

Profile and History

Yahoo Japan Corporation and its consolidated subsidiaries and affiliates (the Group) have been a key driving force behind the rapid growth of Japan's Internet market. Offering Internet users a wide range of services, including search, information listing, community, and e-commerce, our site is the overwhelming leader in Japan in the number of users and page views.

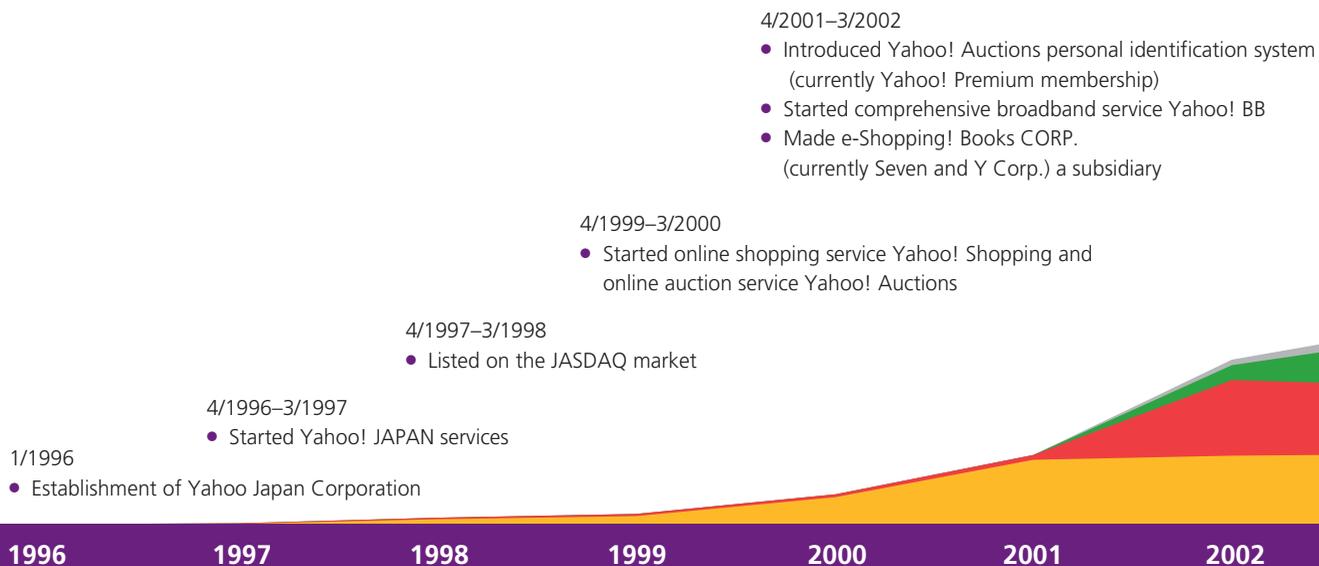
We are constantly improving our "life engine" services designed to enrich the content and enhance the convenience of daily life. While continuing to focus on Internet advertising, members services, and e-commerce businesses, the Group's core revenue sources, we are also diversifying our earnings by incorporating user-generated content and developing our streaming content and mobile Internet businesses.

Effective April 1, 2006, the Group's former seven business segments, namely, (1) listing, (2) auction, (3) Yahoo! BB, (4) media, (5) shopping, (6) business solutions (BS), and (7) corporate common, were reorganized into three business segments, namely, (1) advertising, (2) business services, and (3) personal services, summarized below. Because this new business segmentation more accurately reflects the Group's actual operations as it continuously enhances and tailors services to meet changing demands in the rapidly expanding Internet market, it will enable greater transparency and consistency in the presentation of business results. At the same time, the Group implemented a divisional restructuring in an effort to more efficiently provide services.

The Advertising segment comprises Internet-based advertising-related services. Main sources of revenue for this segment include sales of banner and text advertisements on the Yahoo! JAPAN Web site, the Sponsor Site paid search service, and advertisement planning and production services.

The Business Services segment includes non-advertising-related services for corporations. This segment derives revenue from fees and commissions for various information listing services, tenant fees and sales commissions from stores listed on the Yahoo! Auctions and Yahoo! Shopping sites, incentive fees for acquiring new subscribers to the Yahoo! BB broadband service, and fees for other information services.

The Personal Services segment consists of services to individual Internet users. Main revenue sources for this segment include Yahoo! Auctions system-use fees, Yahoo! Premium membership fees, Internet service provider (ISP) fees from Yahoo! BB subscribers, and sales of various kinds of content.



Important Considerations Regarding This Annual Report

1. Beginning with the fiscal year ended March 31, 2004 (fiscal 2003), Yahoo Japan Corporation (the Company) altered its method of booking sales. Figures in this annual report for fiscal years preceding fiscal 2003 have been revised to reflect this change in accounting method.
2. This annual report contains forward-looking statements. Readers are cautioned that a number of important factors could cause actual results to differ materially from those predicted.
3. For a detailed account of the factors that could affect performance, please see the section entitled Risk Factors. Readers should be aware that performance-affecting factors include, but are not limited to, those mentioned in the Risk Factors section.
4. The unauthorized use of the information or the data in this document is not permitted.

Net Sales Breakdown, by Business Segment

(Billions of yen)
250

■ Advertising

■ Business Services

■ Personal Services

■ Other

4/2006–3/2007

- Invested in SOFTBANK's mobile communications business and started Yahoo! Keitai mobile Internet services for SOFTBANK mobile subscribers
- Established business and capital alliance with SMBC Group and started Yahoo! NetBanking service
- Made Interscope Inc. a subsidiary
- Made a dual listing of the Company's shares on Jasdq Securities Exchange

4/2005–3/2006

- Established business alliance with SOFTBANK CORP. for mobile communications business
- Made Seven and Y Corp., a former subsidiary, an affiliate accounted for by the equity method
- Made INFO PLANT CO., LTD., a subsidiary

4/2004–3/2005

- Started Yahoo! Rikunabi
- Made Firstserver, Inc., a subsidiary
- Took over ALPS MAPPING K.K. business

4/2003–3/2004

- Listed on the First Section of the Tokyo Stock Exchange

4/2002–3/2003

- Introduced listing and transaction fees for Yahoo! Auctions
- Made Netrust, Ltd., a subsidiary
- Started a paid search service, Sponsor Site
- Started Yahoo! Payment (currently Yahoo! ezPay)

Note:

The Other segment consists chiefly of the revenues of former consolidated subsidiary Seven and Y Corp., which became an affiliate accounted for by the equity method in February 2006.

35%

of total sales

Personal Services
+23.2% year on year

23%

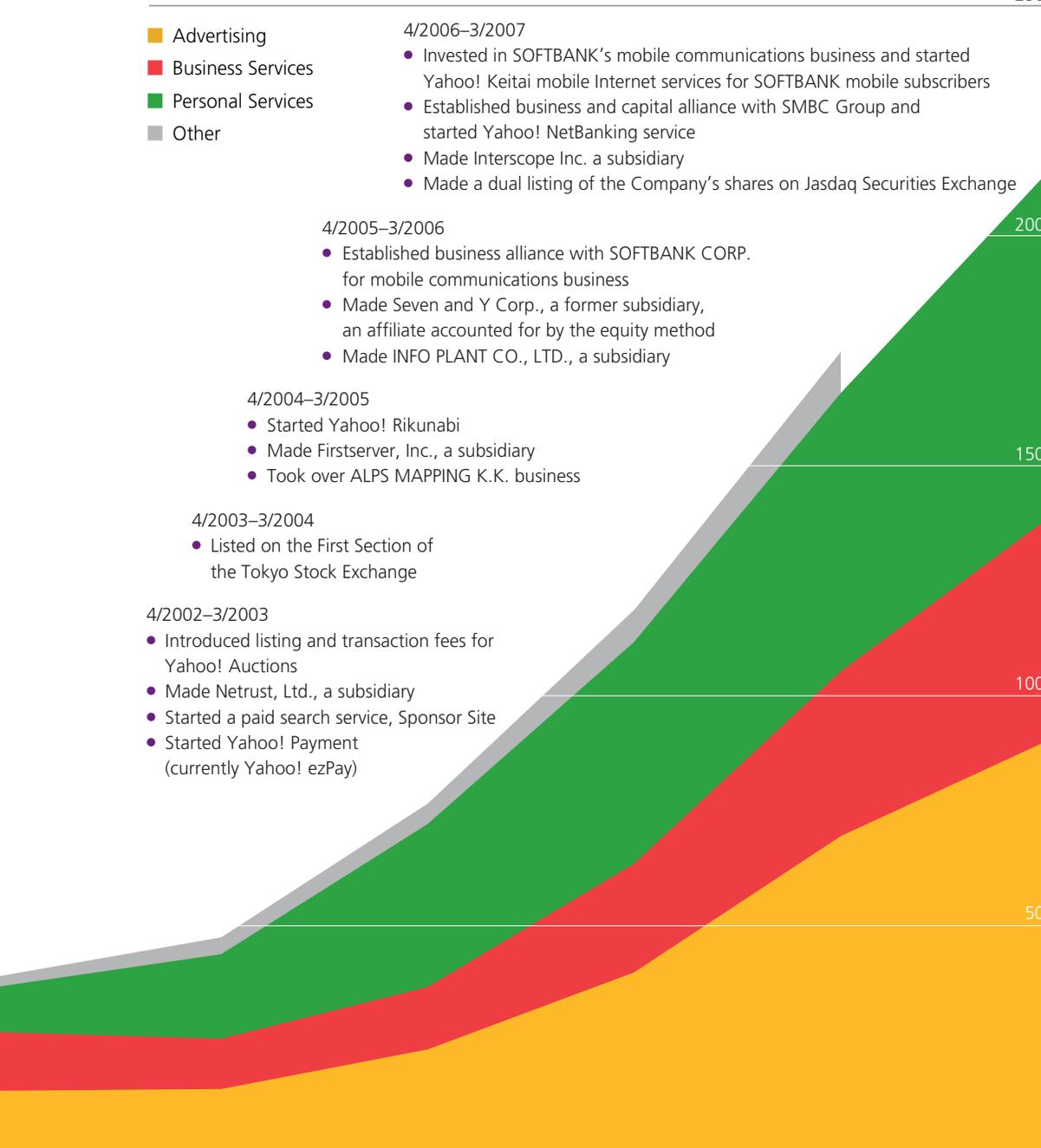
of total sales

Business Services
+36.4% year on year

42%

of total sales

Advertising
+30.5% year on year



2003

2004

2005

2006

2007

(For the years ended March 31)

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