



Yahoo Japan Corporation
FY 2008-2Q & First Half Results
(Jul. - Sept./Apr. - Sept. 2008)

Oct. 24, 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 September 30, 2008.”

Commencing with the fiscal 2008, we started indicating revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. In some parts of this document, however, we indicate revenue during the period under review on a gross basis, just for the reference of readers. Readers are cautioned to be careful when comparing these figures with prior performances.

【The following items are eliminated from Revenue, Cost of Sales, and SG&A, when indicated on a net basis】

- Display advertising agency commissions**
- Traffic Acquisition Cost (TAC) of partners on display advertising network**
- TAC of partners for paid search advertising (Overture K.K.)**
- Payment commissions for settlement-related business (Netrust, Ltd.)**

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FY2008 First Half and 2Q Highlights (1)

(Apr.– Sept. 2008 / July-Sept. 2008)

- First half revenue amounted to ¥131.6 billion.* Operating income was ¥65.9 billion, increasing 10.3% from a year earlier. Ordinary income totaled ¥65.0 billion, rising 12.6% over the same period last year. Net income climbed to ¥36.8 billion, advancing 26.1% year on year.

(*)Commencing with the first quarter, the Company changed its method of accounting for the traffic acquisition cost (TAC) paid to other partner sites and recorded in the cost of sales and the commissions paid to sales agencies and others and recorded in SG&A expenses to a net of sales method (presentation and booking on net basis). For an explanation, please see page 13, “(4) Others, Change in Revenue Accounting Methods.” of the “Results for the Three Months Ended September 30, 2008.”

- Hereinafter, calculations of revenue are on a net basis (presentation and booking on net basis) or the previous gross basis as indicated below.

(¥100M)

	Revenue (Net basis)	YOY	Revenue (Gross basis)	YOY
Advertising Business	688	+27.4%	805	+49.1%
Business Service Business	274	-2.7%	280	-0.4%
Personal Service Business	354	-0.4%	372	+4.8%
Total	1,316	+11.8%	1,458	+23.9%



FY2008 First Half and 2Q Highlights (2)

(Apr.– Sept. 2008 / July-Sept. 2008)

■ Second quarter revenue amounted to ¥66.0 billion.* Operating income was ¥33.0 billion, increasing 9.7% from a year earlier. Ordinary income totaled ¥32.6 billion, rising 11.5% over the same period last year. Net income climbed to ¥17.7 billion, advancing 35.8% year on year.

(*) Hereinafter, calculations of revenue are on a net basis (presentation and booking on net basis) or the previous gross basis as indicated below.

(¥100M)

	Revenue (Net basis)	YOY	Revenue (Gross basis)	YOY
Advertising Business	351	+19.1%	411	+39.5%
Business Service Business	134	-5.0%	137	-2.7%
Personal Service Business	175	+0.6%	184	+5.7%
Total	660	+8.2%	733	+20.1%



FY2008 First Half and 2Q Highlights (3)

(Apr.– Sept. 2008 / July-Sept. 2008)

- In the second quarter, the overall trend in the Japanese economy reversed as the economy slowed rapidly. Amid strong concerns about deterioration in corporate performances, DENTSU INC.'s TV advertising revenues for September fell substantially below those of a year earlier as the slowdown of the four major mass media, including television and newspapers, further worsened. In contrast, Internet advertising seems to be putting up a better fight, with DENTSU INC.'s September 2008 interactive advertising revenues continuing to grow year on year. In the Group's advertising business, display advertising sales rose solidly, with sales of high-value-added advertising products, such as behavioral targeting and demographic targeting products, surging year on year. Due to the Group's pursuit of an "open" strategy, use of paid search advertising system by partners' sites outside the Group increased, resulting in favorable growth in paid search advertising sales.
- In business services other than advertising, Yahoo! Shopping and Yahoo! Auctions continued their efforts to increase the number of merchant stores during the quarter. As a result, at the end of September, the number of merchant stores registered on Yahoo! Shopping and Yahoo! Auctions totaled 32,652, expanding by 3,216 stores, or 10.9% year on year. In addition, tenant and commission fees for Yahoo! Shopping and Yahoo! Auctions expanded smoothly. Total commercial transaction volume grew, with mobile transaction volume contributing particularly to growth. Although sales of Yahoo! Real Estate increased steadily from the second quarter last year, sales of Yahoo! Rikunabi and Yahoo! BB incentive fees declined substantially. Commencing with December 2008 revenues, Yahoo! Auctions' store royalties on winning auction bids will rise from 3% (not including tax) to 5% (not including tax).



FY2008 First Half and 2Q Highlights (4)

(Apr.– Sept. 2008 / July-Sept. 2008)

- In the personal service business, efforts by the Yahoo! Premium service to increase value-added content for existing members resulted in the number of Yahoo! Premium membership IDs at the end of September rising 10.6% year on year, to 7.18 million IDs. Yahoo! Auctions took steps to increase the degree of convenience of its services, renewing the auction item detail pages. Although it also implemented various measures to expand the number of items, revenues from system-use fees remained flat. Sales of pay content services rose sharply mainly due to growth in sales of Yahoo! Partner and Yahoo! Comics. As of December 2008, Yahoo! Premium's monthly membership fees will be revised upward from ¥280 (not including tax) to ¥330 (not including tax).
- Commencing in September, the Group began introducing the interest-linked advertising service Interest Match™, which is the world's first advertising service of its kind.

FY2008-First Half Financial Results (Consolidated)

Consolidated subsidiaries at the end of FY2008–First Half

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

Affiliated companies (equity method) at the end of FY2008–First Half

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



FY2008-First Half Statements of Income

	08/4-9 (Net basis)	08/4-9 (Gross basis)①	07/4-9 (Gross basis)	Changes (Gross Comparison)
Revenue (¥100M)	1,316	1,458	1,177	23.9 %
Cost of Sales (¥100M)	140	218	72	203.4 %
Gross Profit (¥100M)	1,175	1,239	1,105	12.2 %
Operating Income (¥100M)	659	659	597	10.3 %
Ordinary Income (¥100M)	650	650	578	12.6 %
Net Income (¥100M)	368	368	292	26.1 %
EPS (¥)	616	616	483	27.5 %
Number of Shares Outstanding (Million) (Average of period)②	59.81	59.81	60.47	-1.1 %
Fully Diluted EPS (¥)	616	616	483	27.5 %
Number of Shares Assuming Full Dilution (Million) ②	59.89	59.89	60.56	-1.1 %

Notes:

- ① Figures on gross basis for 08/4-9 are for your reference.
- ② Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.



FY2008 First Half Balance Sheets

(¥100M)	Major Items	2008/9/30	2008/3/31	Increase/ Decrease	Major Factors for Increase/Decrease
< Assets >					
	Current Assets	1,273	1,643	-369	Acquisition of own stocks
	Cash and Cash Equivalents	767	1,130	-362	
	Accounts Receivable -Trade	340	368	-27	
	Fixed Assets	2,036	2,053	-16	
	Tangible Fixed Assets	161	166	-4	
	Intangible Fixed Assets	145	138	7	
	Investment Securities	1,618	1,639	-20	
	Total Assets	3,309	3,696	-386	
< Liabilities >					
	Current Liabilities	824	889	-65	
	Short-term Debts	200	200	0	
	Accounts Payable-Other	106	137	-30	
	Accrued Income Taxes	274	291	-17	
	Long-term Liabilities	200	300	-99	Repayment of borrowings
	Total Liabilities	1,024	1,189	-164	
< Net Assets >					
	Shareholders' Equity	2,250	2,463	-213	
	Common Stock	73	73	0	
	Capital Surplus	24	24	0	
	Retained Earnings	2,152	2,366	-213	Cancellation of own stocks
	Unrealized Gains on Available for Sales Securities	5	17	-12	
	Minority Interests in Consolidated Subsidiaries	27	24	2	
	Total Net Assets	2,284	2,506	-221	
	Total Liabilities and Net Assets	3,309	3,696	-386	



FY2008 First Half Cash Flow Statements

(¥100M)	Major Items	FY2008 first half (Apr.-Sept. 2008)	Major Factors for Changes
<u>Operating Activities</u>		<u>391</u>	
	Net Income before Income Taxes	645	Increase in net income before income taxes
	Depreciation Expenses	52	
	Accounts Receivable/Payable-Trade	18	
	Other Current Assets/Debts	-36	
	Payment of Consumption Taxes and Others	-13	
	Payment of Income Taxes and Others	-288	
<u>Investing Activities</u>		<u>-69</u>	
	Acquisition of Tangible Fixed Assets	-45	Purchase of servers
	Acquisition of Intangible Fixed Assets	-23	Purchase of software
	Acquisition/Sales of Investment Securities	-2	
<u>Financing Activities</u>		<u>-684</u>	
	Redemption of Long-Term Debts	-100	
	Acquisition of Own Stocks	-519	
	Payment of Dividends	-62	
<u>Net Change in Cash Flows</u>		<u>-362</u>	

FY2008-2Q Financial Results (Consolidated)

•Consolidated subsidiaries at the end of FY2008-2Q

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

•Affiliated companies (equity method) at the end of FY2008-2Q

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



FY2008-2Q Statements of Income

	08/7-9 (Net basis)	08/7-9 (Gross basis)①	07/7-9 (Gross basis)	Changes (Gross Comparison)
Revenue (¥100M)	660	733	610	20.1 %
Cost of Sales (¥100M)	70	111	47	131.6 %
Gross Profit (¥100M)	589	621	562	10.6 %
Operating Income (¥100M)	330	330	300	9.7 %
Ordinary Income (¥100M)	326	326	293	11.5 %
Quarterly Net Income (¥100M)	177	177	130	35.8 %
EPS (¥)	299	299	215	38.5 %
Number of Shares Outstanding (Million) (Average of period)②	59.30	59.30	60.47	-2.0 %
Fully Diluted EPS (¥)	298	298	215	38.5 %
Number of Shares Assuming Full Dilution (Million) ②	59.36	59.36	60.56	-2.0 %

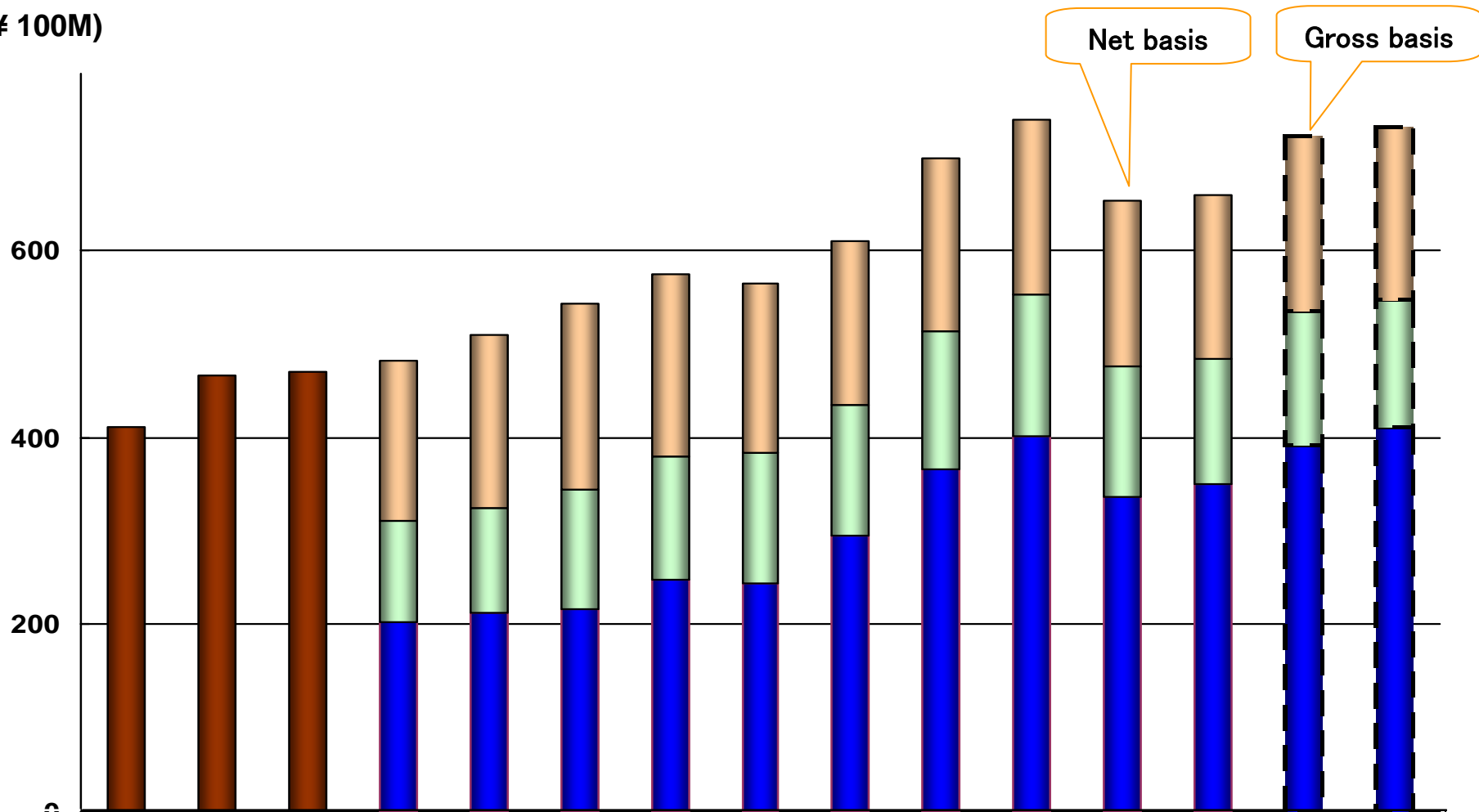
Notes:

- ① Figures on gross basis for 08/7-9 are for your reference.
- ② Number of Shares Outstanding and Number of Shares Assuming Full Dilution are excluding treasury stocks.



Quarterly Revenue

(¥ 100M)



Revenue	05/7-9	10-12	06/1-3	4-6	7-9	10-12	07/1-3	4-6	7-9	10-12	08/1-3	Net		Gross	
												4-6	7-9	4-6	7-9
	411	466	470	492	512	545	575	566	610	700	742	655	660	725	733

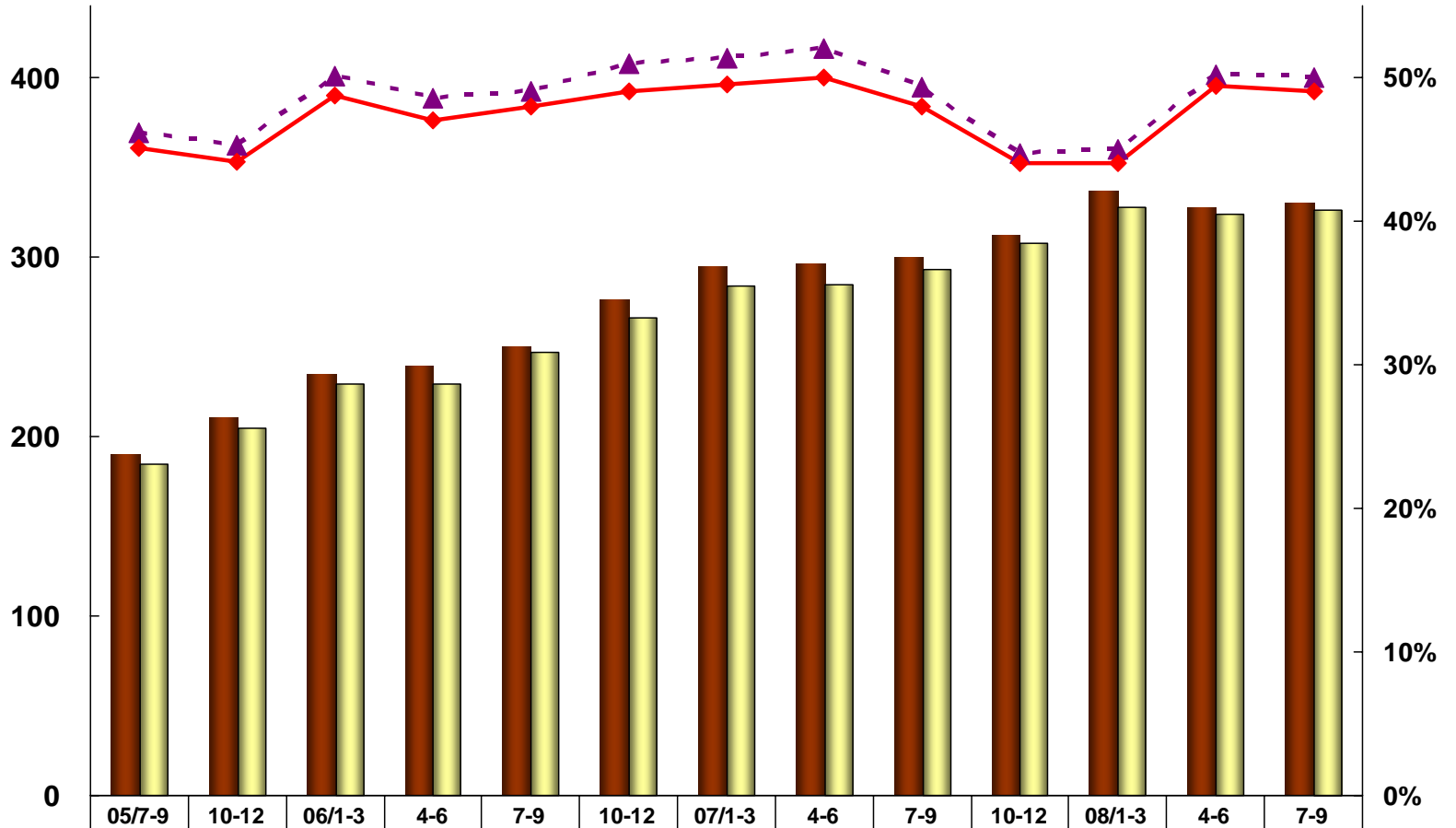
• Figures on gross basis for 08/4-6 and after are for your reference.





Quarterly Profits

(¥ 100M)



	05/7-9	10-12	06/1-3	4-6	7-9	10-12	07/1-3	4-6	7-9	10-12	08/1-3	4-6	7-9
Operating Income	190	211	235	239	250	276	295	296	300	312	337	328	330
Ordinary Income	185	205	229	229	247	266	284	285	293	308	328	324	326
Operating Margin	46%	45%	50%	49%	49%	51%	51%	52%	49%	45%	45%	50%	50%
Ordinary Margin	45%	44%	49%	47%	48%	49%	49%	50%	48%	44%	44%	49%	49%

*Margins for 08/4-6 and after are affected by the change in the presentation basis for revenue from gross basis to net basis.





FY2008-2Q Revenue Breakdown by Business (Net basis)

(¥ 100M)

	Revenue	Sales Breakdown by Business Unit		Gross Profit	SG&A	Operating Income	Operating Margin
Advertising	351	Search Business & Overture K.K.	64%	300	116	183	52.2%
		Media Business	11%				
		Service Supervising Division	9%				
		Auction Business	3%				
		Social Net Business	3%				
Business Services	134	New Businesses Office	21%	116	65	50	38.0%
		Regional Services Business	18%				
		Auction Business	18%				
		Lifestyle Business	15%				
		Shopping Business	15%				
Personal Services	175	Member Services Business	46%	173	47	125	71.6%
		Auction Business	44%				
		New Businesses Office	4%				



SG&A Breakdown

(¥ 100M)

Major factors for YoY changes

	08/2Q (Net)	%	08/1Q (Net)	QoQ Change	07/2Q (Gross)	YoY Change
Personnel expenses	65	25.1%	61	6.1%	52	23.8%
Business commissions	42	16.3%	42	-1.4%	40	4.4%
Depreciation expenses	26	10.1%	23	10.9%	22	16.2%
Communication charges	23	8.9%	22	3.7%	20	13.9%
Royalties	19	7.5%	19	-0.5%	17	11.5%
Lease and utility expenses	18	7.0%	17	3.4%	16	9.0%
Content provider fees	15	5.9%	13	13.8%	12	18.3%
Sales promotion costs	12	4.8%	14	-13.7%	10	20.1%
Sales commissions	10	4.1%	10	4.5%	28	-61.9%
Administrative and maintenance expenses	5	2.3%	5	6.2%	4	25.4%
Tax and public dues	3	1.2%	2	6.8%	2	10.5%
Advertising costs	3	1.2%	3	-4.9%	2	2.3%
Amortization of goodwill	2	0.9%	2	13.9%	4	-42.9%
Payment commissions	2	0.9%	2	4.9%	11	-79.9%
Allowance for doubtful accounts	1	0.8%	1	3.0%	4	-59.2%
Others	8	3.2%	14	-40.8%	9	-13.8%
SG&A Total	259	100.0%	257	1.0%	261	-0.8%

Acquisition of software and servers

Business commissions for ad agencies are excluded due to change in the presentation method.

Amortization of goodwill due to impairment of assets

Payment commissions of Netrust, Ltd. are excluded due to change in the presentation method.

Higher debt collection rate for individual customers





FY2008-2Q Balance Sheets

Major Items	2008/9/30	2007/9/30	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
< Assets >					
Current Assets	1,273	1,300	-27	Acquisition of own stocks	
Cash and Cash Equivalents	767	868	-101		
Accounts receivable -Trade	340	300	40	Increase in earnings from advertising business	
Fixed Assets	2,036	2,050	-13		
Tangible Fixed Assets	161	164	-2		
Intangible Fixed Assets	145	164	-18		
Investment Securities	1,618	1,613	5		
Total Assets	3,309	3,351	-41		
< Liabilities >					
Current Liabilities	824	795	28	Payment of debt of Overture K.K. borrowed before merger	
Short-term debts	200	201	-1		
Accounts Payable-Other	106	161	-54	Repayment of borrowings	
Accrued Income Taxes	274	247	26		
Long-term Liabilities	200	400	-199		
Total Liabilities	1,024	1,196	-171		
< Net Assets >					
Shareholders' Equity	2,250	2,128	122	Increase in net income	
Common Stock	73	72	1		
Capital Surplus	24	23	1		
Retained Earnings	2,152	2,033	119		
Unrealized Gains on Available for Sales Securities	5	5	0		
Minority Interests in Consolidated Subsidiaries	27	20	6		
Total Net Assets	2,284	2,154	129		
Total Liabilities and Net Assets	3,309	3,351	-41		



FY2008-2Q Cash Flow Statements

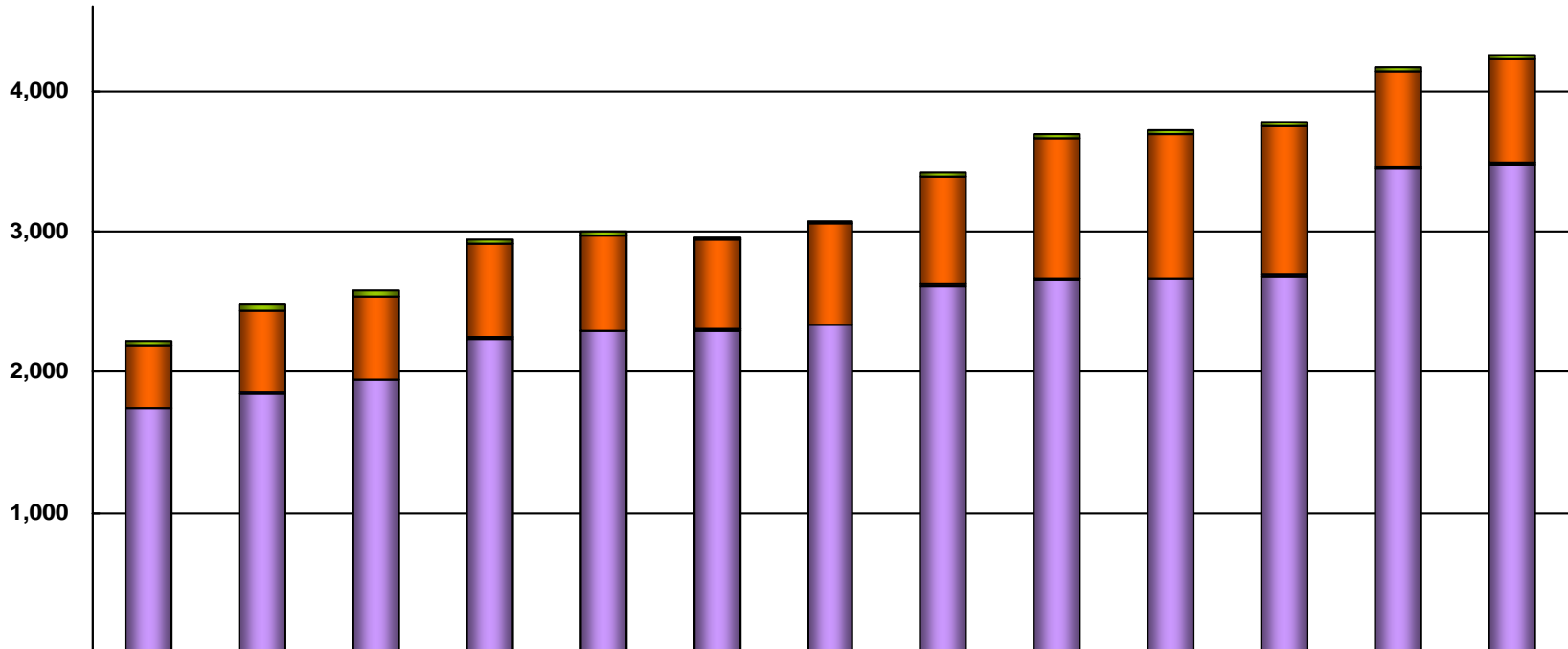
Major Items	FY2008-2Q (July-Sept. 2008)	Major Factors for Changes (¥ 100M)
<u>Operating Activities</u>	<u>337</u>	
Net Income before Income Taxes	314	Increase in quarterly net income before income taxes
Depreciation Expenses	27	
Accounts Receivable/Payable-Trade	8	
Other Current Assets/Debts	-26	
Payment of Consumption Taxes and Others	-6	
<u>Investing Activities</u>	<u>-51</u>	
Acquisition of Tangible Fixed Assets	-22	Purchase of servers
Acquisition of Intangible Fixed Assets	-14	Purchase of software
Acquisition/Sales of Investment Securities	-12	
<u>Financing Activities</u>	<u>-185</u>	
Acquisition of Own Stocks	-186	
<u>Net Change in Cash Flows</u>	<u>100</u>	



Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	05/9	12	06/3	6	9	12	07/3	6	9	12	08/3	6	9
Directors and Auditors of Subsidiaries	27	33	33	31	31	25	27	27	33	31	32	26	25
Employees of Subsidiaries	438	583	594	669	670	634	711	773	990	1,015	1,053	680	742
Directors and Auditors of Yahoo! JAPAN	9	9	9	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	1,740	1,849	1,940	2,239	2,289	2,293	2,331	2,610	2,658	2,662	2,686	3,449	3,476
Total	2,214	2,474	2,576	2,948	2,999	2,961	3,078	3,419	3,690	3,717	3,780	4,164	4,252

■ 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 FY2008 2Q Business Outlook

- Amid a sharp deterioration in the economy, recruiting business revenues declined, but sales of both display and pay per performance advertising (*) grew favorably in the Advertising Business.
- We endeavored to control the growth in SG&A expenses, including subsidiary expenses, and tried to enlarge the operating income.
- As a result of evaluation losses on the stock of NewsWatch, Inc., and ValueCommerce Co., Ltd., and other factors, quarterly net income was lower than forecast range.

(¥ 100M)

Consolidated	Net basis	
	Actual	Forecast (As of July 25)
Revenue	660	653~686
Operating Income	330	319~338
Ordinary Income	326	315.5~334.5
Quarterly Net Income	177	184~195.5

(*)Pay per performance advertising = paid search ads, interest-linked ads, content-linked ads, affiliate ads, etc.



FY2008-3Q Business Outlook

(Consolidated)

Heading into the year-end sales campaign period, the Group will focus on maximizing transaction volumes and profits of the Auction and Shopping businesses. Furthermore, it will conduct sales promotions for its interest-linked advertising service Interest Match™, which began in September, aiming to get the service contributing to advertising revenues quickly. The Group will also seek to minimize the sales declines in the recruiting business and Yahoo! BB business, which is expected to suffer, and the real estate businesses, where there is concern about the impact of the slowdown in the economy. SG&A expenses are forecast to expand approximately ¥1 billion.

* Comparisons are on a net basis.

(¥ 100M)

	07/3Q (Actual) Gross	08/3Q (Forecast) Gross	08/2Q (Actual) Net	08/3Q (Forecast) Net
Revenue	700	735 ~ 766	660	663 ~ 692
Operating Income	312	324 ~ 346	330	324 ~ 346
Ordinary Income	308	322 ~ 344	326	322 ~ 344
Quarterly Net Income	171	188 ~ 201	177	188 ~ 201

- 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.
- Figures on gross basis for 08/3Q are for your reference.



Commenced Offering Interest Match™

■ Commenced offering interest-linked advertising Interest Match™ (9/16)

- This service is currently limited to PC services and offered only to certain advertisers acquired via ad agencies (about 1,200 accounts).
- Interest Match™ is being distributed to 24 of our services, such as Yahoo! Real Estates, Yahoo! Finance and Yahoo! News, as well as the advertising distribution program Ad Partner of Yahoo! Web Owner Center.
- We aim at maximizing profits by utilizing pages other than search results pages.

■ Future rollout

- We are expecting distribution up to 20 billion PV a month within Yahoo! JAPAN by expanding this service. We are preparing to sell the service not only to certain advertisers via ad agencies but also to advertisers in general including on-line accounts. We are also planning to distribute the ads to partner sites that have business tie-ups with Overture K.K., and to introduce services for mobile sites.



Features of Interest Match™

- Pay-per-performance advertising in a form of text ads based on the user's interest by analyzing the pages being viewed, and his or her viewing/search history.
- Also enables targeting combined with demographics (gender, age group, etc.), and distribution area or time zones.



Review of Operations



Businesses of Yahoo! JAPAN

Advertising Business

Internet advertising

- Display advertising such as banners
- Pay per performance advertising such as paid search service offered by Overture K.K., interest-linked advertising, 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.
- Pay content, etc.



Advertising Business

■ Display advertising (Banner advertising, etc.)

- With a sense of stagnation continuing due to the suppressed advertising expenses of companies, we focused mainly on the sales of products with high branding effects or targeting advertising.
- Sales of behavioral targeting advertising, which provides advertising distribution to users according to their history of usage, rose favorably, especially to real estate/ construction; finance/insurance/securities; and recruitment services. As the distribution of targeting advertising increased in amount, the sales of Prime Display did well. In October 2008, we increased the price of main products of behavioral targeting advertising posted on Prime Display by approx. 20%.
- The Beijing Olympics Special was successful in gathering a number of users, and its value as advertising media was highly evaluated by advertisers.

■ Sales of paid search and interest-linked advertising (Search Business and Overture K.K.)

- Commenced offering interest-linked advertising Interest Match™ (9/16).
- Sales of paid search advertising services rose steadily year on year due to the increase in the number of partner sites.

■ SG&A expenses

Main items were personnel expenses, content provider fees, and communication charges.



Display Advertising Sales by Industry

Industries with large year on year increase

- Transportation/Leisure
- Cosmetics/Toiletries
- Real Estate/Construction

Industries with high year on year growth rate

- Entertainment Related Software
- Transportation/Leisure
- Fashion/Accessories

	07/2Q	3Q	4Q	08/1Q	2Q
Finance/Insurance/Securities	17.8%	15.8%	18.9%	18.1%	18.9%
Real Estate/Construction	10.0%	9.2%	11.4%	12.1%	11.5%
Autos (Transport Equipment)	12.0%	10.8%	11.8%	12.3%	10.7%
Cosmetics/Toiletries	8.5%	7.7%	6.3%	9.2%	10.2%
Transportation/Leisure	6.4%	7.3%	9.1%	7.9%	7.9%
Beverages/Cigarettes	5.0%	2.9%	2.4%	5.0%	3.9%
Foodstuffs	3.4%	2.6%	2.7%	3.5%	3.4%
Fashion/Accessories	2.7%	3.2%	2.4%	3.7%	3.4%
Mobile Communications Service	4.7%	8.5%	3.9%	3.3%	3.3%
Computers/Office Equipment	3.2%	3.8%	6.8%	3.2%	3.3%
Recruitment Services	4.0%	4.0%	4.6%	3.6%	3.2%
Entertainment Related Software	2.3%	3.5%	2.7%	3.4%	3.1%
Others	20.0%	20.7%	17.0%	14.7%	17.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* The above figures do not include revenues from pay per performance advertising.



Business Services Business

■ E-commerce-related revenues (Auction Business, Shopping Business, etc.)

- At the end of September 2008, the number of merchant stores registered on Yahoo! Shopping and Yahoo! Auctions totaled 32,652 increasing by 3,216 stores, or 10.9% year on year. The mobile transaction volume increasing substantially, and the commerce-related revenues also expanded steadily.
- The system use fee of stores registered on Yahoo! Auctions will be changed from 3% (not including tax) of a winning bid to 5%, which is applied for the revenue of Dec. 2008 and after. (4% of a winning bid for stores specializing in brand-new PCs, home electronics and digital cameras)

■ Information listing revenues (Lifestyle Business, Regional Services Business, etc.)

- Sales related to Yahoo! Real Estate continued to increase steadily year on year but the sales of Yahoo! Rikunabi declined because of the drop-off in hiring sentiment of companies in reaction to the perception of overall slowdown in the economy.

■ SG&A expenses

Main items were personnel expenses, business commissions, and lease and utility expenses.



Personal Services Business

■ Yahoo! Auctions system-use revenues (Auction Business)

- Total commercial transaction volume of Yahoo! Auctions in the second quarter was held to ¥172.9 billion. The Yahoo! Auctions system-use revenues recorded by the Personal Services Business was approximately the same as a year earlier.

■ Yahoo! Premium membership revenues (Member Services Business)

- The Member Services Business implemented various measures to enhance the value of membership, such as expansion of collaboration with external companies in providing member-exclusive services. Consequently, the number of Yahoo! Premium member IDs amounted to 7.18 million IDs, which is the highest ever.
- In December 2008, the monthly membership fee will be changed from ¥280 (not including tax) to ¥330.

■ Pay content services revenues

- Sales of pay content services rose significantly on the strength of growth in sales of Yahoo! Partner and Yahoo! Comics, etc.

■ SG&A expenses

Main items were business commissions, personnel expenses, and depreciation expenses.

Review of Operations by Business Unit



FY2008-2Q Review of Operations by Business Unit (1)

Search Business

- Commenced offering Custom Search, a service enabling the customization of search windows and search result web pages on personal sites.
- Launched Yahoo! Search Infocenter, which provides information related to Yahoo! Search Technology (YST) or search service in general, and clues for site owners when using Yahoo! JAPAN services.
- Yahoo! Bookmark: In cooperation with Yahoo! News added a bookmark registration button and registered users display on each article. Also began collaboration with Yahoo! Profile.
- Yahoo! Answers: Questions and answers can now be submitted from Yahoo! Baby and Yahoo! FASHION.

Auction Business

- To increase the ease-of-use of the site, took steps to improve auction item detail web pages, renew the auction item listing form, and strengthen functionality.
- To commemorate the 9th anniversary of Yahoo! Auctions, conducted various events, including Nine Big Luxury Gifts, Special Auction, Bargain Deluge Starting at ¥1, Item Listing Option Half-Price Campaign, and Free Item Listing Campaign.
- As a new settlement service on Yahoo! Auctions, introduced Japan Net Bank, Limited's JNB Electronic Money.
- Total funds raised by our charity auctions during the quarter amounted to ¥28.71 million.



FY2008-2Q Review of Operations by Business Unit (2)

Member Services Business

- Ran various campaigns to acquire new subscribers, including a Yahoo! BB Up to Half Cash Back Campaign, a Maximum of 12,000 Points or Five Months Campaign under the Yahoo! BB Introduction Program, and a Ladies Free Campaign on Yahoo! Marriage.
- Collaborated with other business divisions and external companies in implementing measures to enhance the value of Yahoo! Premium memberships. Began offering stand-up comedy video from YOSHIMOTO KOGYO CO., LTD., giving away discount tickets for the Yoshimoto Theater and other special-prize-attached services exclusive for Yahoo! Premium members, and ran campaigns offering Yahoo! Points for searches and discounts for pay content services.
- Yahoo! Keitai Shop: Launched sales of the iPhone 3G. Conducted various promotions to strengthen sales, including a Let's Enjoy Content on Mobile Phones! Campaign and a Let's Enjoy Video and Music Clips on Mobile Phones! Campaign.
- Yahoo! Partner: Introduced a new payment plan. To acquire new members, strengthened love compatibility diagnosis content. In addition, started collaborating with the international exchange web site World Friends.
- Yahoo! Marriage: Launched Ladies Free Campaign.

Media Business

- Yahoo News: Began offering a news search function that can search for articles across categories. In collaboration with magazine publishers, added a Magazine category that features handpicked magazine articles. Set up Related Information Area in the Topics column that contains information written by editors selected from users.
- Yahoo! Streaming: Started offering Official Channel, a service where companies and groups can post their promotional videos, etc.
- Launched Yahoo! Carbon Offset, a service that enables individuals to purchase carbon offsets over the Internet.
- Yahoo! Sports: Launched PC and mobile versions of a Beijing Olympics Special Feature.



FY2008-2Q Review of Operations by Business Unit (3)

Lifestyle Business

- **Yahoo! BEAUTY:** As the first step in a cooperative business agreement with So-net Entertainment Corporation, commenced a business tie-up with So-net's Cara Carina, a portal site for women. In addition to enabling use of the So-net site with a Yahoo! JAPAN ID, began collaborating on product databases and content.
- **Yahoo! Rikunabi:** Through Indival, Inc., started Shiftwork, a temporary worker matching service that allows the worker to negotiate job hours and days prior to accepting the job.
- **Launched Yahoo! Baby,** a web site where people can collect and exchange information on pregnancy, childbirth, and infants.
- **Yahoo! Comics:** Ran a special feature commemorating the 30th anniversary of introduction of HARLEQUIN novels in Japan.
- **Yahoo! Drive:** Announced a collaboration with Honda Motor Co., Ltd., focused on the driving-related information offered by their car navigation service InterNavi.

Regional Services Business

- **Yahoo! Transit:** Renewed the PC web site. Added route search function that allows users to specify transfer stations on route to the destination and a function that automatically shows the nearest station to an address or building or facility. Also enabled the display of walking routes on the map.
- **Yahoo! Maps:** Started offering Yahoo! Maps Appli services for the iPhone 3G and the iPod touch. Also, commenced Rasta City Maps, a service enabling corporate customers to offer map services on their own web site or use the map function in their business systems.
- **Yahoo! Gourmet:** Renewed the top page. Made it possible to search for information across the categories of restaurants, recipes, and delivery food. Added a recommendation section that changes according to region, time, day, etc., and a section for "word of mouth" postings according to region selected.
- **Launched LatLongLab,** a service that makes use of maps and latitude and longitude information to allow users to propose unique events that people can participate in, such as races.



FY2008-2Q Review of Operations by Business Unit (4)

Shopping Business

- Commenced full-scale operation of the Yahoo! Shopping Web Service, which opens up Yahoo! Shopping's application programming interface (API) to external sites. Users can now utilize Yahoo! Shopping's item database and various functions to create applications or shopping content.
- Added PC and mobile versions of an individual store searching function to improve the functionality of the site.
- Enabled users to join the Yahoo! Shopping Affiliate Program on their own blog or homepage if they have a Yahoo! JAPAN ID.

Social Net Business

- Yahoo! News: Set up Related Information Area in the Topics column that contains information written by editors selected from users. Implemented measures to promote social media on various services, including renewing the community web page Investor Sentiment (beta version) on Yahoo! Finance.
- Yahoo! Blogs: Began cooperation with the advertising distribution service Ad Partner.
- Yahoo! GeoCities: Number of users with homepages exceeded four million.

Mobile Business

- Started offering the mobile phone version of Yahoo! Search on the official site for Willcom phones.
- Added a blog search function to the mobile version of Yahoo! Search.
- Launched Yahoo! Decoration, a community site for mobile phone art from which users can submit or download images, graphic items, etc., for use on Yahoo! Keitai.
- Mobile version of Yahoo! Streaming (beta version): Aiming to improve the ease-of-use of the video clip search function, renewed the web site and added a special feature column recommending content.



FY2008-2Q Review of Operations by Business Unit (5)

New Businesses Office

- **Settlement Services:** As a new settlement service on Yahoo! Auctions, introduced Japan Net Bank, Limited's JNB Electronic Money. Added the ability to use Yahoo! Points for Suica charges, mutually convert Yahoo Points and Suica Points, and exchange PeX for Yahoo! Points.
- **Travel Services:** Renewed the Tabijosen site that introduces top class Japanese inns. In cooperation with 4travel, Inc., launched a World Heritage Site Guide.
- **Research Services:** In collaboration with Yahoo Japan Value Insight Corporation, converted to a system that provides marketing research services under the unified brand of Yahoo! Research. At the same time, reorganized the service lineup and renewed the service introduction web page. At the end of September 2008, the number of registered PC monitors amounted to 1.81 million.
- **Digital Home Services:** Commenced providing information to Naviportal Corp.'s car navigation service Naviportal. In addition, announced a collaboration with Honda Motor Co., Ltd., focused on the driving-related information offered by their car navigation service InterNavi.

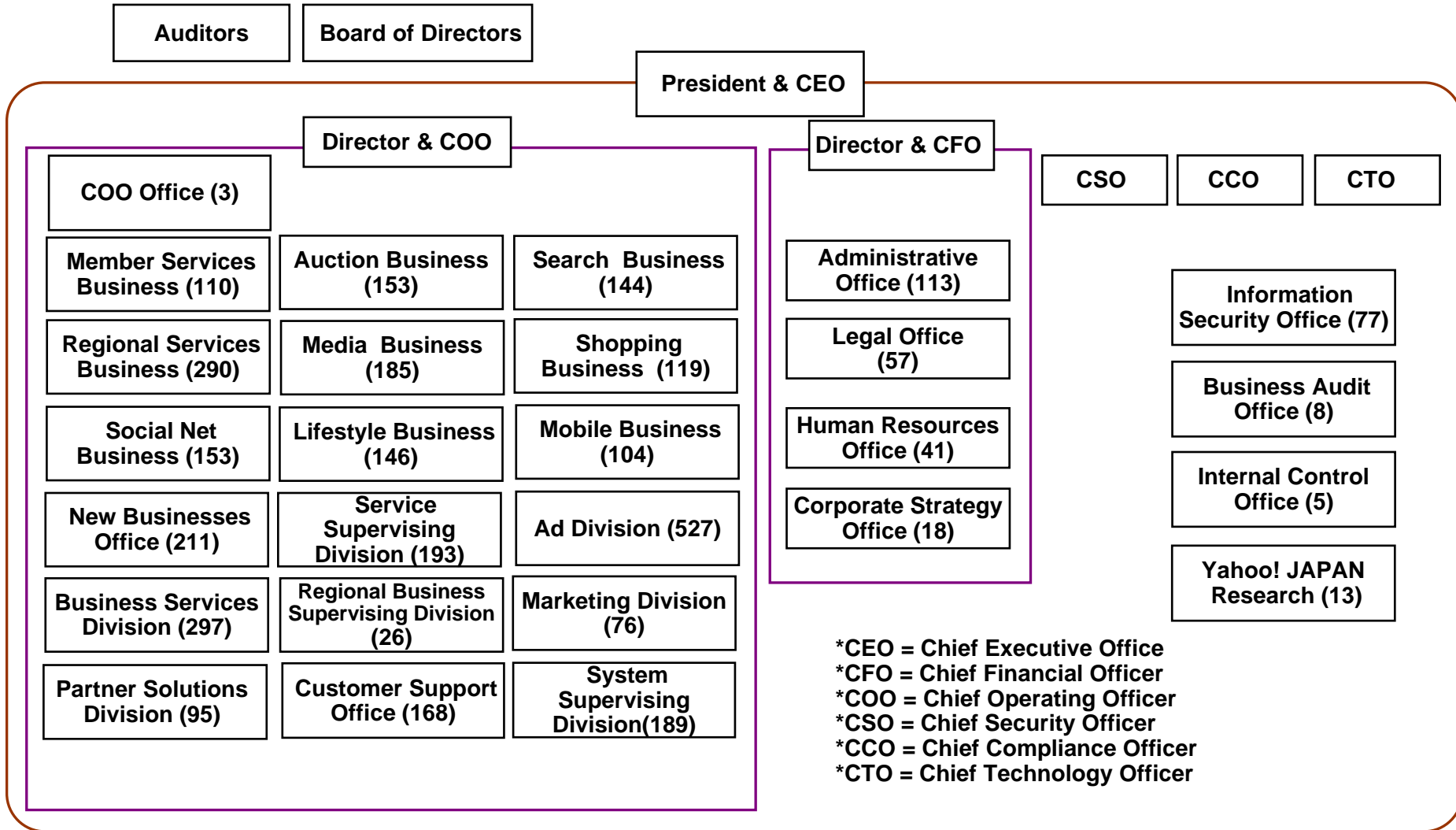
Service Supervising Division

- **Launched special features "Let's Give a Cheer for Japan's Beijing Olympic Team" and "Let's Give a Cheer for Japan's Beijing Paralympic Team."**
As an official partner of the Japanese Olympic Committee and the Japanese Paralympic Committee of the Japan Sports Association for the Disabled provided support for the Japanese Olympic and Paralympic teams.
- **Sports Support Project 2008:** Based on the theme of "Let's Work Together Toward a Dream," started soliciting messages about sports dreams or experiences. The project awarded the winners with a "Life Engine Prize", which includes a one-day seminar from a famous professional sports player and sports goods worth ¥1 million.
- **In cooperation with NetStar Inc., commenced offering free education materials for parents or guardians covering the risks of Internet usage for middle and high school students and how to deal with those risks.**

Appendix



Organization



Total : 3,531 people (as of October 1, 2008)





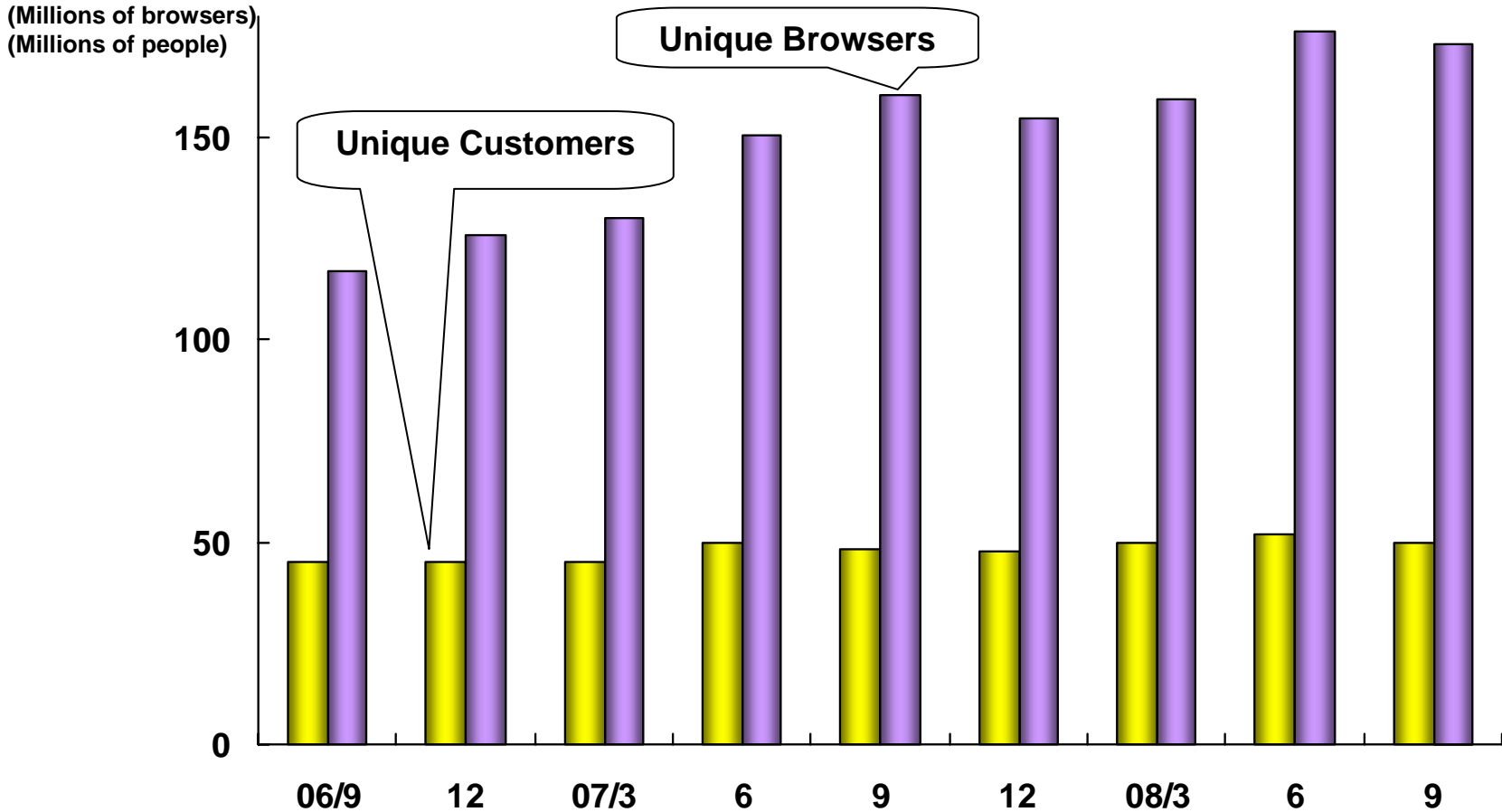
Additional Business Data: 2008-2Q

Average Daily Transaction Volume	Jul.-Sept. 2007	Jul.-Sept. 2008
Commerce (¥100M)	24.1	24.8
☆ Auction (¥100M)	18.5	18.7
☆ Shopping* (¥100M)	5.6	6.0
Yahoo! Mobile e-commerce (¥100M)	2.7	3.6
Subscriber Lines for Yahoo! BB Services	End of Sept. 2007	End of Sept. 2008
Total (thousand lines)	5,042	4,551
Number of lines marketed by Yahoo! JAPAN (thousand lines)	1,052	911
Other Data of Auction Business	Jul.-Sept. 2007	Jul.-Sept. 2008
Average Closing Price (¥)	5,450	5,147
Average Successful Auction Ratio (%)	22	19
Number of Business Express Contracts (Number of contracts/Monthly average)	Jul.-Sept. 2007	Jul.-Sept. 2008
	3,570	3,092

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



Number of Yahoo! JAPAN Users



(Source: Nielsen Online/The Group)

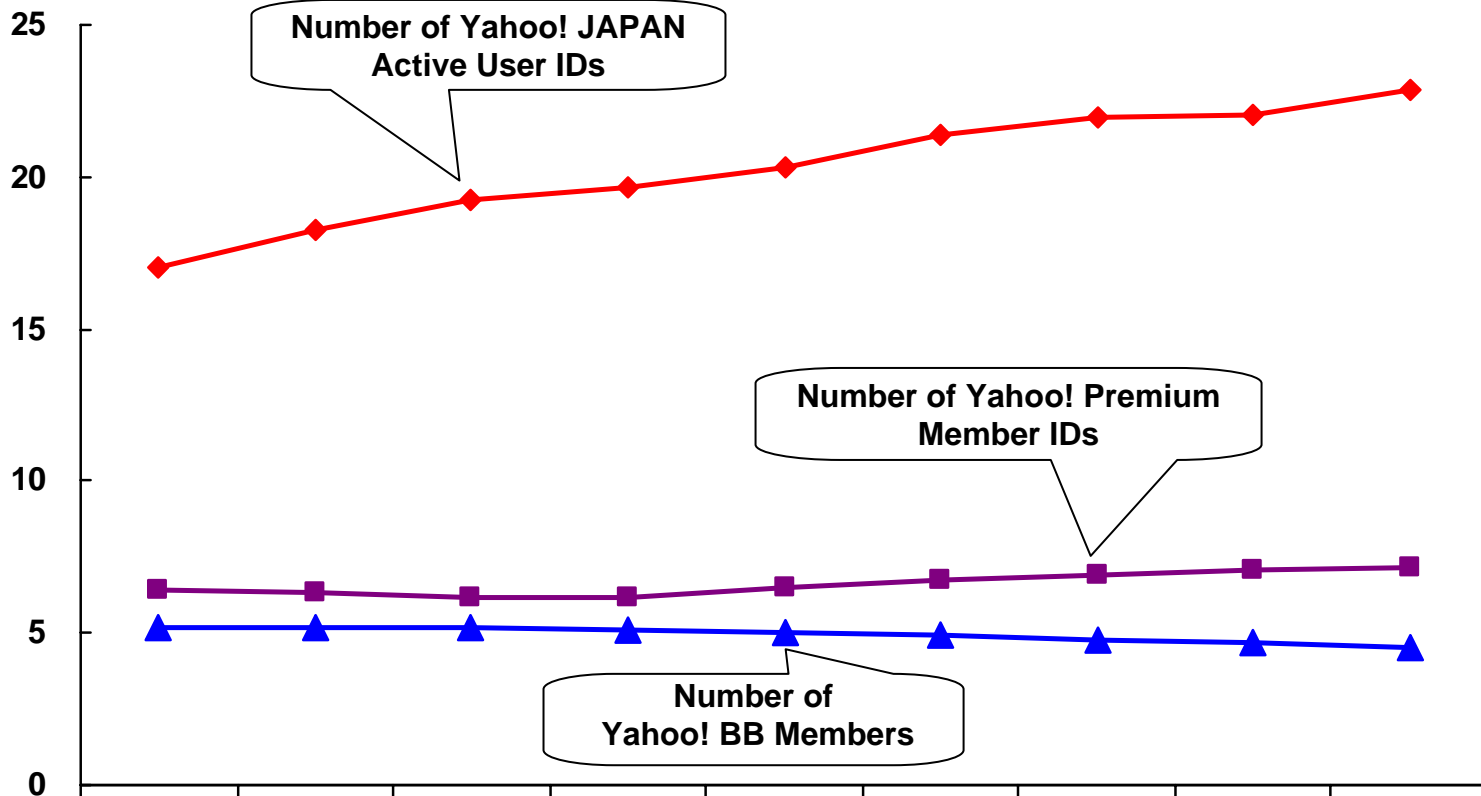
- The Number of Yahoo! JAPAN Unique Browsers is the total number of unique browsers accessing our services. It can fluctuate significantly monthly due to malicious or inappropriate large volume access by bots or other external tools trying to acquire Yahoo! JAPAN IDs or other registrations or information.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



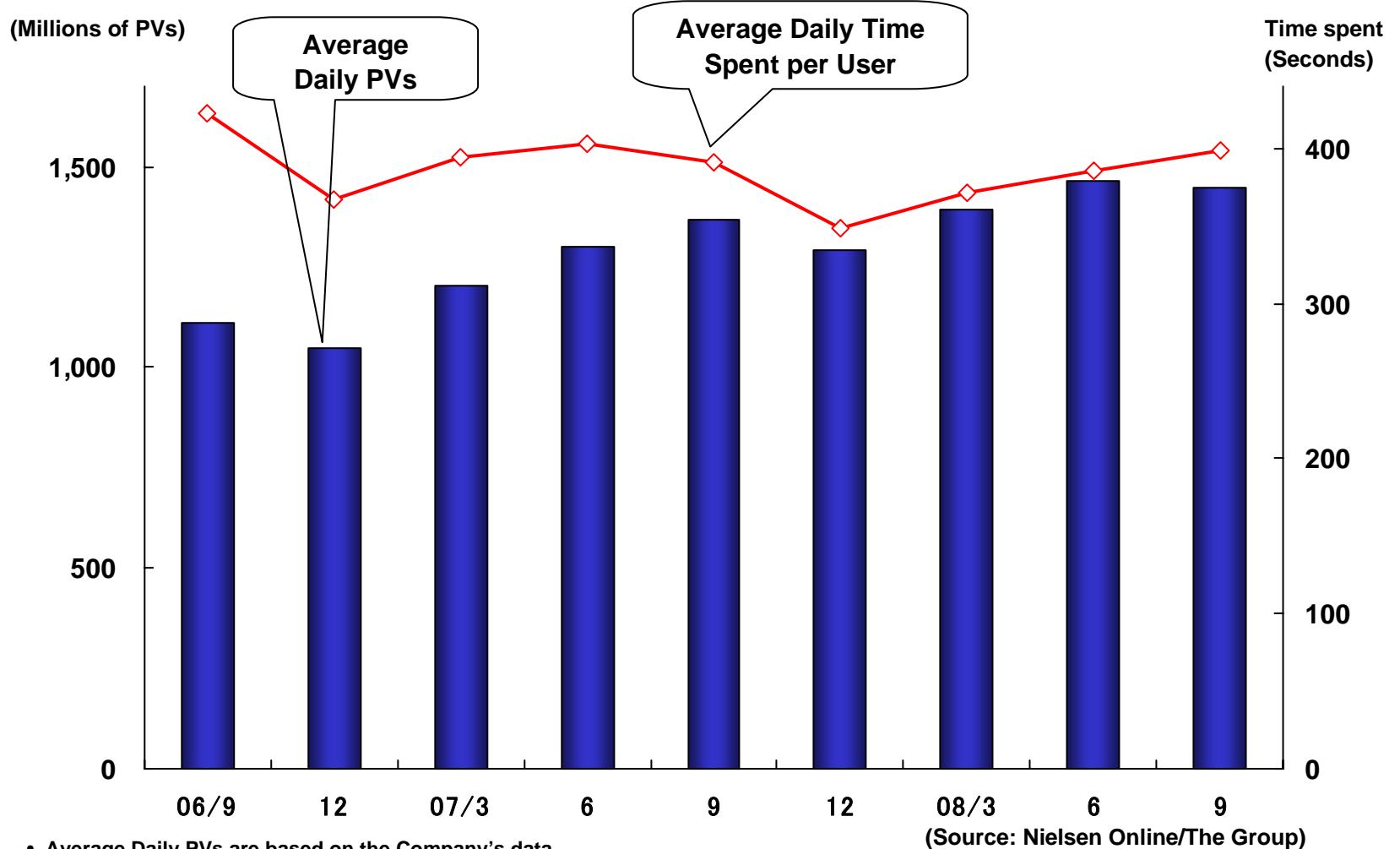
	06/9	12	07/3	6	9	12	08/3	6	9
◆ Active User IDs	17.05	18.28	19.23	19.67	20.31	21.36	21.92	22.02	22.85
■ Premium Member IDs	6.43	6.30	6.19	6.16	6.49	6.74	6.91	7.06	7.18
▲ Yahoo! BB Members	5.15	5.16	5.16	5.13	5.04	4.94	4.81	4.65	4.55

* Number of Active User IDs= Number of Yahoo! JAPAN IDs which logged in each month.





Number of Yahoo! JAPAN Page Views and Time Spent



- Average Daily PVs are based on the Company's data
- Average Daily Time Spent per user is based on the data of Nielsen Online (NetView AMS JP) from Sept. 2006 to Sept. 2008, regarding access by individuals from home
- Commencing with the September 2008 data, we have eliminated the RSS distribution feeds from the calculation of page views.

* The unauthorized use of the information or the data in this document is not permitted.





FY2008-2Q Major Advertisers

■ Finance/Insurance/Securities

Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
ORIX Credit Corporation

■ Real Estate/Construction

Asahi Kasei Homes
Mitsui Fudosan Residential Co., Ltd.
Sumitomo Realty & Development Co., Ltd.

■ Autos (Transport Equipment)

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

■ Cosmetics/Toiletries

Kao Corporation
Shiseido Co., Ltd.
DHC Corporation

■ Transportation/Leisure

All Nippon Airways Co., Ltd.
Japan Airline Corporation

■ Beverages/Cigarettes

Coca-Cola (Japan) Company, Limited
Kirin Brewery Company, Limited
Suntory Limited

■ Foodstuffs

Kenkounomori Inc.
Yazuya, Co., Ltd.

■ Fashion/Accessories

BAYCREWS CO., LTD.
NIKE

■ Mobile Communications Services

SOFTBANK MOBILE Corp.
KDDI CORPORATION

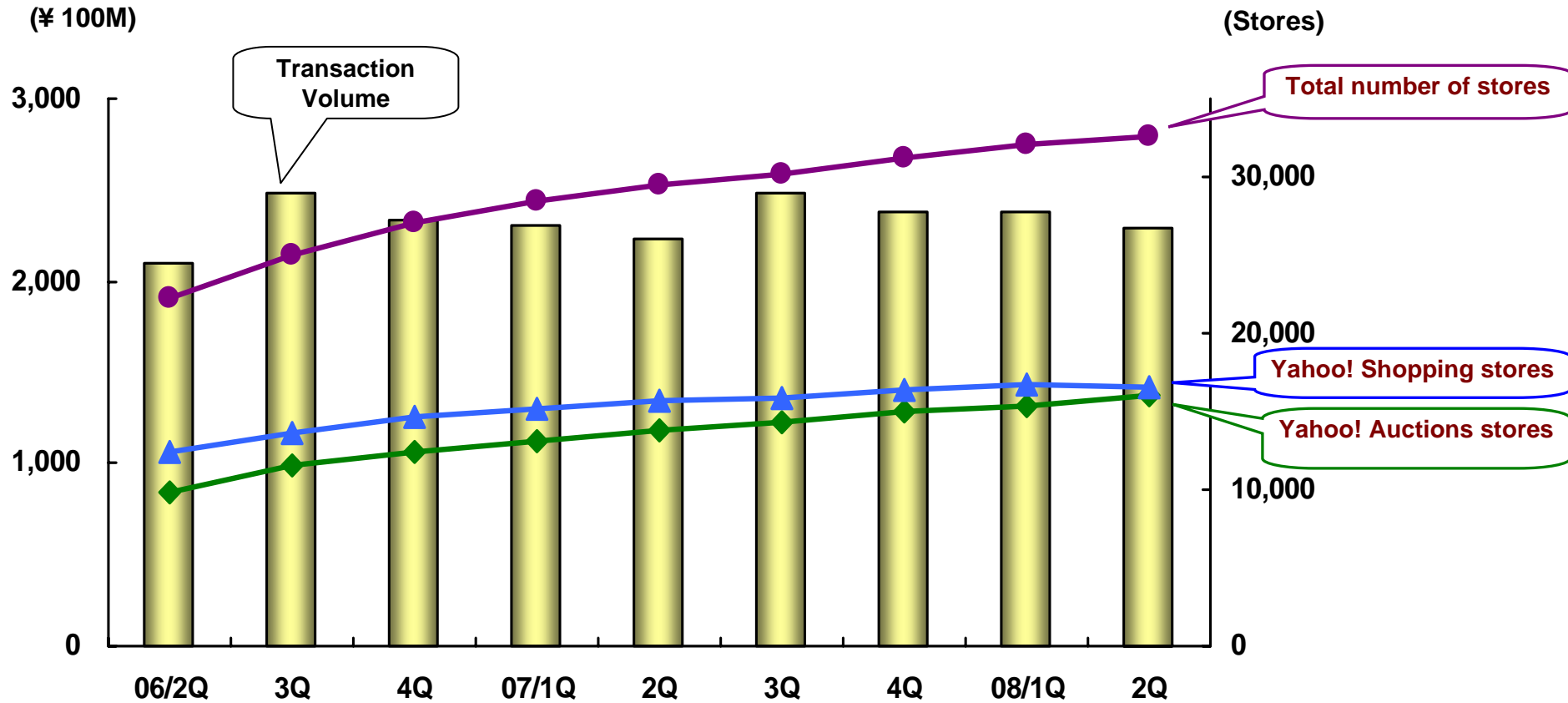
■ Computers/Office Equipment

EPSON SALES JAPAN CORPORATION
FUJITSU LIMITED

- The above are the major clients of Yahoo! JAPAN's advertising sales excluding pay per performance 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/>