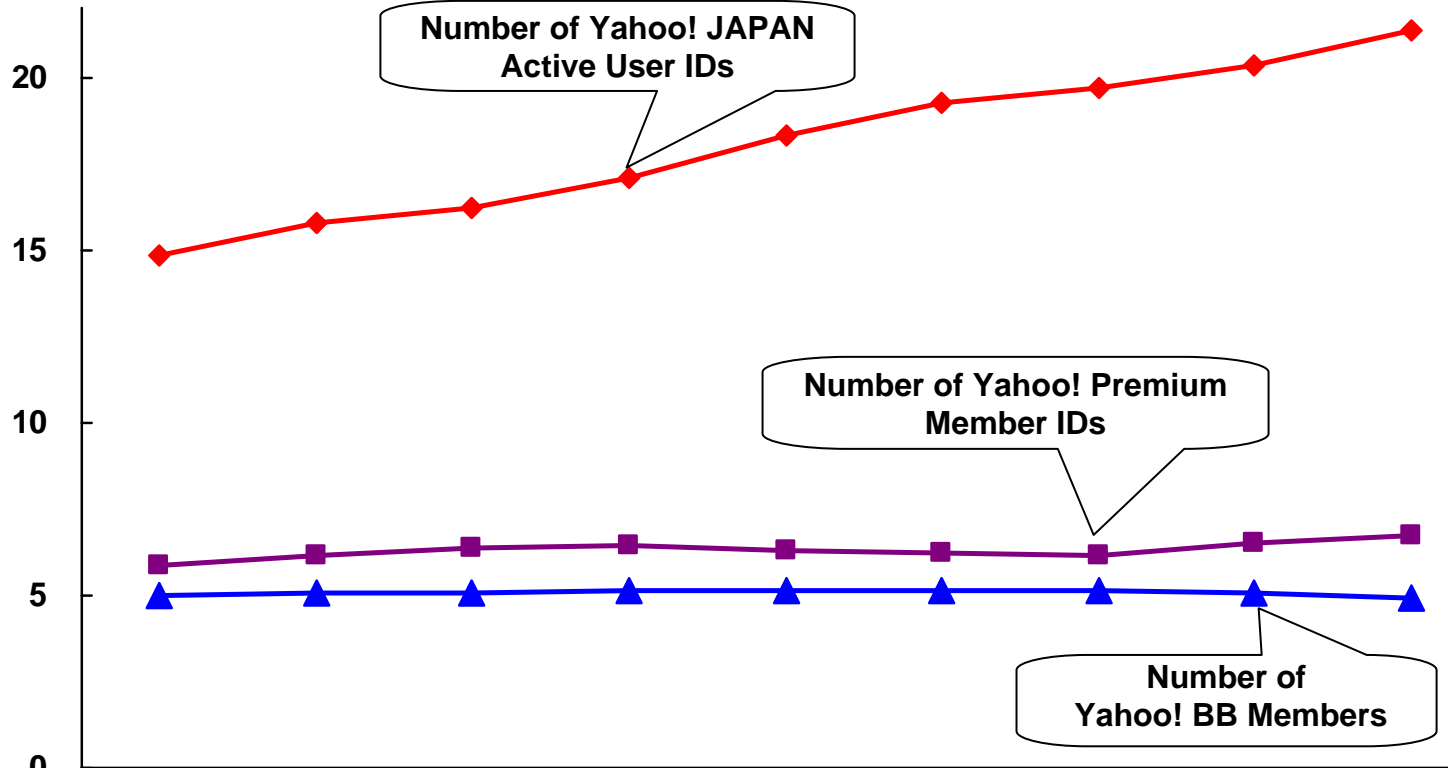
- The Number of Yahoo! JAPAN Unique Browsers is the total number of unique browsers accessing our services. It can fluctuate significantly monthly due to malicious or inappropriate large volume access by bots or other external tools trying to acquire Yahoo! JAPAN IDs or other registrations or information.
- The Number of Unique Customers is compiled using the duplication rate of access by people from home and work from the Internet Survey of Nielsen Online. based on the data of Nielsen Online(NetView AMS JP) regarding access by individuals from home and work.





# Number of Yahoo! JAPAN IDs and Members

(Millions of IDs and lines)

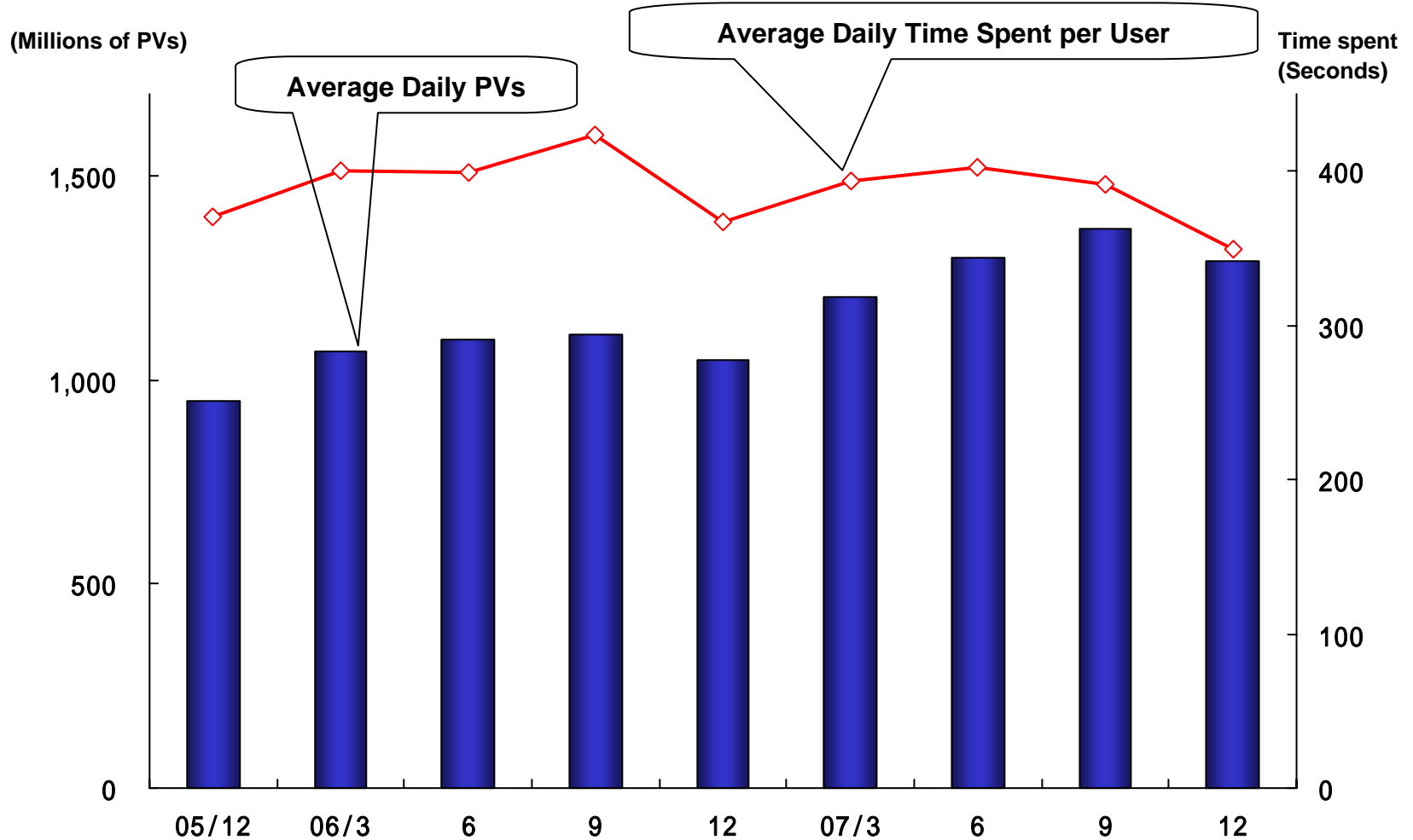


	05/12	06/3	6	9	12	07/3	6	9	12
◆ Active User IDs	14.85	15.80	16.24	17.05	18.28	19.23	19.67	20.31	21.36
■ Premium Member IDs	5.88	6.15	6.35	6.43	6.30	6.19	6.16	6.49	6.74
▲ Yahoo! BB Members	5.01	5.05	5.09	5.15	5.16	5.16	5.13	5.04	4.94

\* 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: Nielsen Online/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 Online (NetView AMS JP) from Dec. 2005 to Dec. 2007, regarding access by individuals from home



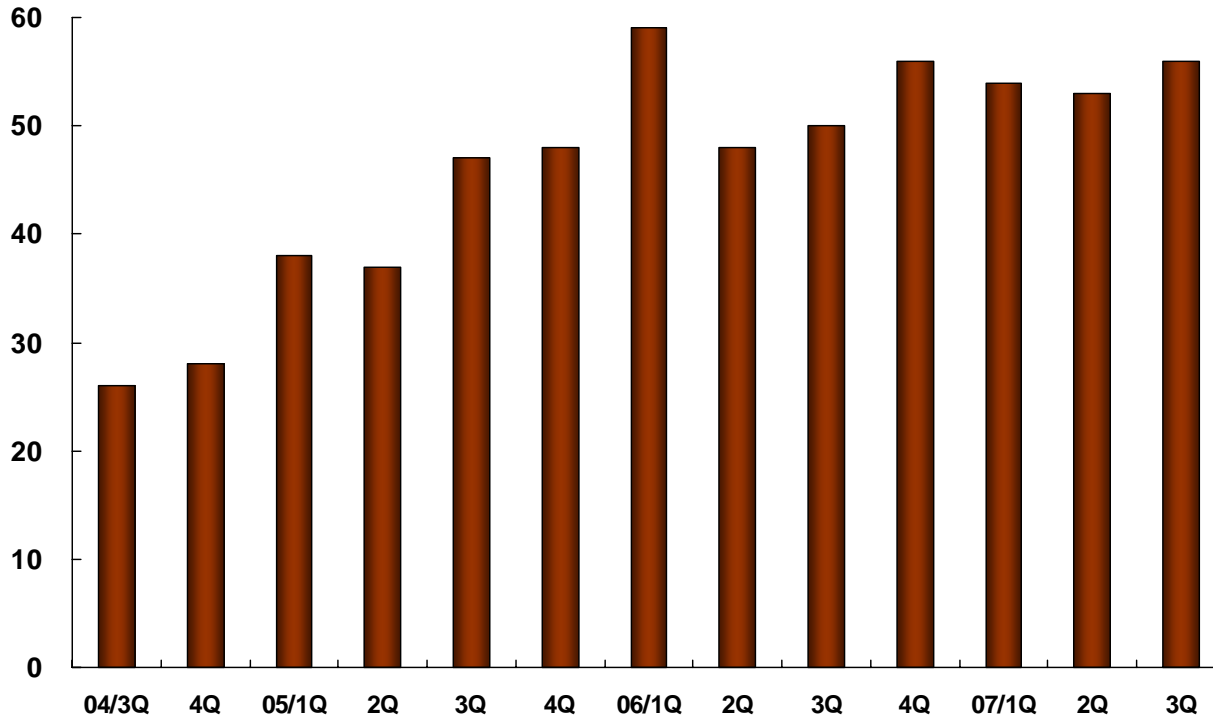


# National Client Trends

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

¥ 5.6 Billion (07/3Q)

(¥ 100M)



## National Clients

- Nikkei Advertising Research Institute: Top 100 companies in advertising expenditure (2006)
- 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 listing advertising.



## FY2007-3Q Major Advertisers

### ■ Finance/Insurance/Securities

American Express International, Inc.  
Sumitomo Mitsui Banking Corporation  
ORIX Credit Corporation

### ■ Autos (Transport Equipment)

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

### ■ Real Estate/Construction

COSMOS INITIA Co., Ltd.  
DAIKYO INCORPORATED  
Mitsui Fudosan Residential Co., Ltd.

### ■ Mobile Communications Services

KDDI CORPORATION  
SOFTBANK MOBILE Corp.

### ■ Cosmetics/Toiletries

Shiseido Company  
DHC Corporation  
Im Co., Ltd.

### ■ Transportation/Leisure

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

### ■ Recruitment Services

En-japan inc.  
Mainichi Communications Inc.

### ■ Computers/Office Equipment

Dell Japan Inc.  
FUJITSU LIMITED

### ■ Entertainment Related Software

GameOn Co., Ltd.  
WARNER ENTERTAINMENT JAPAN INC.

### ■ Fashion/Accessories

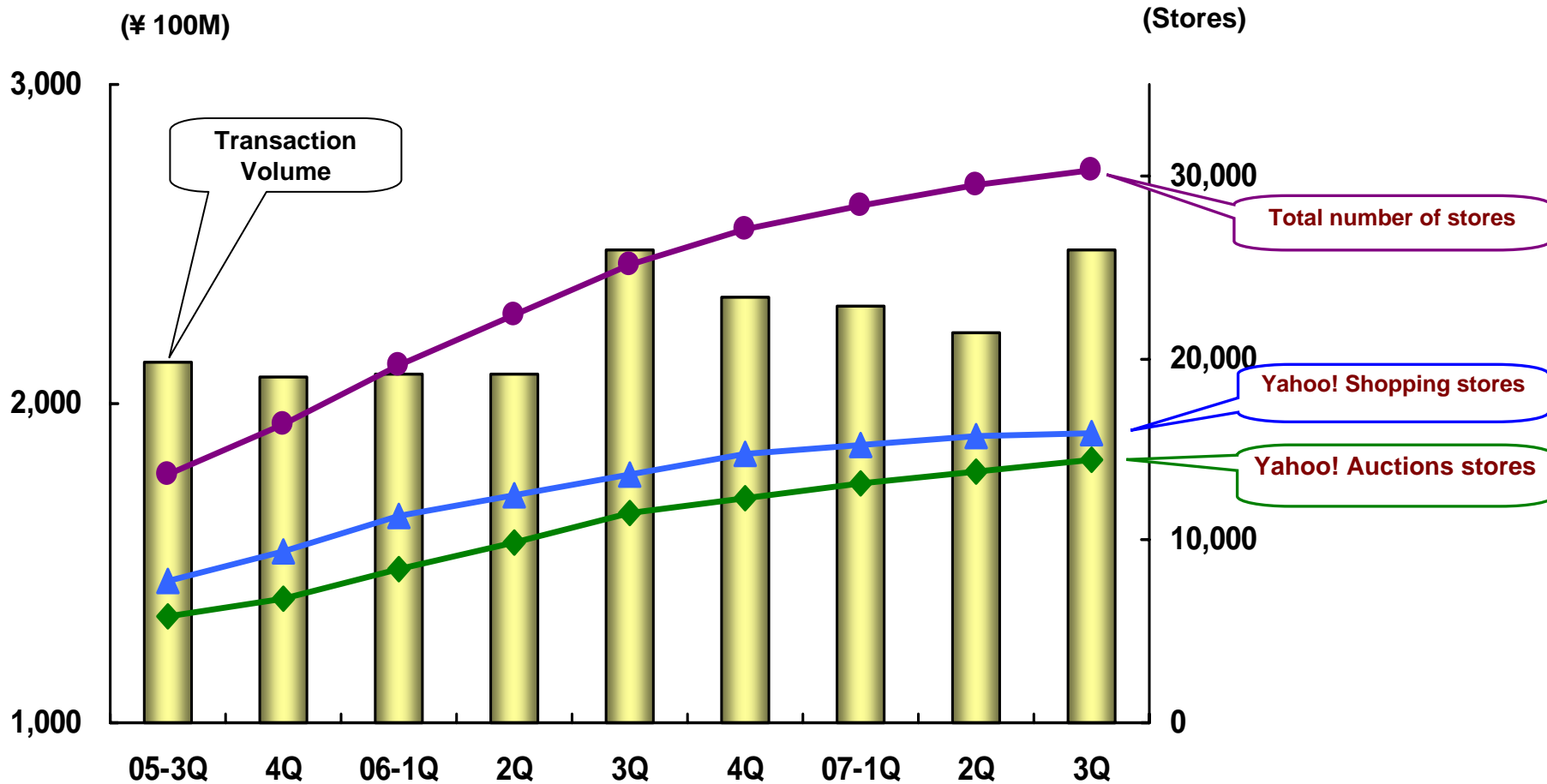
Coach Japan  
Cartier (Richemont Japan)

- The above are the major clients of Yahoo! JAPAN's advertising sales excluding paid listing 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.
- Transaction volume excludes the amount of fraudulent orders.



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