



Yahoo Japan Corporation FY 2007-4Q & Annual Results

(Jan.-Mar. 2008)

April 25, 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 fiscal year and three months ended March 31, 2008.”

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FY2007 Highlights (1)

(Apr. 2007 – Mar. 2008)

- In the fiscal year ended March 31, 2008, Yahoo Japan Corporation and its consolidated subsidiaries and affiliates recorded growth in sales and profit for the 11th consecutive year since the start of its services. Net sales rose 23.3% year on year, to ¥262.0 billion. Operating income was ¥124.8 billion, increasing 17.5% from a year earlier. Ordinary income totaled ¥121.5 billion, rising 18.2% over the same period last year. Net income climbed to ¥62.6 billion, advancing 8.0% year on year.
- In the advertising business, sales of advertising products with high branding impact expanded. These products included the Prime Display launched in October 2007 and Brand Panel in January, the size of which was expanded along with the overall renewal of Yahoo! JAPAN's top page in January. Use of behavioral advertising also grew, supporting a firm increase in display advertising compared with the previous fiscal year. Paid listing advertising sales surged ahead from the previous fiscal year because of the further expansion of this advertising market and increased use of search services. The start in July of a new system for paid listing advertising service that takes into consideration a quality index and the bidding price and the consolidation of Overture K.K.'s sales since September were other factors contributing to the sales surge in paid listing advertising. In mobile advertising, sales of paid listing advertising mainly surged. Sales of advertising for the fiscal year amounted to ¥131.0 billion, rising 46.9% from a year earlier.



FY2007 Highlights (2)

(Apr. 2007 – Mar. 2008)

- In business services other than advertising, sales of information listing grew steadily. In particular, sales of Yahoo! Real Estate increased sharply, reflecting the large growth in the number of listings and the site renewal. Research-related sales also grew sharply year on year as a result of the conversion of Interscope Inc. to a subsidiary and aggressive business development. Yahoo! Shopping and Yahoo! Auctions made further progress with increasing the number of the merchant stores. Yahoo! Shopping implemented complete renewals of the personal computer and mobile sites in November 2007, aiming to expand use. It also continued to endeavor to acquire new stores. As a result, at the end of March, the number of merchant stores registered on Yahoo! Shopping and Yahoo! Auctions totaled 31,289, expanding by 4,245 stores, or 15.7% year on year. In addition, tenant and commission fees for Yahoo! Shopping and Yahoo! Auctions expanded favorably. Business service sales for the fiscal year totaled ¥58.0 billion, increasing 20.4% from the previous fiscal year.
- In the personal services business, Yahoo! Auctions use of mobile services particularly expanded, with the number of page views and bids through the mobile route growing substantially. Despite this growth, transaction value struggled compared with the previous fiscal year because of the slump in special categories, such as automobiles and vehicle bodies, and because of the negative impact of changes in participation qualifications and stronger measures to prevent system abuse. In addition, revenues from system-use fees declined slightly because of the higher proportion of B-to-C auctions, sales of which are recorded as business service. As a result of Yahoo! Premium campaigns to acquire new members and measures to increase value-added content for existing members, the number of Yahoo! Premium membership IDs at the end of March had risen to 6.91 million IDs, increasing 720,000 IDs, or 11.7%, year on year. 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 decreased 3.0% from a year earlier, to ¥73.0 billion.
- Total commerce volume for the fiscal year rose 4.5%, to ¥940.0 billion. This figure includes the transaction volumes of Yahoo! Auctions, Yahoo! Shopping, Yahoo! Travel, and Yahoo! Tickets. There was an especially notable increase in mobile transaction volume.



FY2007 4Q Highlights (1)

(Jan. 2008 – Mar. 2008)

- **The performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates improved during the fourth quarter. Net sales increased 5.9% from the previous quarter and 28.9% year on year, to ¥ 74.2 billion. Operating income amounted to ¥33.7 billion, rising 7.9% from the third quarter and 14.3% from a year earlier. Ordinary income totaled ¥32.8 billion, climbing 6.6% over the last quarter and 15.3% over the same period last year. Fourth quarter net income was ¥16.1 billion, down 5.8% from the third quarter but up 1.2% year on year. The Company booked an extraordinary loss on valuation of the stock of affiliates.**
- **In the advertising business, the Group focused on capturing fiscal year-end demand from advertisers. In addition to commencing sales of the expanded Brand Panel Triple Size, we actively proposed new products to clients, such as Internet CM Plus, which utilizes moving picture streaming. Sales of display advertising set another quarterly record high, and paid listing advertising rose substantially year on year, also setting a quarterly sales record high. Advertising sales amounted to ¥40.2 billion, increasing 9.8% from the previous quarter and 61.6% from a year earlier.**
- **In the business services other than advertising, sales of Yahoo! Real Estate increased sharply because of higher demand during the moving season in Japan and because of the impact of the renewal of the rental housing page. Research-related sales also grew sharply from the third quarter last year, reflecting the conversion of Interscope Inc., to a subsidiary. Yahoo! Shopping targeted greater use of its site by running seasonal campaigns for Valentine's Day and for people changing their lives at the start of the new fiscal year as well as continuing to try to increase the number of stores. Business service for the fourth quarter totaled ¥15.1 billion, increasing 2.3% from the previous quarter and 15.1% year on year.**



FY2007 4Q Highlights (2)

(Jan. 2008 – Mar. 2008)

- In the personal services business, Yahoo! Auctions worked to increase use of its services by conducting seasonal promotional campaigns and campaigns offering such benefits as free listing of items using mobile phones, but transaction volume suffered compared with that recorded in the third quarter during the year-end sales campaign. Yahoo! Premium sales rose substantially in reaction to the December end of a campaign offering free membership that started in June 2007. Sales of pay content also increased favorably. Overall, personal service sales for the quarter amounted to ¥18.8 billion, rising 1.5% from the previous quarter but decreasing 3.2% from a year earlier.
- Effective January 1, the Company conducted a complete renewal of the top page of Yahoo! JAPAN for the first time since services began in 1996. As a result of meeting customers' needs and aiming to improve easy-to-use functions, page views grew steadily, and sales of the advertising product Brand Panel rose substantially from the previous quarter and year on year. All in all, the renewal was a tremendous success.

FY2007 Financial Results (Consolidated)

•Major consolidated subsidiaries at the end of FY2007

- ◆ ALPS MAPPING K.K. *
- ◆ Brainer.jp * **NEW!**
- ◆ Firstserver, Inc.
- ◆ Indival, Inc.
- ◆ Netrust, Ltd.
- ◆ NewsWatch, Inc.
- ◆ Overture K.K. **NEW!**
- ◆ 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

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

* Yahoo! JAPAN Corporation undertook an absorption merger with ALPS MAPPING K.K. and Brainer.jp. effective April 1, 2008.



FY2007 Statements of Income

	FY2007	FY2006	Changes
Net Sales (¥100M)	2,620	2,125	23 %
Cost of Sales (¥100M)	282	84	233 %
Gross Profit (¥100M)	2,337	2,040	15 %
Operating Income (¥100M)	1,248	1,062	17 %
Ordinary Income (¥100M)	1,215	1,028	18 %
Net Income (¥100M)	626	579	8 %
EPS (¥)	1,035	958	8 %
Number of Shares Outstanding (Millions of shares) (Average of Period)	60.48	60.46	0 %
Fully Diluted EPS (¥)	1,033	956	8 %
Number of Shares Assuming Full Dilution (Millions of shares)	60.57	60.58	0 %

Notes:

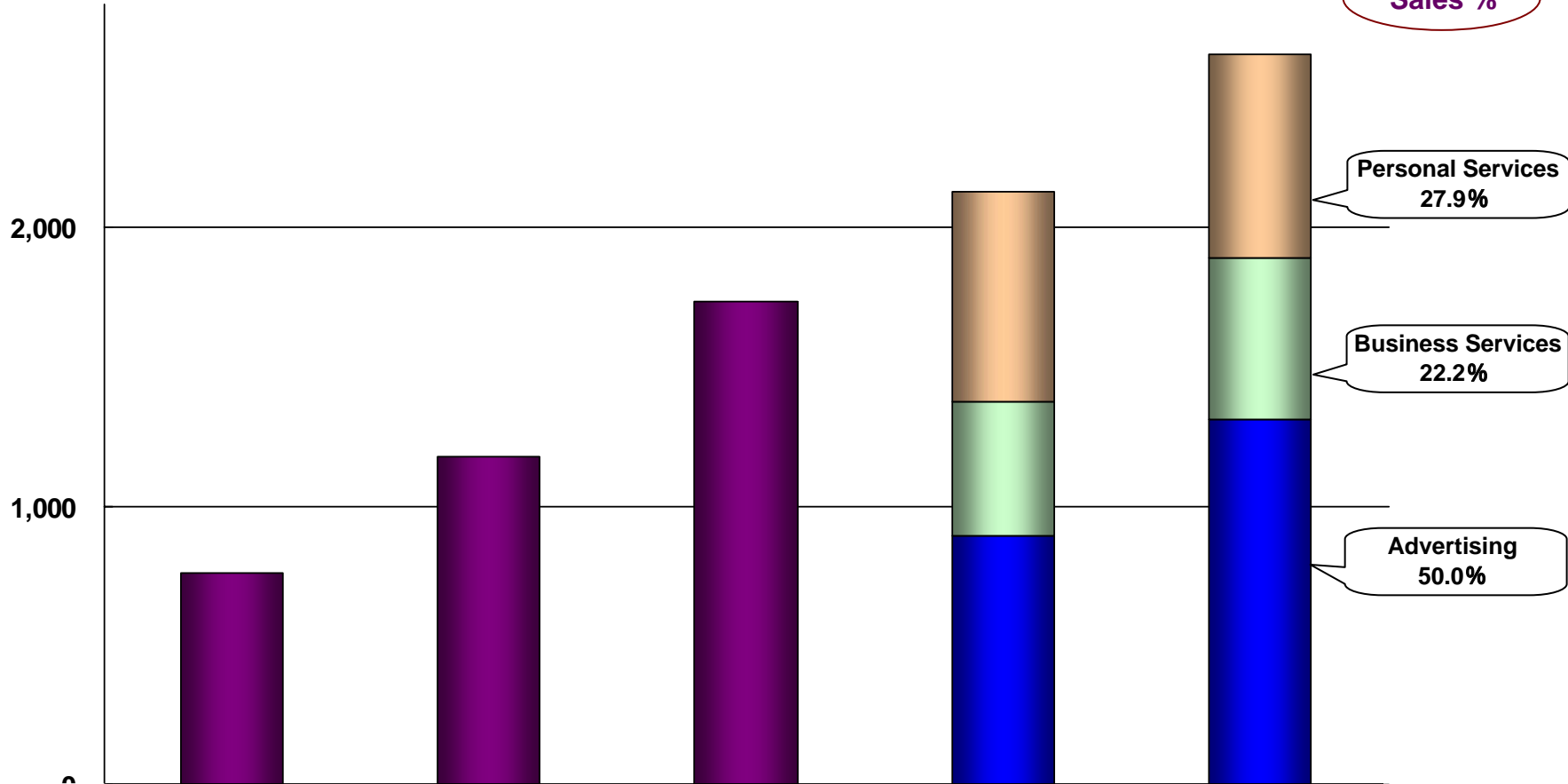
* Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.



Annual Net Sales

Net Sales up 11 consecutive years since the start of services

(¥ 100M)



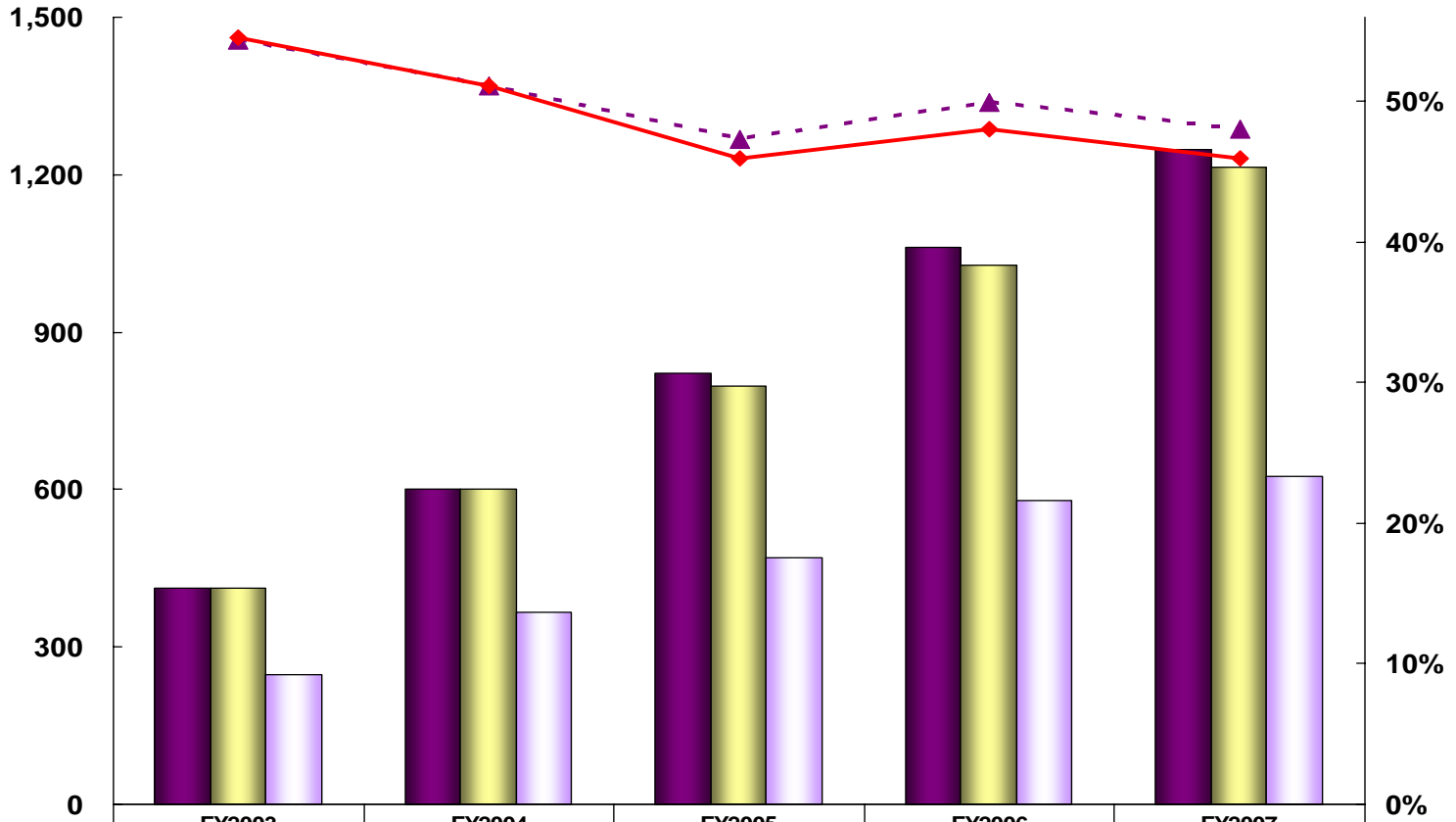
	FY2003	FY2004	FY2005	FY2006	FY2007
Net Sales	757	1,177	1,736	2,125	2,620



Annual Profit

Operating, Ordinary, and Net Income up 11 consecutive years since the start of services

(¥ 100M)



Operating Income	412	601	821	1,062	1,248
Ordinary Income	413	602	798	1,028	1,215
Net Income	248	365	470	579	626
Operating Margin	54%	51%	47%	50%	48%
Ordinary Margin	55%	51%	46%	48%	46%



SG&A Breakdown (Annual)

(¥ 100M)

	FY2007	FY2006	Increase/ Decrease	Changes
Personnel expenses	226	187	38	20.5%
Business commissions	160	138	21	15.9%
Sales commissions	114	103	10	10.3%
Depreciation expenses	96	81	14	18.3%
Communication charges	83	79	4	5.9%
Royalties	75	60	14	24.7%
Lease and utility expenses	64	51	12	25.3%
Content provider fees	52	45	6	14.6%
Payment commissions	51	36	14	40.3%
Sales promotion costs	45	71	-26	-36.6%
Administrative and maintenance expenses	20	17	2	16.8%
Allowance for doubtful accounts	17	22	-4	-20.3%
Amortization of goodwill	16	13	2	16.0%
Advertising costs	12	17	-4	-24.1%
Tax and public charges	11	9	2	21.6%
Others	41	42	-1	-3.1%
SG&A Total	1,089	978	111	11.4%

Major factors for yoy changes

Increase in personnel (3,780 at the end of 07/4Q: 702 increase from 06/4Q)

Expenses for temporary and contracted employees, management commissions for credit card business, consolidation of Overture K.K.

Acquisition of software, office relocation and expansion of office space

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

Reaction to higher costs in 2006 from production and running of TV CM



FY2007 Balance Sheets

(¥100M)	Major Items	End of FY2007 (2008/3/31)	End of FY2006 (2007/3/31)	Increase/ Decrease	Major Factors for Increase/Decrease
< Assets >					
	Current Assets	1,643	1,153	489	
	Cash and Cash Deposits	1,130	752	378	Increase in earnings from business activities
	Notes and Accounts Receivable-Trade	368	302	65	Consolidation of Overture K.K.
	Fixed Assets	2,053	2,031	22	
	Tangible Fixed Assets	166	165	0	
	Intangible Fixed Assets	138	146	-8	
	Investment Securities	1,639	1,621	17	
	Total Assets	3,696	3,184	512	
< Liabilities >					
	Current Liabilities	889	760	129	
	Account Payable-Trade	66	10	55	Consolidation of Overture K.K.
	Short-term Borrowings	200	201	-1	
	Account Payable-Other	137	133	3	
	Accrued Income Taxes	291	283	7	Repayment of borrowings
	Long-term Liabilities	300	500	-200	
	Total Liabilities	1,189	1,260	-70	
< Net Assets >					
	Shareholders' Equity	2,463	1,893	570	
	Common Stock	73	71	1	
	Capital Surplus	24	22	1	
	Retained Earnings	2,366	1,798	567	Increase in net income
	Unrealized Gains on Available for Sales Securities	17	13	3	
	Minority Interests in Consolidated Subsidiaries	24	16	7	
	Total Net Assets	2,506	1,923	582	
	Total Liabilities and Net Assets	3,696	3,184	512	



FY2007 Cash Flow Statements

Major Items

FY2007
(Apr. 2007 - Mar. 2008) **Major Factors for Changes** (¥ 100M)

<u>Major Items</u>	<u>FY2007</u> (Apr. 2007 - Mar. 2008)	<u>Major Factors for Changes</u> (¥ 100M)
<u>Operating Activities</u>		
Net Income before Income Taxes	814	
Depreciation Expenses	1,139	Increase in net income before income taxes
Amortization of Goodwill	101	
Losses in Investment Securities	34	
Losses under the Equity Method	41	
Increase/Decrease in Accounts Receivable/Payable-Trade	30	
Increase/Decrease in Accounts Receivable/Payable-Other	16	
Payment of Income Taxes and Other Taxes	-66	
	-511	
<u>Investing Activities</u>		
Acquisition of Tangible Fixed Assets	-169	
Acquisition of Intangible Fixed Assets	-75	Acquisition of servers
Acquisition/Sales of Investment Securities	-37	
Acquisition/Sales of Stock of Subsidiaries	-86	Acquisition of shares in GMO Internet, Inc., SCINEX CORPORATION, etc.
	19	
<u>Financing Activities</u>		
Redemption of Long-Term Borrowings	-261	
Payment of Dividends	-200	
	-58	
<u>Net Change in Cash Flows</u>	<u>383</u>	

FY2007-4Q Financial Results (Consolidated)

•Major consolidated subsidiaries at the end of FY2007-4Q

- ◆ 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 FY2007-4Q

- ◆ All About, Inc.
- ◆ BestReserve Co. Ltd.
- ◆ CLASSIFIED Corporation. **NEW!**
- ◆ CREO CO., LTD.
- ◆ Fashion Walker, 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.

* Yahoo! JAPAN Corporation undertook an absorption merger with ALPS MAPPING K.K. and Brainer.jp. effective April 1, 2008.



FY2007-4Q Statements of Income

	FY2007-4Q (Jan.-Mar. 2008)	FY2006-4Q (Jan.-Mar. 2007)	Changes
Net Sales (¥100M)	742	575	29 %
Cost of Sales (¥100M)	110	22	403 %
Gross Profit (¥100M)	631	553	14 %
Operating Income (¥100M)	337	295	14 %
Ordinary Income (¥100M)	328	284	15 %
Quarterly Net Income (¥100M)	161	159	1 %
EPS (¥)	267	264	1 %
Number of Shares Outstanding (Millions of shares) (Average of Period)	60.49	60.47	0 %
Fully Diluted EPS (¥)	267	263	1 %
Number of Shares Assuming Full Dilution (Millions of shares)	60.57	60.58	0 %

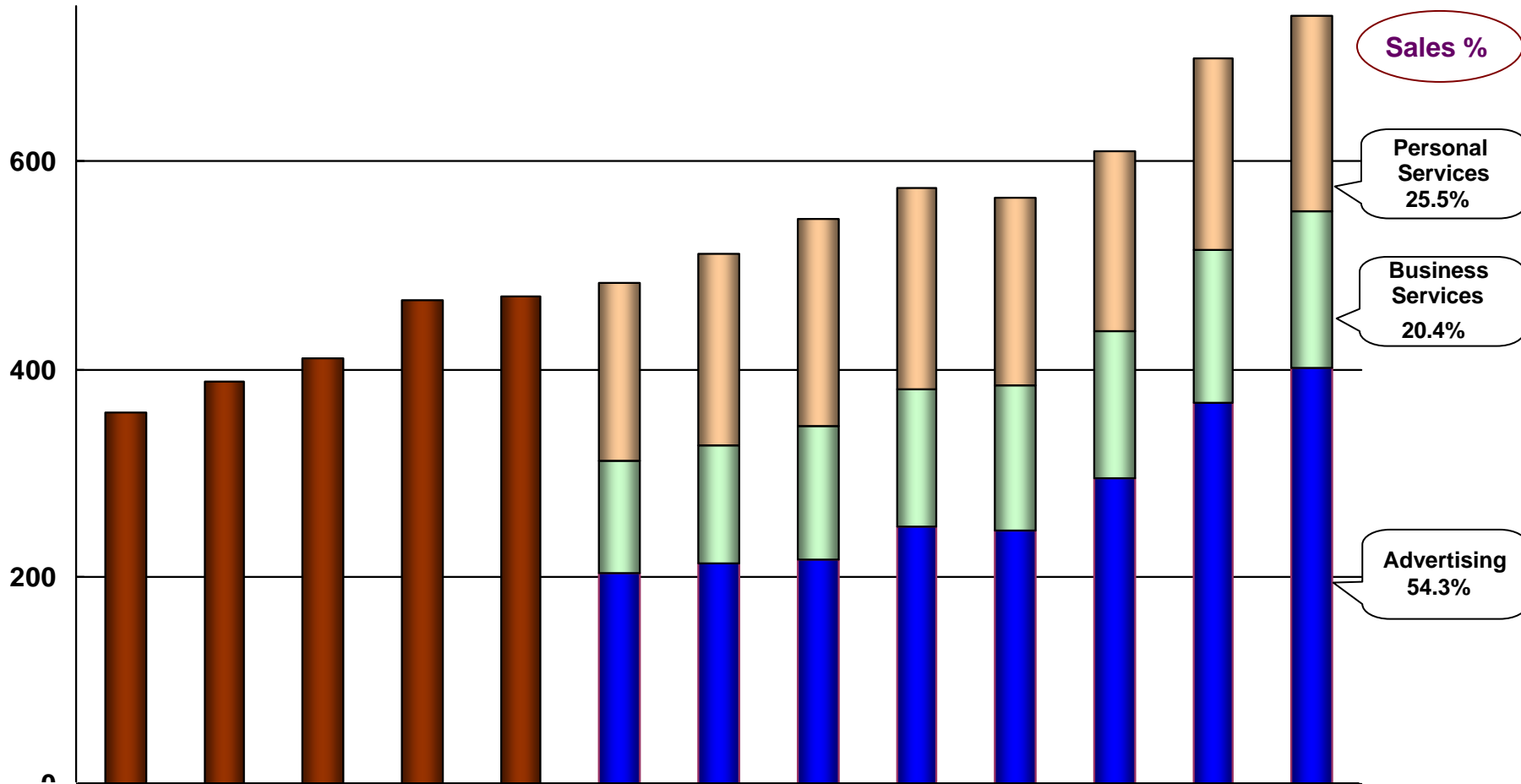
Notes:

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



Quarterly Net Sales

(¥ 100M)

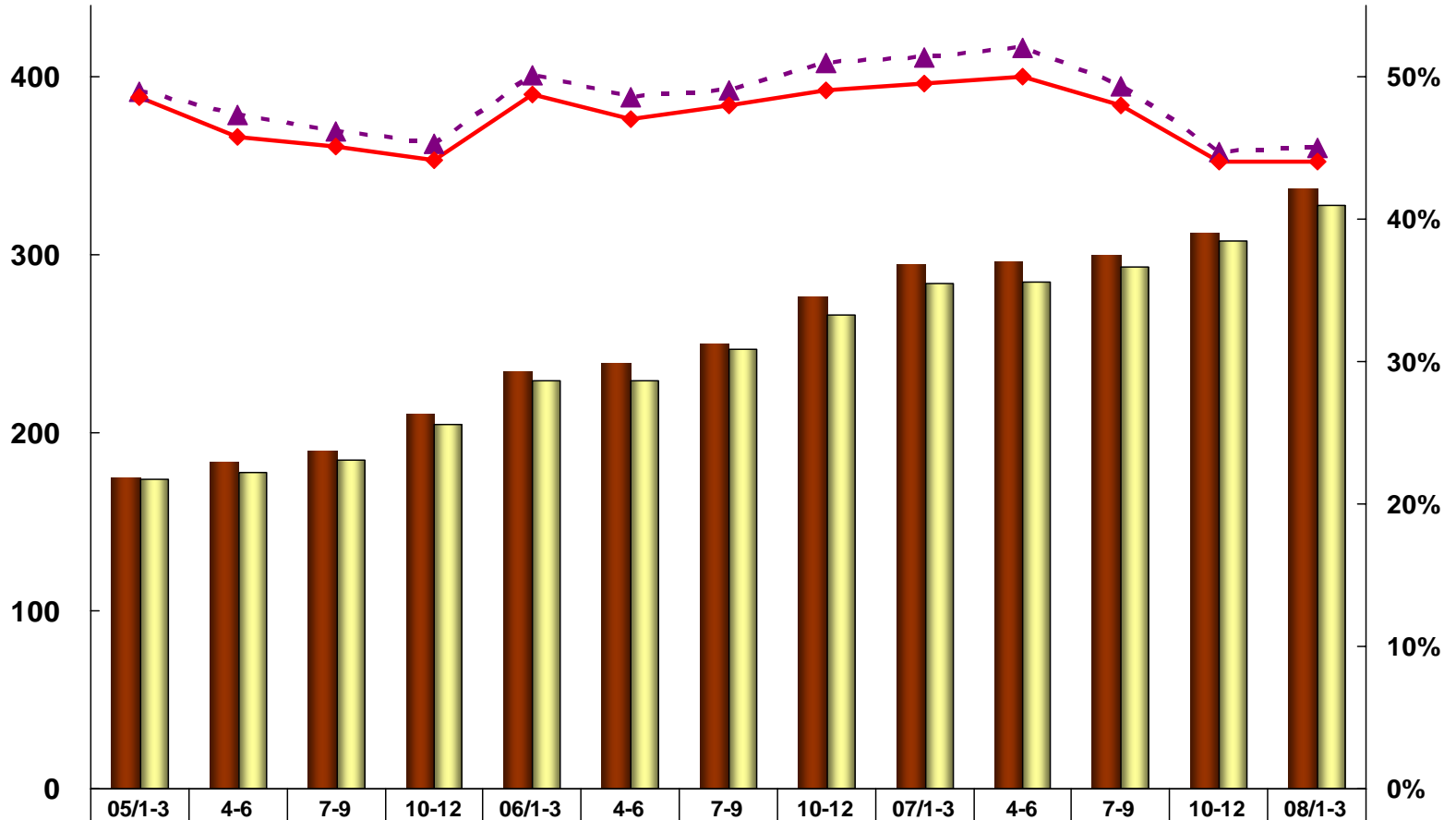


	05/1-3	4-6	7-9	10-12	06/1-3	4-6	7-9	10-12	07/1-3	4-6	7-9	10-12	08/1-3
Net Sales	358	388	411	466	470	492	512	545	575	566	610	700	742



Quarterly Profits

(¥ 100M)



Operating Income	175	184	190	211	235	239	250	276	295	296	300	312	337
Ordinary Income	174	178	185	205	229	229	247	266	284	285	293	308	328
Operating Margin	49%	47%	46%	45%	50%	49%	49%	51%	51%	52%	49%	45%	45%
Ordinary Margin	49%	46%	45%	44%	49%	47%	48%	49%	49%	50%	48%	44%	44%

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





FY2007-4Q Sales Breakdown by Business

(¥ 100M)

	Net Sales	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	402	Search Business & Overture K.K.	63%	315	133	182	45.3%
		Media Business	11%				
		Service Supervising Division	10%				
		Social Net Business	4%				
		Auction Business	3%				
Business Services	151	Regional Services Business	32%	129	70	59	39.5%
		New Businesses Office	25%				
		Auction Business	16%				
		Shopping Business	13%				
		Member Services Business	8%				
Personal Services	188	Auction Business	44%	186	59	126	67.2%
		Member Services Business	42%				
		New Businesses Office	9%				



SG&A Breakdown (Quarter)

(¥ 100M)

	07/4Q	%	07/3Q	Quarterly changes	06/4Q	Annual changes
Personnel expenses	62	21.2%	60	2.6%	47	30.0%
Business commissions	41	14.2%	40	2.7%	35	17.2%
Sales commissions	30	10.5%	28	7.5%	29	5.2%
Depreciation expenses	28	9.6%	24	12.8%	24	15.4%
Communication charges	21	7.5%	21	3.8%	19	10.8%
Royalties	21	7.4%	19	9.4%	16	33.8%
Lease and utility expense	18	6.3%	19	-7.3%	14	31.0%
Payment commissions	14	4.9%	14	-0.8%	10	40.0%
Content provider fees	13	4.6%	13	-3.1%	12	8.7%
Sales promotion costs	12	4.4%	11	10.8%	16	-24.4%
Administrative and maintenance expenses	5	1.7%	4	2.9%	4	1.9%
Amortization of goodwill	3	1.2%	4	-23.8%	3	6.1%
Advertising costs	3	1.2%	3	-13.1%	2	29.9%
Allowance for doubtful accounts	3	1.2%	4	-18.5%	5	-39.3%
Tax and public charges	3	1.1%	3	5.3%	2	20.2%
Others	9	3.2%	11	-18.2%	12	-21.7%
SG&A Total	293	100.0%	288	2.0%	258	13.8%

Major factors for yoy changes

Increase in personnel (3,780 at the end of 07/4Q: 702 increase from 06/4Q)

Expenses for temporary and contracted employees, management commissions for credit card business, consolidation of Overture K.K.

Acquisition of software and servers

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



FY2007-4Q Balance Sheets

Major Items	2008/3/31	2007/12/31	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
< Assets >					
Current Assets	1,643	1,299	343		
Cash and Cash Equivalents	1,130	819	311	Increase in earnings from business activities	
Notes and Accounts Receivable -Trade	368	345	22		
Fixed Assets	2,053	2,070	-16		
Tangible Fixed Assets	166	162	3	Amortization due to loss on revaluation of shares of Yahoo Japan Value Insight Corporation	
Intangible Fixed Assets	138	161	-23		
Investment Securities	1,639	1,638	1		
Total Assets	3,696	3,370	326		
< Liabilities >					
Current Liabilities	889	732	156		
Short-term Borrowings	200	201	-1		
Accounts Payable-Other	137	128	8		
Accrued Income Taxes	291	140	151		
Long-term Liabilities	300	300	0		
Total Liabilities	1,189	1,033	156		
<Net Assets>					
Shareholders' Equity	2,463	2,302	161		
Common Stock	73	73	0		
Capital Surplus	24	23	0		
Retained Earnings	2,366	2,205	160	Increase in net income	
Unrealized Gains on Available for Sales Securities	17	11	5		
Minority Interests in Consolidated Subsidiaries	24	22	1		
Total Net Assets	2,506	2,337	169		
Total Liabilities and Net Assets	3,696	3,370	326		



FY2007-4Q Cash Flow Statements

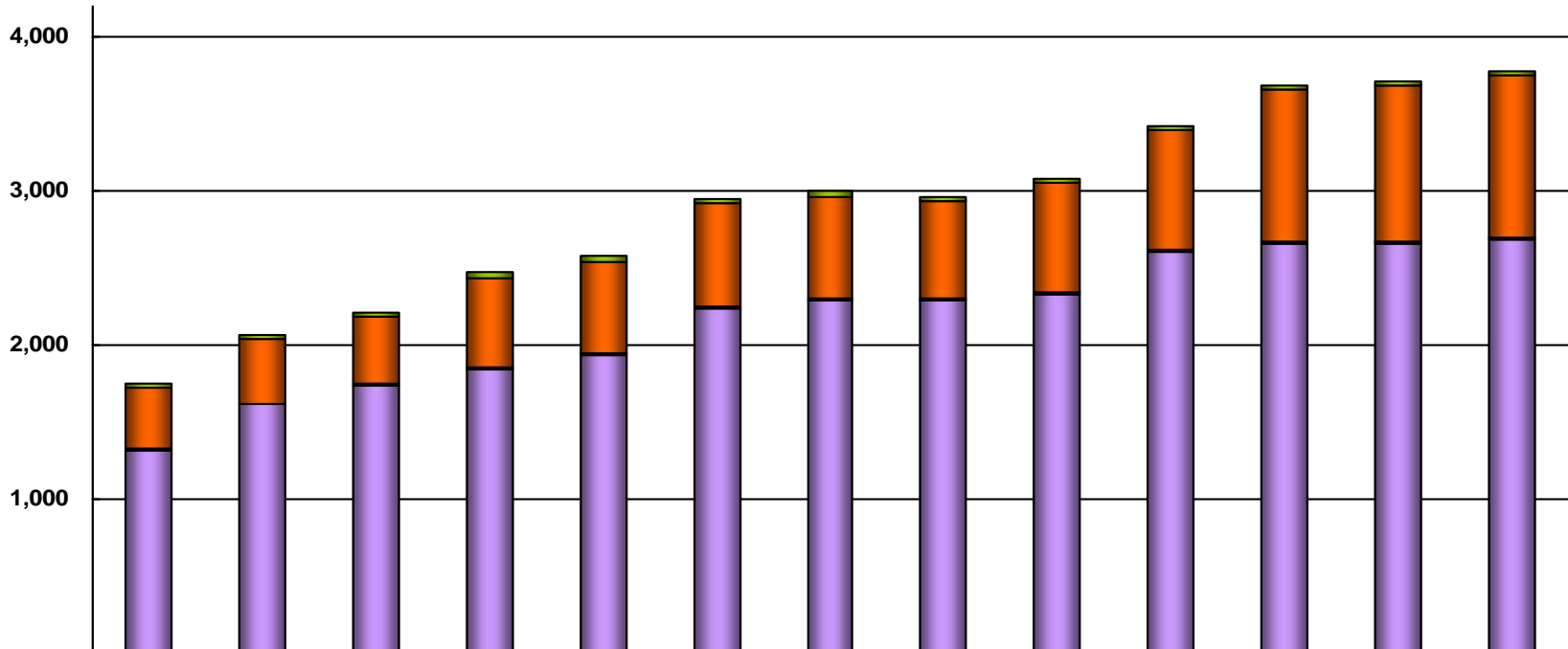
Major Items	FY2007-4Q (Jan.-Mar. 2008)	Major Factors for Changes (¥ 100M)
<u>Operating Activities</u>	<u>352</u>	
Net Income before Income Taxes	298	Increase in quarterly net income before income taxes
Depreciation Expenses	29	
Amortization of Goodwill	21	Amortization due to loss on revaluation of shares of Yahoo Japan Value Insight Corporation
Losses in Investment Securities	3	
Increase/Decrease in Accounts Receivable/Payable-Trade	-20	
Increase/Decrease in Accounts Receivable/Payable-Other	8	
<u>Investing Activities</u>	<u>-41</u>	
Purchase of Tangible Fixed Assets	-21	Acquisition of servers
Purchase/Sales of Intangible Fixed Assets	-7	
Acquisition/Sales of Investment Securities	-6	
<u>Financing Activities</u>	<u>-0</u>	
Redemption of Short-Term Borrowings	-1	
<u>Net Change in Cash Flows</u>	<u>311</u>	



Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	05/3	6	9	12	06/3	6	9	12	07/3	6	9	12	08/3
Directors and Auditors of Subsidiaries	34	27	27	33	33	31	31	25	27	27	33	31	32
Employees of Subsidiaries	397	417	438	583	594	669	670	634	711	773	990	1,015	1,053
Directors and Auditors of Yahoo! JAPAN	8	9	9	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	1,316	1,616	1,740	1,849	1,940	2,239	2,289	2,293	2,331	2,610	2,658	2,662	2,686
Total	1,755	2,069	2,214	2,474	2,576	2,948	2,999	2,961	3,078	3,419	3,690	3,717	3,780

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 Annual and 4Q Business Outlook

Paid listing advertising revenues, Yahoo! Real Estate related revenues and Yahoo! Premium fees grew favorably. On the other hand, revenue from display advertising and the employment services related business did not expand as much as expected.

In addition to variable costs being lower than forecast, we curtailed depreciation expenses and business commissions. Allowance for doubtful accounts also declined because of an improvement in the debt collection ratio for individuals.

Quarterly net income fell short of our projection range, because of the booking of a loss on evaluation of the stock of Yahoo Japan Value Insight Corporation.

(¥ 100M)

(Consolidated)	FY2007-4Q (Actual)	FY2007-4Q Forecast as of 08/1/30	FY2007 (Actual)	FY2007 Forecast as of 08/1/30
Net Sales	742	728~766	2,620	2,606.02~2,644.02
Operating Income	337	317.5~345.5	1,248	1,227.95~1,255.95
Ordinary Income	328	316~344	1,215	1,202.60~1,230.60
Quarterly Net Income	161	184~200.5	626	648.43~664.93

Changes in Indication Methods of Sales

Commencing with the 1st quarter of fiscal 2008, we start indicating revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. (No impact on operating income)

[Reason for Change]

This change was implemented based on a decision that indicating revenue on a net basis would be more appropriate. The decision was taken after re-examining the allocation of roles and risk between the Company and its partners/agencies in the light of the higher importance of transactions with partners, agencies, and other associated companies given the Company's pursuit of an open partnership policy.

[Items Changed to Net Basis Indication]

Yahoo Japan Corporation Non-Consolidated Statements

Display advertising agency commissions:

Removed from net sales and SG&A expenses (sales commissions).

Traffic Acquisition Cost (TAC) of partners on display advertising network:

Removed from net sales and cost of sales.

Consolidated Subsidiaries

TAC of partners for paid search advertising (Overture K.K.):

Removed from net sales and cost of sales.

Payment commissions for settlement-related business (Netrust, Ltd.):

Removed from net sales and SG&A expenses (payment commissions).



FY2008-1Q Business Outlook

(Consolidated)

Ordinarily, 1st quarter growth compared with the previous quarter is low due to seasonal factors. Adding in the sluggish economic condition, we forecast that sales will be almost flat in the 1st quarter of 2008 compared with the previous quarter. SG&A expenses are expected to increase by about ¥900 million compared with the previous quarter.

* Comparisons are on a gross basis.

(¥ 100M)

	FY2007-1Q (Actual)	FY2007-4Q (Actual)	FY2008-1Q (Forecast) Gross indication	FY2008-1Q (Forecast) Net indication
Net Sales	566	742	718~750	653~683
Operating Income	296	337	315~338	315~338
Ordinary Income	285	328	310.5~333.5	310.5~333.5
Quarterly Net Income	162	161	180~194	180~194

- 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.

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 new advertising products and proposals for the year-end demand from advertisers. As a result, display advertising sales grew favorably year on year.
- We expanded Brand Panel size in conjunction with the renewal of Yahoo! JAPAN's top page conducted on January 1. We started to sell advertising products with high visibility and rich expressiveness, such as Brand Panel Triple Size and Brand Panel Internet CM Plus. National Clients who aim at branding effects contributed to a sales increase in those products.
- Behavioral targeting advertising distributed based on user's behavioral history was popular among advertisers in real estate, human resource and financial services sectors, exceeding 10% of the display advertising sales.

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

- The remarkable increase in paid listing ads revenue year on year resulted from the start of advertising that reflects a quality index and bidding price, an increase in query numbers and expansion in advertiser client base, and the consolidation of Overture K.K. since last September.

SG&A expenses

- Sales commissions, personnel expenses, depreciation expenses, etc.



Display Advertising Sales by Industry

Industries with large year on year increase (*)

- Transportation/Leisure
- Autos (Transport Equipment)
- Finance/Insurance/Securities

Industries with high year on year growth rate (*)

- Transportation/Leisure
- Mobile Communications Service
- Information Processing/Software

	06/4Q	07/1Q	2Q	3Q	4Q
Finance/Insurance/Securities	18.5%	17.8%	17.8%	15.8%	18.9%
Autos (Transport Equipment)	10.7%	10.2%	12.0%	10.8%	11.8%
Real Estate/Construction	11.0%	9.8%	10.0%	9.2%	11.4%
Transportation/Leisure	6.5%	6.2%	6.4%	7.3%	9.1%
Computers/Office Equipment	6.5%	4.2%	3.2%	3.8%	6.8%
Cosmetics/Toiletries	6.0%	7.7%	8.5%	7.7%	6.3%
Recruitment Services	7.4%	5.1%	4.0%	4.0%	4.6%
Mobile Communications Service	3.2%	6.1%	4.7%	8.5%	3.9%
Foodstuffs	3.2%	3.3%	3.4%	2.6%	2.7%
Entertainment Related Software	2.7%	2.6%	2.3%	3.5%	2.7%
Beverages/Cigarettes	3.1%	4.8%	5.0%	2.9%	2.4%
Fashion/Accessories	2.5%	3.1%	2.7%	3.2%	2.4%
Information Processing/Software	1.8%	1.7%	1.2%	2.8%	2.1%
Others	16.9%	17.4%	18.8%	17.9%	14.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* The above figures do not include revenues 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.)

- The total number of stores of Yahoo! Shopping and Yahoo! Auctions climbed to 31,289 at the end of March, 2008, up 4,245 or 15.7% year on year. As a result, commerce-related revenues increased favorably. In Yahoo! Auctions, the proportion of B-to-C auctions rose because of an increase in the number of auction stores.

Information listing revenue (Regional Services Business, etc.)

- Sales of Yahoo! Real Estate in the fourth quarter continued to ride high, up more than 40% year on year. Meanwhile, the sales of Yahoo! Rikunabi were mediocre due to corporations' low interest in hiring.

Online Research Business (New Business Office)

- Research-related sales increased drastically due to the consolidation of Interscope Inc. from FY2007.

SG&A expenses

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



Personal Services Business

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

- Because of stagnant sales in certain categories (auto body, etc.), the transaction volume of Yahoo! Auctions in the fourth quarter amounted to ¥187.2 billion and remained roughly flat. The factor together with the increase in the proportion of B-to-C auctions due to growth in the number of auction stores, resulted in Personal Services revenues from system use fees for Yahoo! Auctions declining.

Yahoo! Premium Revenues (Member Services Business)

- Stimulated by a new “Free Yahoo! Premium Membership Campaign” and additional member-only services, the number of Yahoo! Premium members increased to 6.91 million IDs at the end of March. The “Free Yahoo! Premium Membership Campaign” started in June 2007 and terminated its free-of-charge period at the end of last year, leading the Yahoo! Premium revenues to an increase of approx. ¥500 million compared with the previous quarter.

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 SOFTBAK BB Corp. in April 2007.

SG&A expenses

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

Review of Operations by Business Unit



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

Search Business

- Based on a business alliance with NewsWatch, Inc., began offering Site Search, a search service for corporate and commercial sites that enables Web and site search from a single window.
- Implemented a campaign offering Yahoo! Points to Yahoo! Premium members for use of search services.
- Continued to make improvements to basic search functions, such as speed of display of results.

Auction Business

- In cooperation with the Tokyo Federation of Tax Savings Associations, commenced a Tokyo-Style Tax Payment-in-Kind Auction.
- The Internet auctions by government bodies hosted by us raised a total of approx. 4.6 billion yen in FY2007.
- Implemented a campaign offering Yahoo! Points to sellers of items in certain categories.
- In collaboration with kurumaerabi.com and ORIX Corporation, we ran two campaigns for the vehicle body category.
- Conducted Fashion Item Thanks 5 Days, our first free listing campaign limited to special categories.



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

Member Services Business

- **Yahoo! Premium and Yahoo! BB:** Implemented various promotions to acquire new members. (3-months of free Yahoo! Premium membership campaign for new members who have used Yahoo! Auctions, 2-months of free Yahoo! Premium membership campaign for new subscribers to Yahoo! BB who registered for Yahoo! Premium at the same time, and extension of Yahoo! BB ¥1,575 discount for 10-month campaign)
- **Implemented measures to increase value of Yahoo! Premium membership in collaboration with other business units.** (Special benefits exclusive for members, Yahoo! Points for use of search services campaign, etc.)
- **Yahoo! Keitai Shop:** Initiated various promotions to strengthen sales (Spring Model Simple Reservation Service, time-limited discount sale, Disney Mobile promotion, etc.)
- **Launched Yahoo! Fan Club,** a community-style service directly linking between celebrities and fans, or between fans, through a business alliance with OriconDD Inc.

Regional Services Business

- **Yahoo! Get Local (beta version):** Renewed the site as a place to provide locally oriented information. Added a word-of-mouth function to share information on popular spots or special events.
- **Mobile version of Yahoo! Transit:** did renewal of site to speed up search time. Added such functions as enabling selection of station being searched for from search history and display of route summary.
- **Yahoo! Maps:** Added search periphery and other functions.
- **Yahoo! Real Estate:** Carried out full renewal of rental information page. Increased convenience of service through such improvements as enabling changes in the search parameters to be reflected in results in real time and displaying peripheral maps for properties.



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

Media Business

- Began offering Yahoo! Logoogle (beta version), a Web site analysis tool that can be attached to a blog, allowing the identification of the number of visitors and their groupings.
- Yahoo! News: Expanded services by newly adding overseas picture news and partner special feature categories and beginning News Flash service.
- Yahoo! Streaming: Renewed the streaming video player and the site. Expanded the window size of the player, increased the size of ads, and improved the convenience of the service through such measures as simplifying the purchase process for pay content.

Shopping Business

- Yahoo! Shopping: Launched Best Seller Ranking service. Users can now search for the best sellers in each category or check out recommended items through key word searches.
- Focused on Valentine's Day and White Day sales promotions.

Lifestyle Business

- Yahoo! Beauty: Fully renewed this general beauty information site. Added such functions as being able to offering personal advise to users with a registered Diet Diary and a social function that enables to users with a registered Diet Diary to set public viewing and rival diaries.
- Through a business alliance with TOPPAN PRINTING CO., LTD., launched Yahoo! Flyer Information, a service enabling searches for and viewing of advertising flyers on the Internet.
- Yahoo! Movies: Expanded selection of movie titles available for online viewing.



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

Social Net Business

- **Yahoo! Mail:** Launched beta version of the next generation Yahoo! Mail that features the same operability as other email software.
- **Yahoo! Messenger:** Introduced a Web version of Yahoo! Messenger that can be use from the browser without downloading any software. Also unveiled a Windows version of Yahoo! Messenger 9.0 (beta version) with expanded functions, such as direct display of video streaming or pictures in the Yahoo! Messenger window.
- **Launched mobile version of Yahoo! Blog.**
- **Commenced services of Yahoo! Profile,** a service that allows users with a Yahoo! JAPAN ID to create their own profiles and indicate the scope of viewing by the public.

Mobile Business

- **Began a mobile Yahoo! JAPAN service for Disney Web,** the portal site for Disney Mobile operated by Walt Disney Japan.
- **Renewed Yahoo! Mobile PC version,** converting it into a mobile phone general information site.
- **Launched Yahoo! MachiMoba,** a mobile version general local information site that allows users to collect peripheral information of specific areas.
- **Began offering Yahoo! Headline News,** a service that collects and delivers the latest news to users once a day, for the Softbank Mobile S! Information Channel.
- **Mobile version of Yahoo! Search:** Added a function that enables this service to offer content searches in the music, comics, and game categories.



FY2007-4Q Review of Operations by Business Unit (5)

New Businesses Office

- **Settlement Services:** As part of a comprehensive business alliance with East Japan Railway Company, Yahoo Japan Corporation began accepting applications for Yahoo! JAPAN Card Suica. In addition, through a business alliance with E*Golf Corporation, we started offering a service with Yahoo! Points attached on an external site for the first time. In other areas, we introduced an Agency Payment Management Service on Yahoo! NetBanking that enables users that have purchased an item through one of our auctions to pay after delivery of the item.
- **Travel Services:** Completely renewed international tours reservation page. Also made it possible to use the overseas travel optional tour reservation site operated by Alan Corporation with a Yahoo! JAPAN ID. Among other activities, started offering highway bus reservation services for Japan.
- **Research Services:** Carried out aggressive sales activities with the collaboration of Yahoo Japan Value Insight Corporation. The number of registered PC monitors amounted to 1.70 million at the end of March 2008.

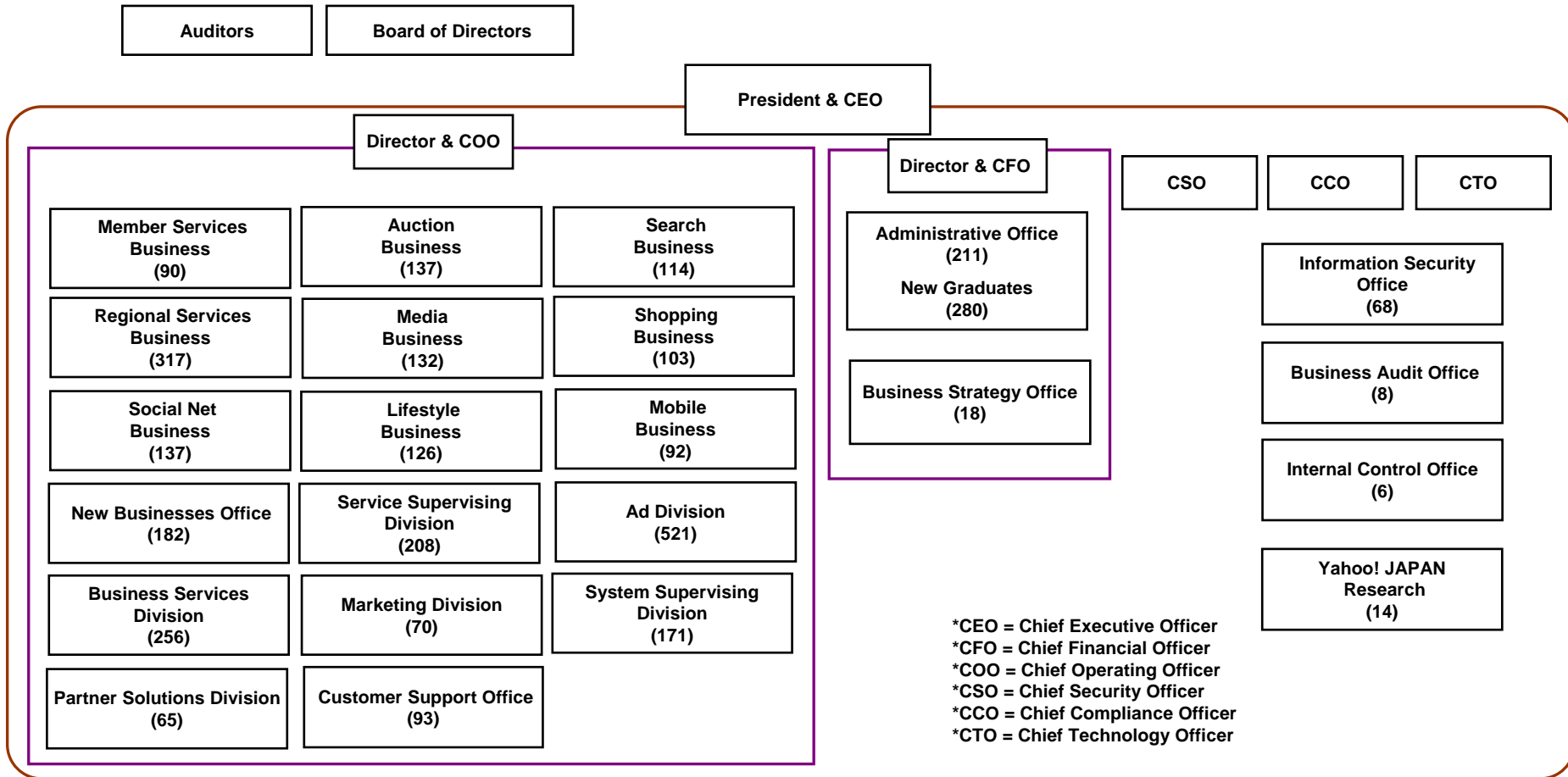
Service Supervising Division

- Effective January 1, 2008, completely renewed the top page of the Yahoo! JAPAN site.
- As an official partner of the Japanese Olympic Committee, ran a special feature, “Let’s Cheer On Japan’s Team for the Beijing Olympics,” to support the Japanese Olympic team.

Appendix



Organization



Total : 3,429 people (as of Apr.1, 2008)

* Note: Because of the mergers with former subsidiaries, the numbers of personnel of the Advertising and Regional Services businesses have increased substantially.



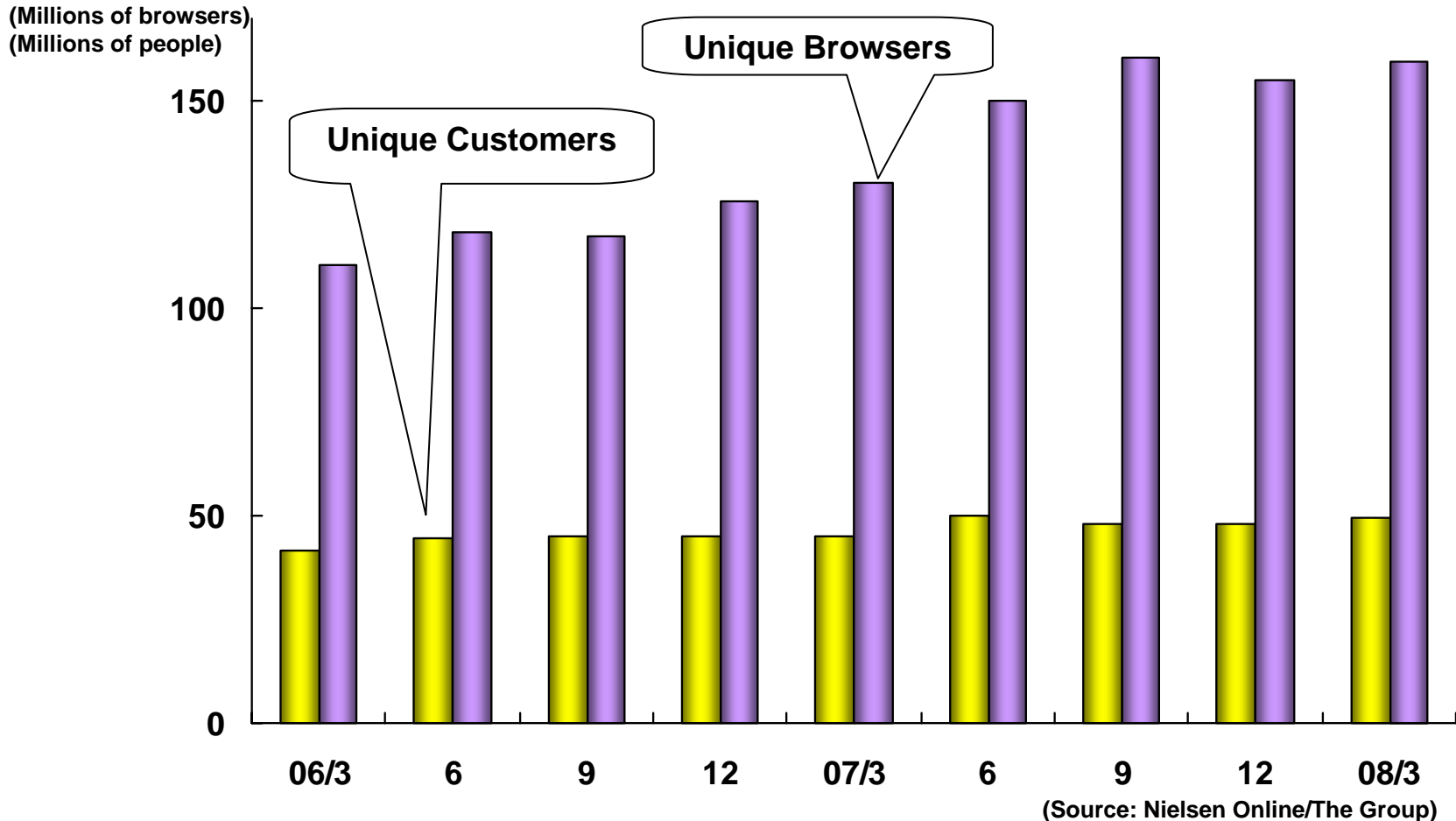
Additional Business Data: 2007-4Q

• Average Daily Transaction Volume	<u>Jan.-Mar. 2007</u>	<u>Jan.-Mar. 2008</u>
Commerce (¥ 100M)	25.8	26.1
Auction (¥ 100M)	20.7	20.5
Shopping* (¥ 100M)	5.1	5.5
Yahoo! Mobile e-commerce (¥ 100M)	2.7	3.6
• Subscriber Lines for Yahoo! BB Services	<u>End of Mar. 2007</u>	<u>End of Mar. 2008</u>
Total (thousand lines)	5,164	4,809
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,124	981
• Other Data of Auction Business	<u>Jan.-Mar. 2007</u>	<u>Jan.-Mar. 2008</u>
Average Closing Price (¥)	5,694	5,277
Average Successful Auction Ratio (%)	26	22
• Number of Business Express Contracts (contract) (monthly average)	<u>Jan.-Mar. 2007</u>	<u>Jan.-Mar. 2008</u>
	3,073	3,117

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



Number of Yahoo! JAPAN Users



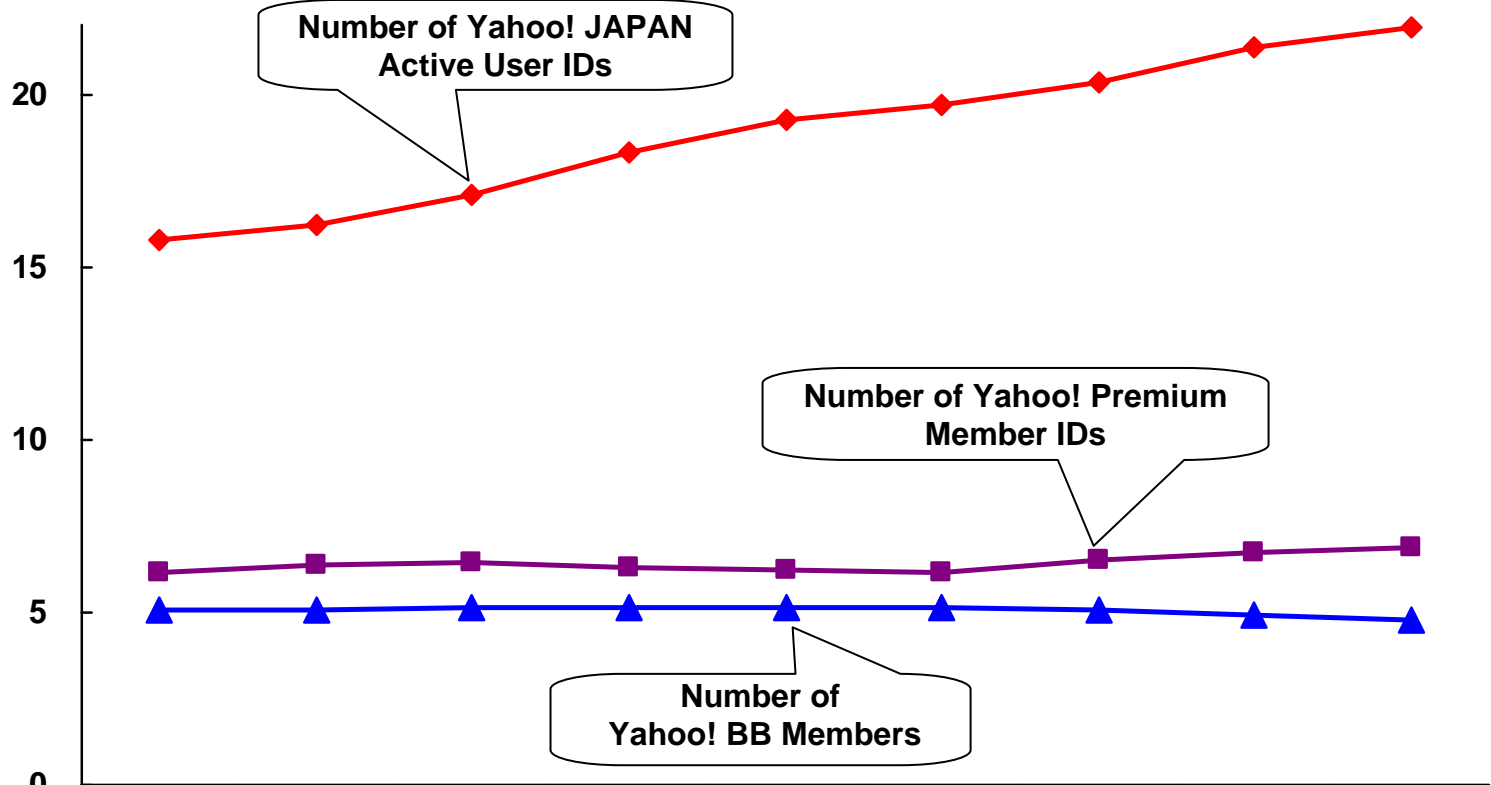
- The Number of Yahoo! JAPAN Unique Browsers is the total number of unique browsers accessing our services. It can fluctuate significantly monthly due to malicious or inappropriate large volume access by bots or other external tools trying to acquire Yahoo! JAPAN IDs or other registrations or information.
- 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)



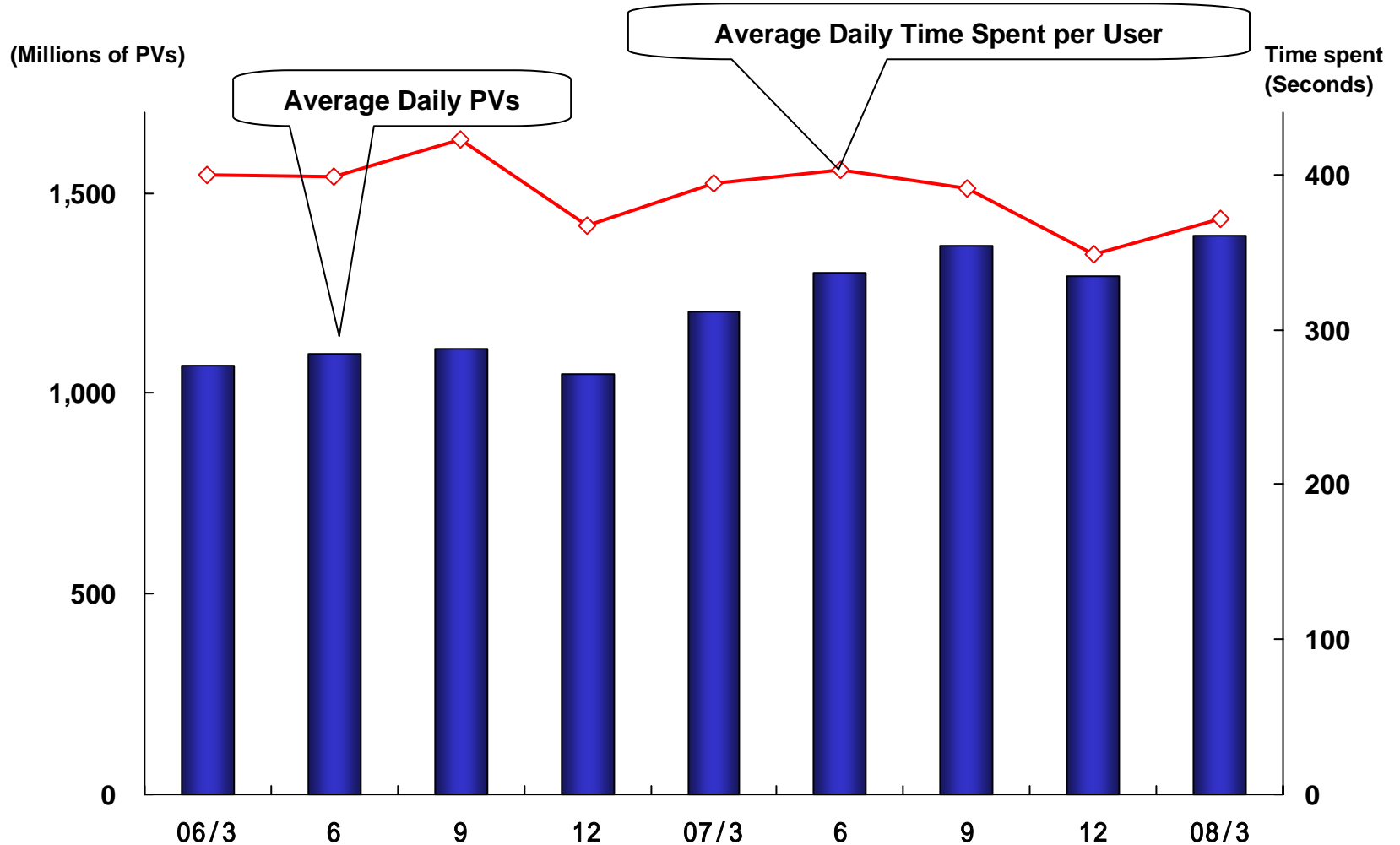
	06/3	6	9	12	07/3	6	9	12	08/3
◆ Active User IDs	15.80	16.24	17.05	18.28	19.23	19.67	20.31	21.36	21.92
■ Premium Member IDs	6.15	6.35	6.43	6.30	6.19	6.16	6.49	6.74	6.91
▲ Yahoo! BB Members	5.05	5.09	5.15	5.16	5.16	5.13	5.04	4.94	4.81

* 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 Mar. 2006 to Mar. 2008, regarding access by individuals from home



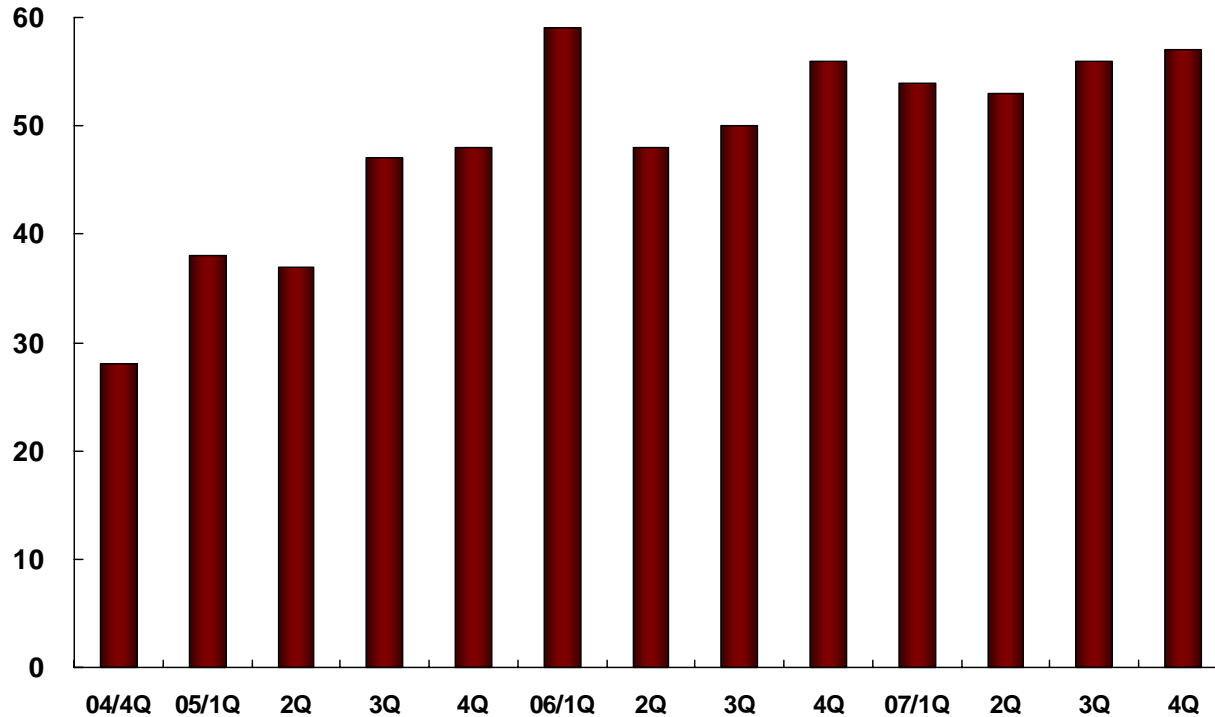


National Client Trends

Sales to National Clients : ¥ 5.6 Billion (06/4Q)

¥ 5.7 Billion (07/4Q)

(¥ 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.



FY2007-4Q Major Advertisers

■ Finance/Insurance/Securities

Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
AIFUL CORPORATION

■ Autos (Transport Equipment)

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

■ Real Estate/Construction

COSMOS INITIA Co., Ltd.
NOMURA REAL ESTATE DEVELOPMENT Co., Ltd.
Sumitomo Realty & Development Co., Ltd.

■ Transportation/Leisure

All Nippon Airways Co., Ltd.
East Japan Railway Company
Japan Airlines Corporation

■ Computers/Office Equipment

FUJITSU LIMITED
Matsushita Electric Industrial Co., Ltd.

■ Cosmetics/Toiletries

Shiseido Company
DHC Corporation
Emotent

■ Recruitment Services

En-japan inc.
INTELLIGENCE, LTD.

■ Mobile Communications Services

KDDI CORPORATION
SOFTBANK MOBILE Corp.

■ Food Services

AJINOMOTO CO., INC.
Yazuya, Co., Ltd.

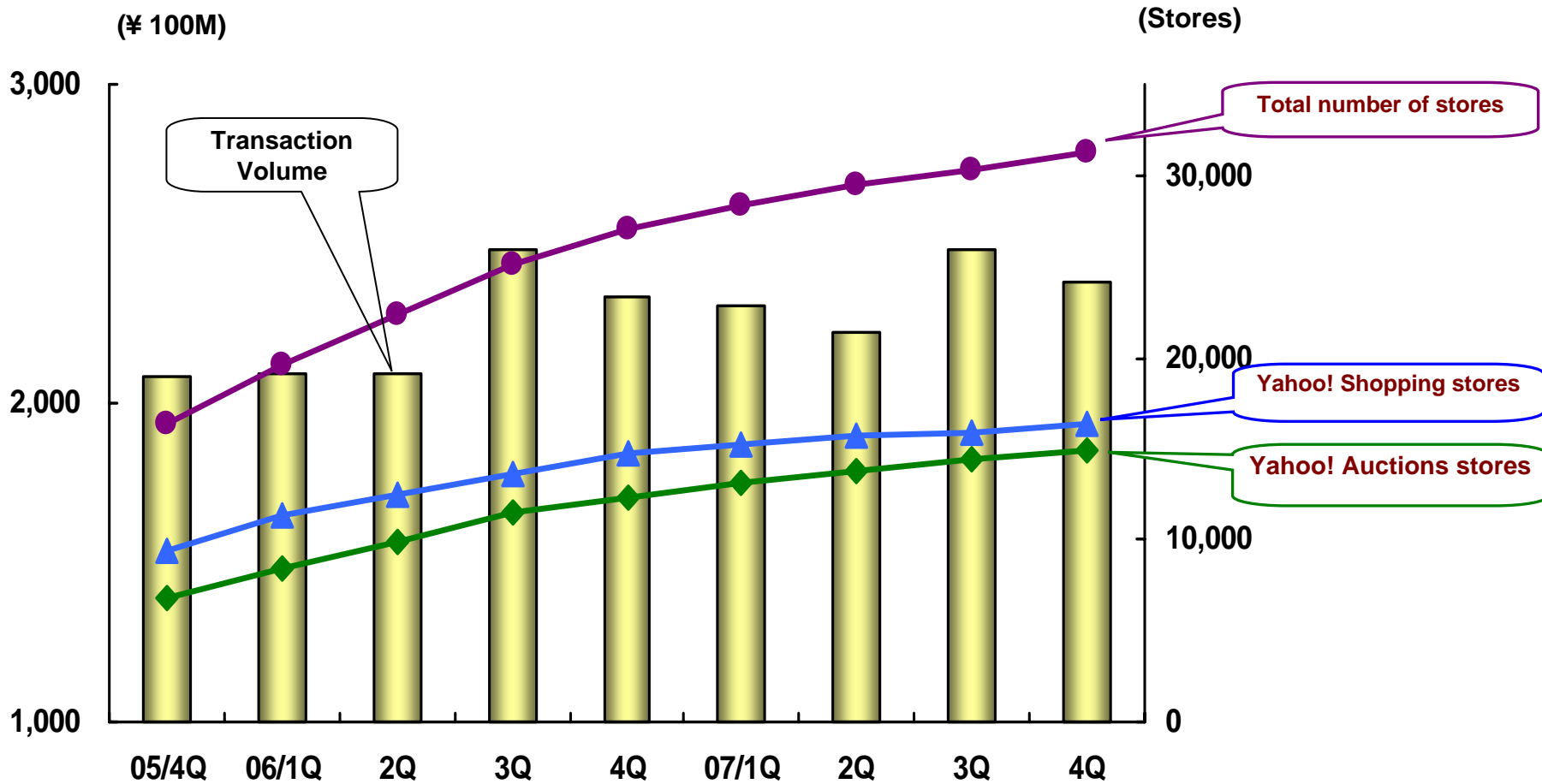
■ Entertainment Related Software

GameOn Co., Ltd.
GungHo Online Entertainment, Inc.

- 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



• Transaction volume excludes the amount of fraudulent orders.



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