



Yahoo Japan Corporation
FY2014-2Q Business Results
(Jul. - Sept. 2014)

Oct. 29, 2014

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Yahoo Japan Corporation has adopted International Financial Reporting Standards (IFRSs) beginning with the first quarter of the fiscal year ending March 31, 2015 (FY2014) with a transition date as of April 1, 2013. Figures for the fiscal year ended March 31, 2014 (FY2013) are restated on an IFRS basis.

Unless otherwise specified, English-language documents are prepared solely for the convenience of readers outside Japan. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

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 “Risk Factors” in “Results for the Three Months ended September 30, 2014.”

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

Executive Summary for FY2014-2Q

■ **Revenue:** **¥103.3 billion** (YoY +2.5%)

Operating Income: **¥46.0 billion** (YoY -7.6%)

In Addition to the impact of our new e-commerce strategies, there were increased costs due to continuous investment in advertising products and our big data business and to additional expenditures to strengthen our security system.

■ **Business Outlook for FY2014 1-3Q** (Accumulated)

Revenue: **¥305.9 - 307.9 billion**
(YoY +1.7% to +2.4%)

Operating Income: **¥139.9 - 142.0 billion**
(YoY -4.4% to -5.8%)

Aim to achieve positive growth in revenue and operating income for full year.

Executive Summary for FY2014-2Q

■ Advertising-related revenue:

¥60.5 billion (YoY +7.2%)

- Advertising revenue via Smartphone was up 73.9% (YoY).
- **Aim to offer new advertising products to achieve sustainable growth.**

■ With one year past since we introduced our new e-commerce strategies, **the transaction value growth rate has risen into double-digit percentages.**

- e-Commerce transaction value was ¥281.1 billion (YoY +11.9%).
- Growth rate of smartphone transaction value was 45.4% (YoY).

FY2014-2Q

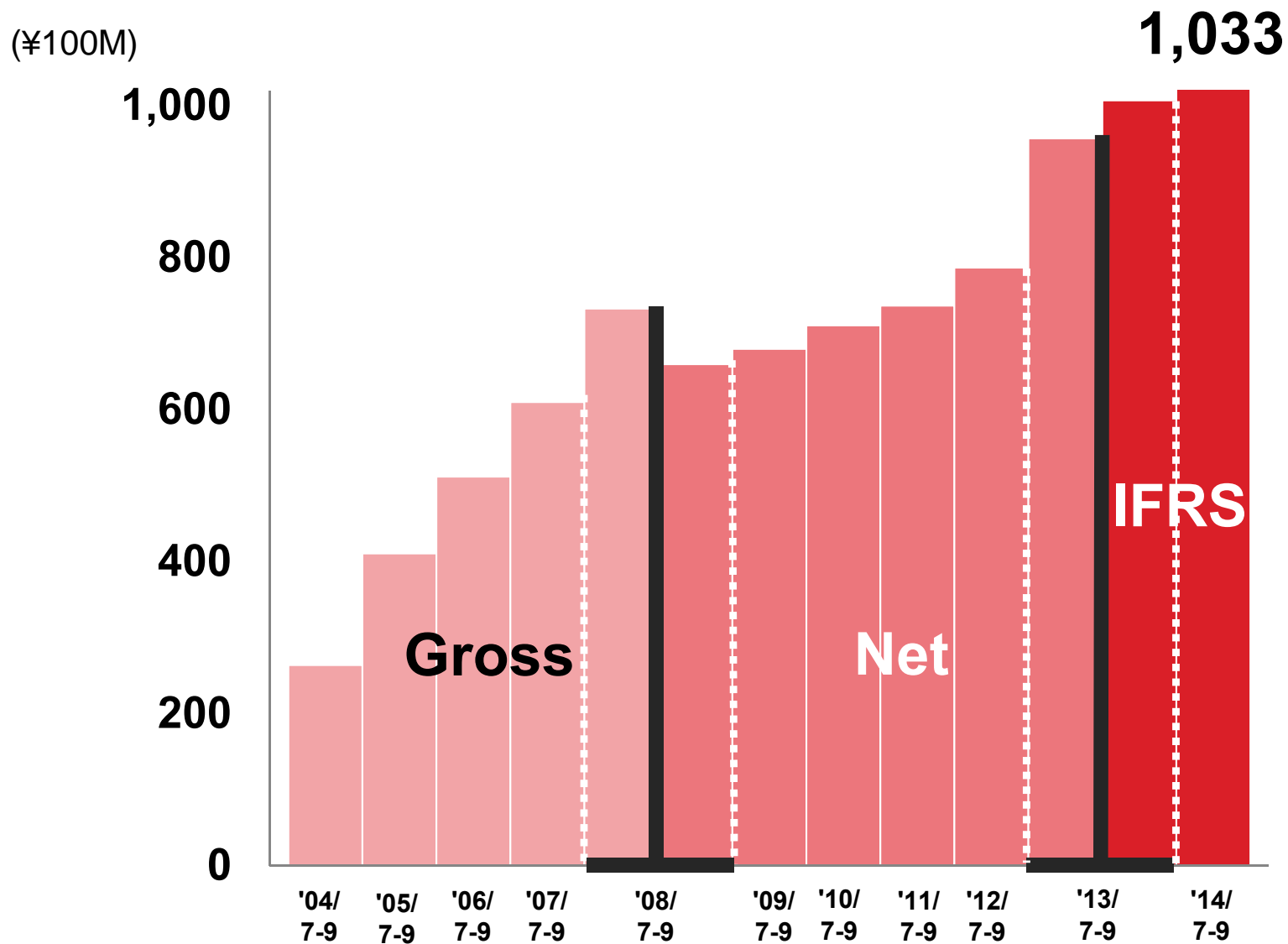
Financial Highlights

FY2014-2Q Financial Highlights

(¥100M)

	FY2013-2Q	FY2014-2Q	YoY Change	Change Contributors
Revenue	1,007	1,033	2.5%	<ul style="list-style-type: none"> * Advertising revenue grew. * Growth trend slowed under our new e-commerce strategies.
Operating Income	498	460	-7.6%	<ul style="list-style-type: none"> * Traffic acquisition cost and content provider fees increased along with expanded advertising revenue. * Sales promotion cost for new e-commerce strategies increased. * Depreciation expenses increased because of additional investments to strengthen security system and expand big data business.
Income before Income Taxes	497	463	-6.9%	-
Net Income <small>Attributable to Owners of the Parent</small>	312	302	-3.4%	-

Quarterly Revenue

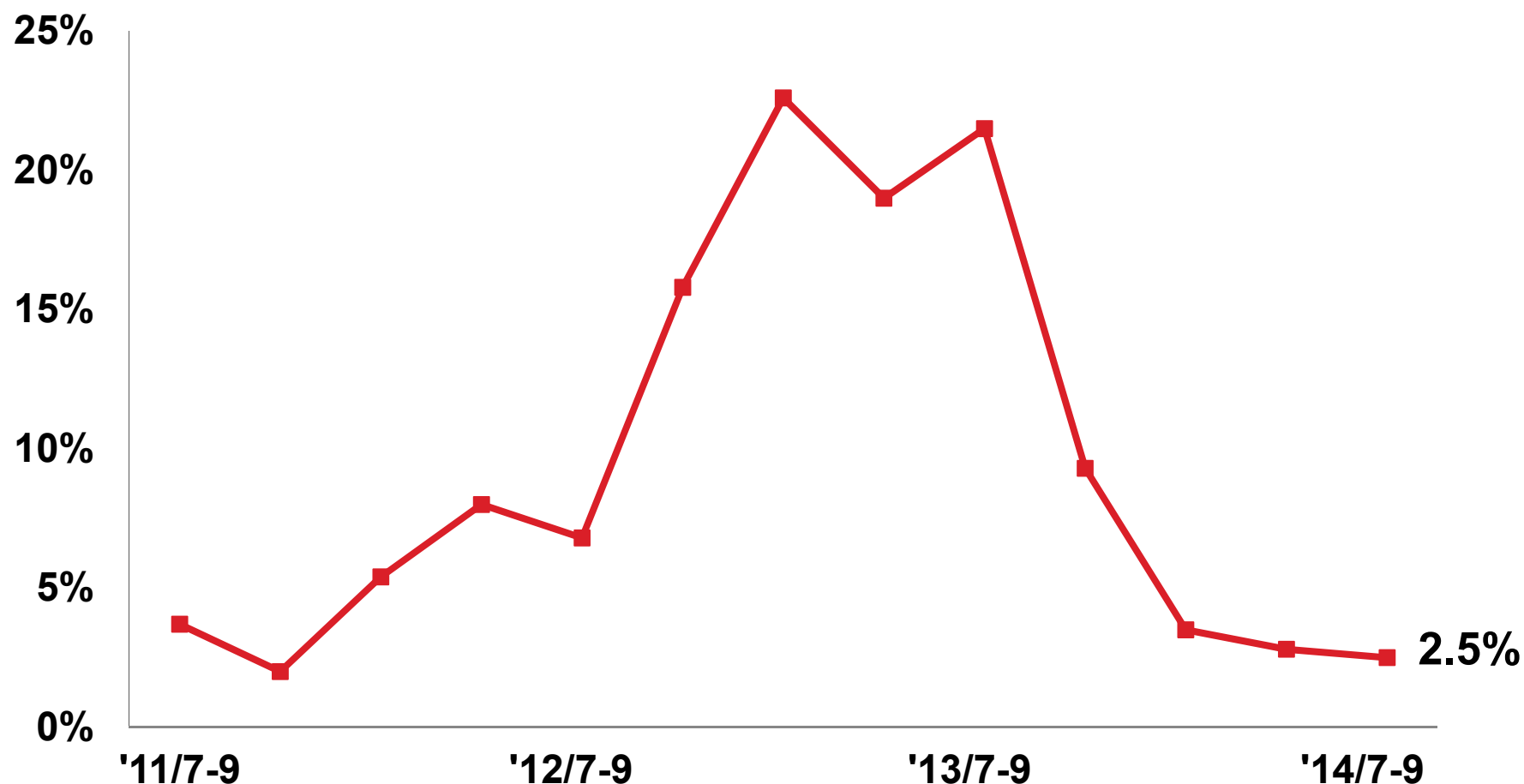


* The Company has adopted IFRSs beginning with FY2014.

* Between FY2008 and FY2013, we indicated revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. The figure on a gross basis for '08/7-9 is included for your reference.

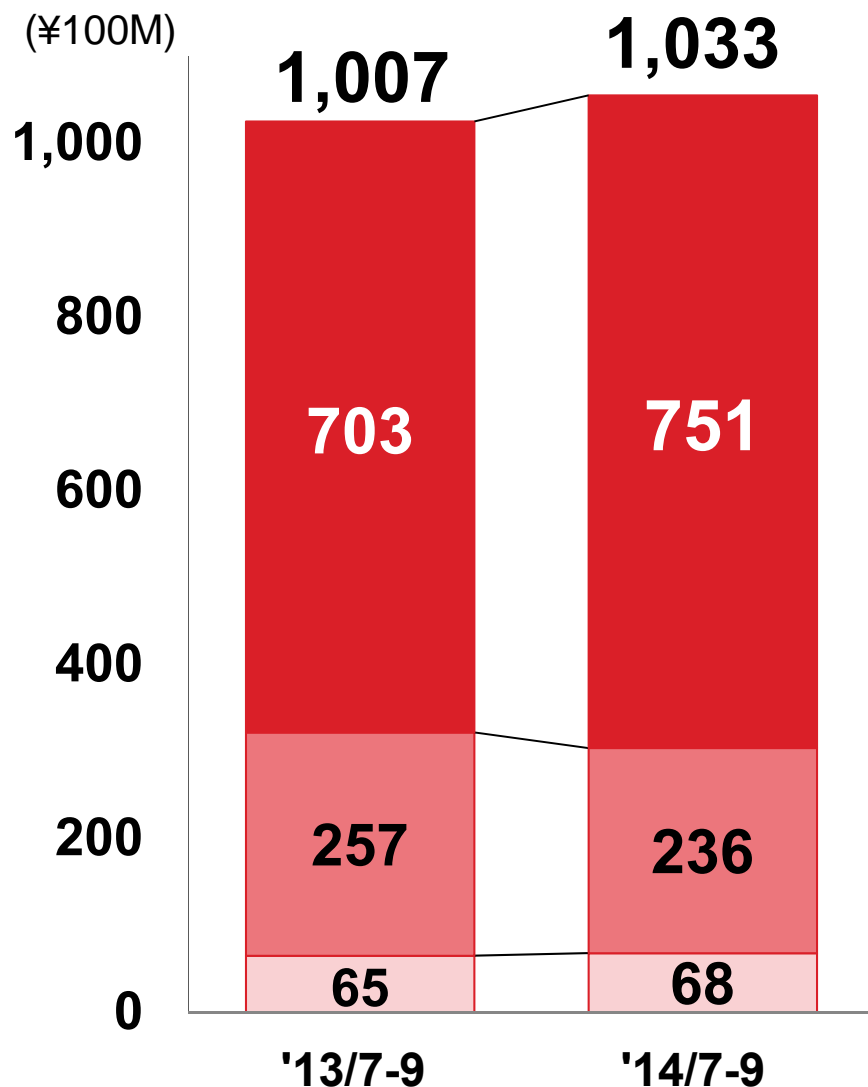
Quarterly Revenue YoY Growth Trend

Quarterly revenue YoY growth rate lowered under our new e-commerce strategies and slower revenue growth of advertising business.



* The Company has adopted IFRSs beginning with FY2014. Growth rates of '14/4-6 onward are calculated based on IFRSs.

Quarterly Revenue Breakdown



Total **+25** (¥100M)
+2.5%

Marketing Solutions Business **+6.9%**

Advertising revenue grew.

Consumer Business **-8.3%**
e-Commerce related revenue decreased under our new e-commerce strategies.

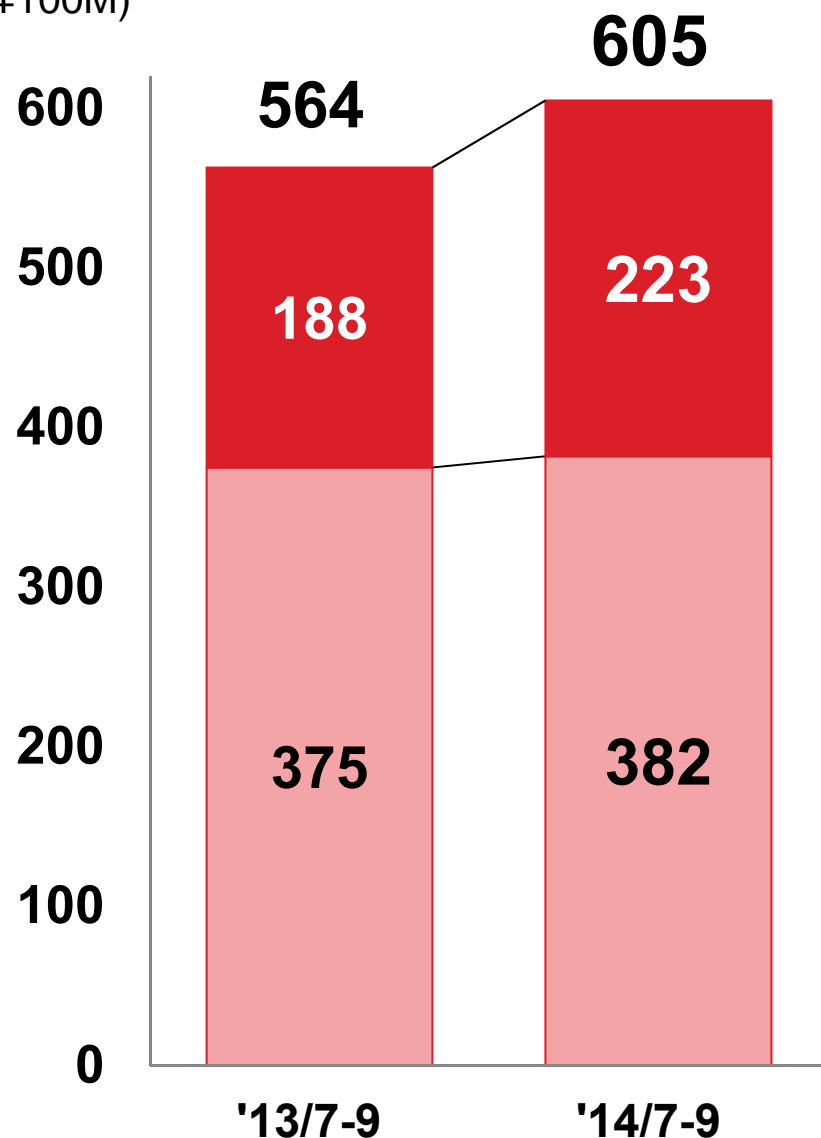
Other Business **+4.1%**

* Figures for Adjustments are not shown on the chart.

* In cases where major services have been transferred between segments, the prior data and comparative figures have been retroactively adjusted to the current segments.

Quarterly Advertising-related Revenue

(¥100M)



Total **+40** (¥100M)
+7.2%

■ Display Advertising **+18.2%**

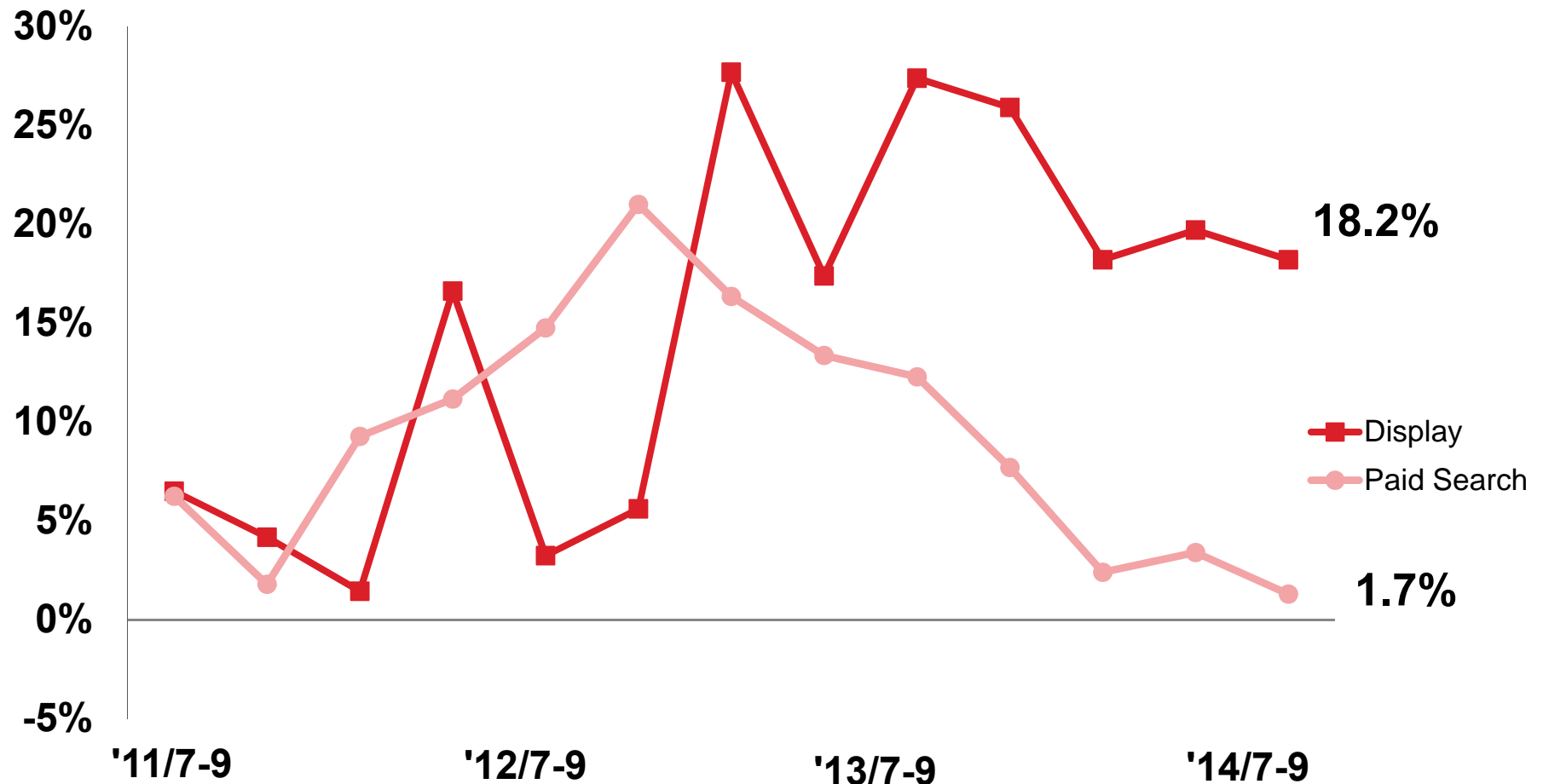
“Yahoo! JAPAN Display Ad Network (YDN)”
revenue grew favorably.

Premium advertising revenue excluding rich
ads decreased.

■ Paid Search Advertising **+1.7%**

Smartphone advertising revenue rose.

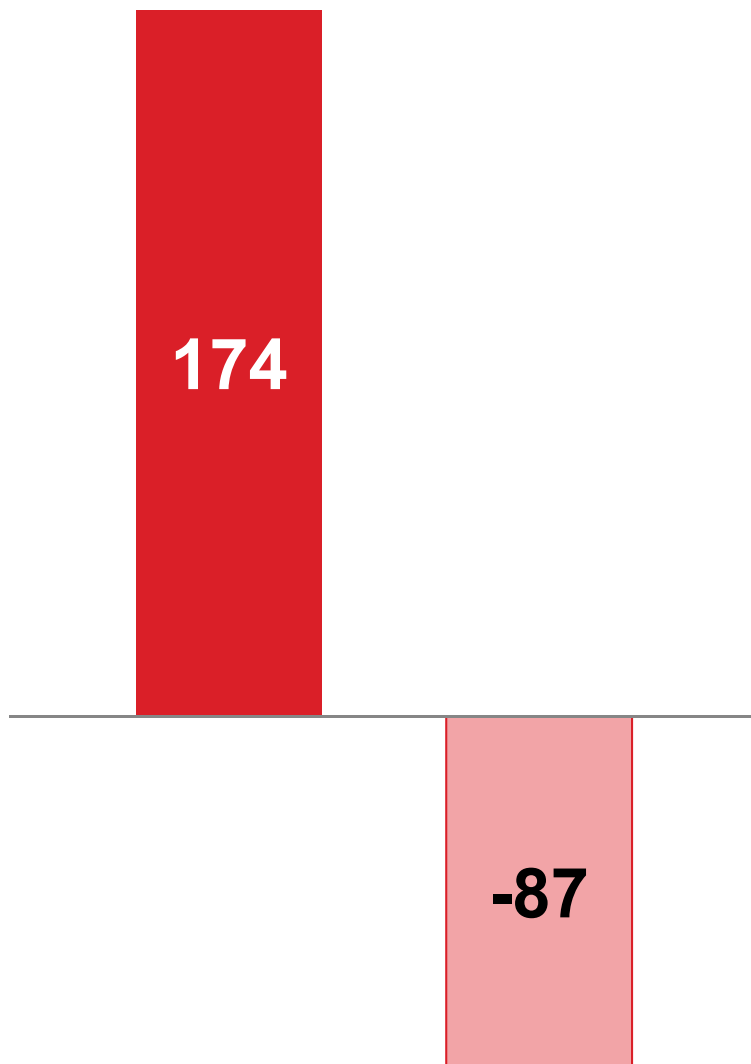
Quarterly Advertising-related Revenue YoY Growth Trend



* The Company has adopted IFRSs beginning with FY2014. Growth rates of '14/4-6 and after are calculated based on IFRSs.

Change in Advertising-related Revenue by Devices (FY2013-1H and FY2014-1H)

(¥100M)



■ Smartphone advertising revenue

+174 (¥100M)

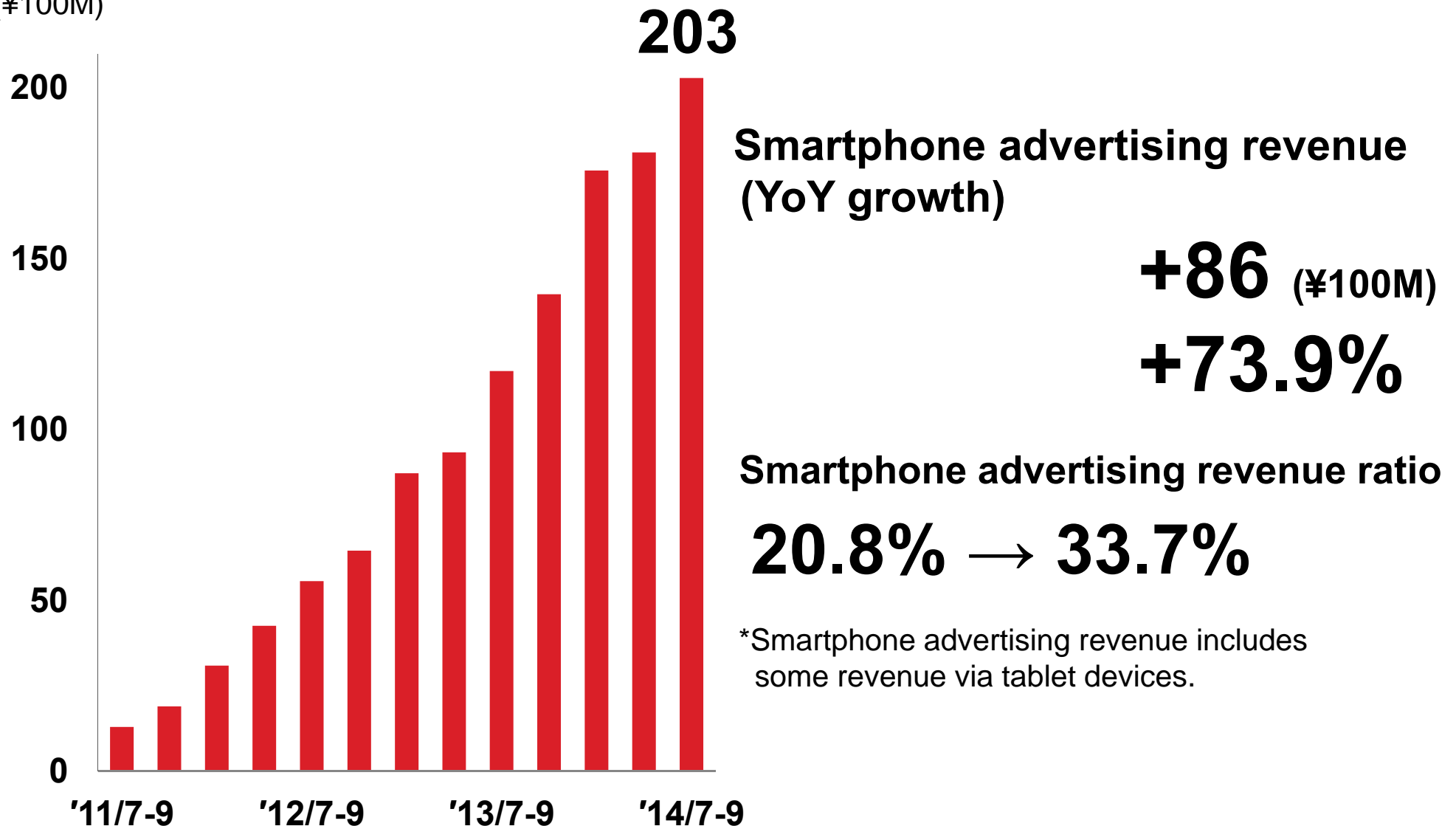
* Smartphone advertising revenue includes some revenue via tablet devices.

■ Advertising revenue via devices excluding smartphones

-87 (¥100M)

Quarterly Advertising-related Revenue via Smartphones

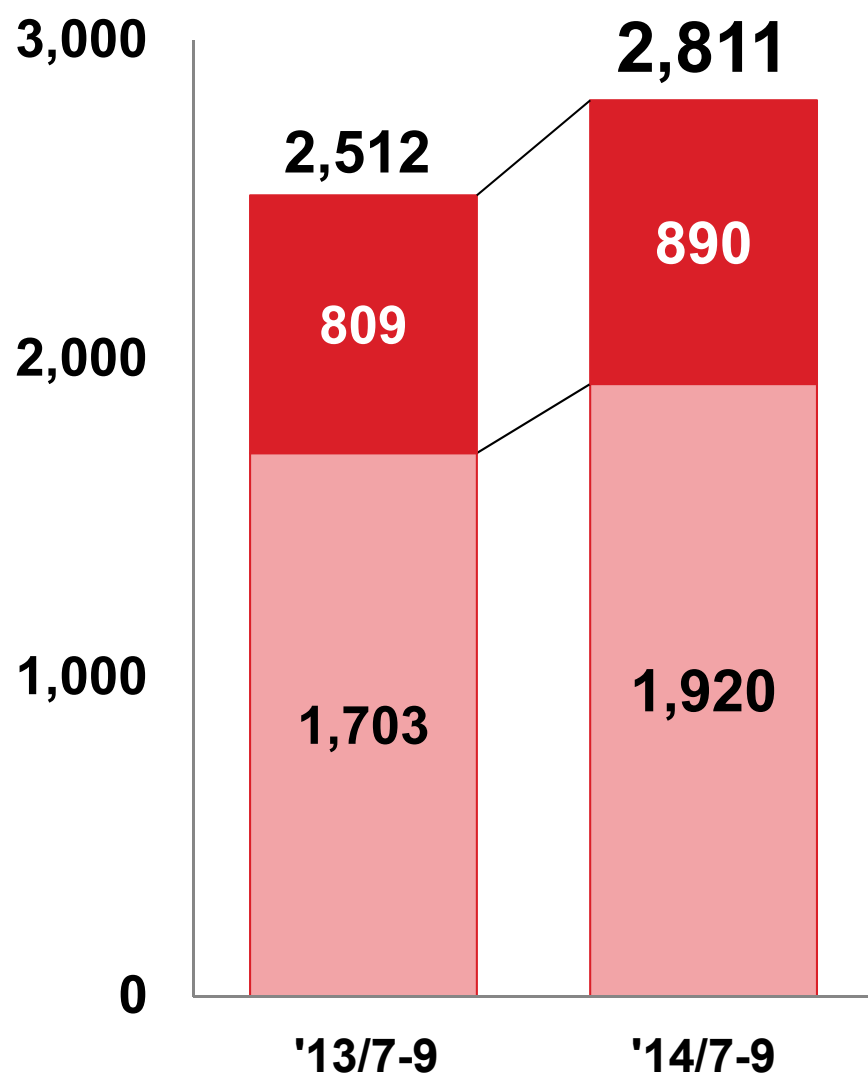
(¥100M)



*Smartphone advertising revenue includes some revenue via tablet devices.

Quarterly e-Commerce Transaction Value

(¥100M)



Total +298 (¥100M)
+11.9%

Shopping-related^{*1} +10.0%

Number of orders and average unit price increased under our new strategies.

Auction-related^{*2} +12.7%

Number of bidders and winning bidders increased, and average closing price rose.

* e-Commerce transaction value through Smartphones

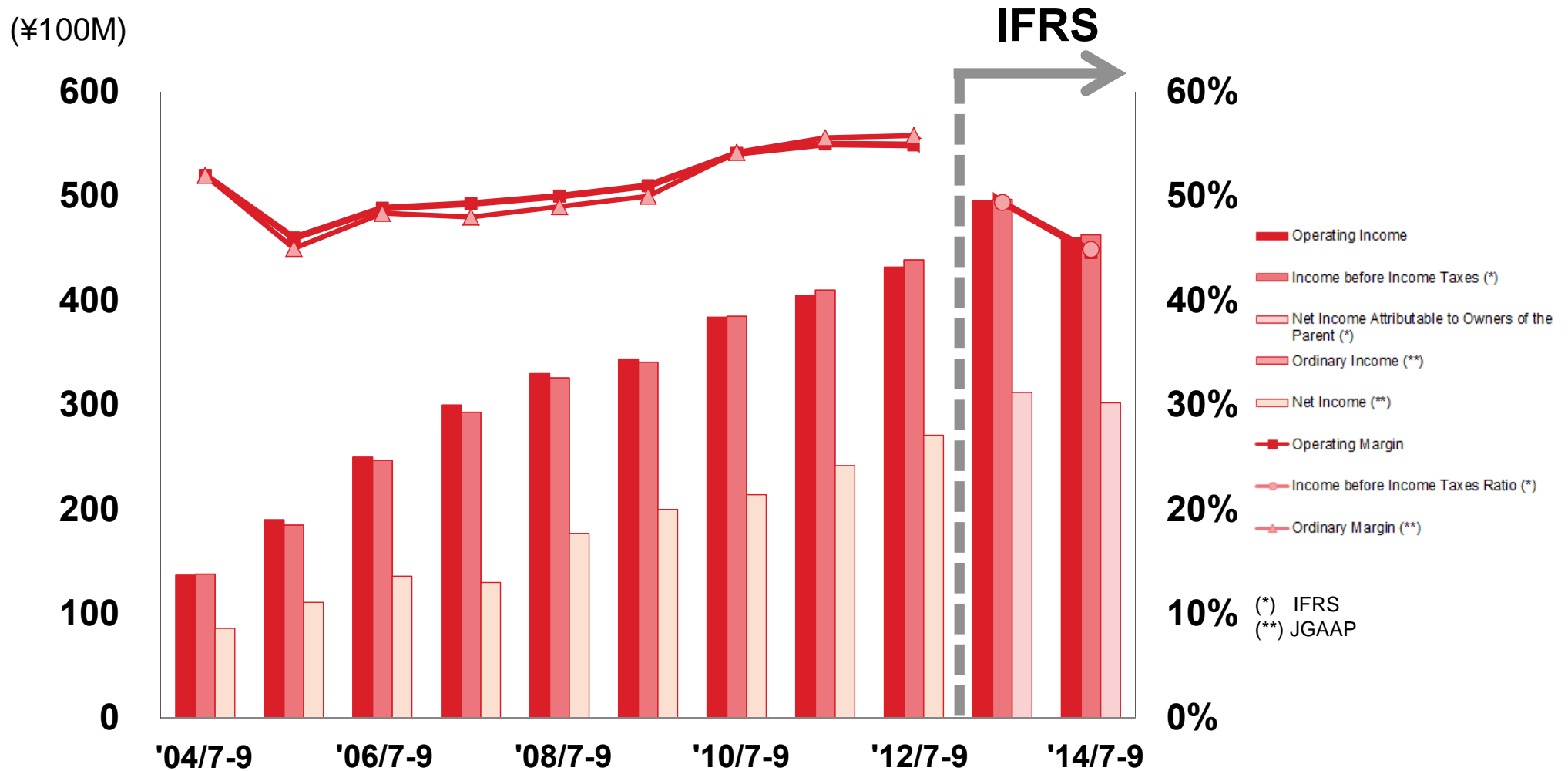
25.0% → 32.5%

* Items included in "e-commerce transaction value" changed from FY2014-2Q. Transaction values related to finance/settlement are not included.

*1 Includes transaction values of "Yahoo! Shopping", "Yahoo! Travel", paid digital content, "LOHACO", "Yahoo! Restaurant Reservation", etc.

*2 Includes transaction values of "YAHUOKU!" and "tradecarview". (<http://www.tradecarview.com/>) It also includes "ClooShe" (application for smartphone) transaction value from April 2014, and "BOOKOFF Online" (<http://www.bookoffonline.co.jp>) transaction value from May 2014.

Quarterly Profit Trend

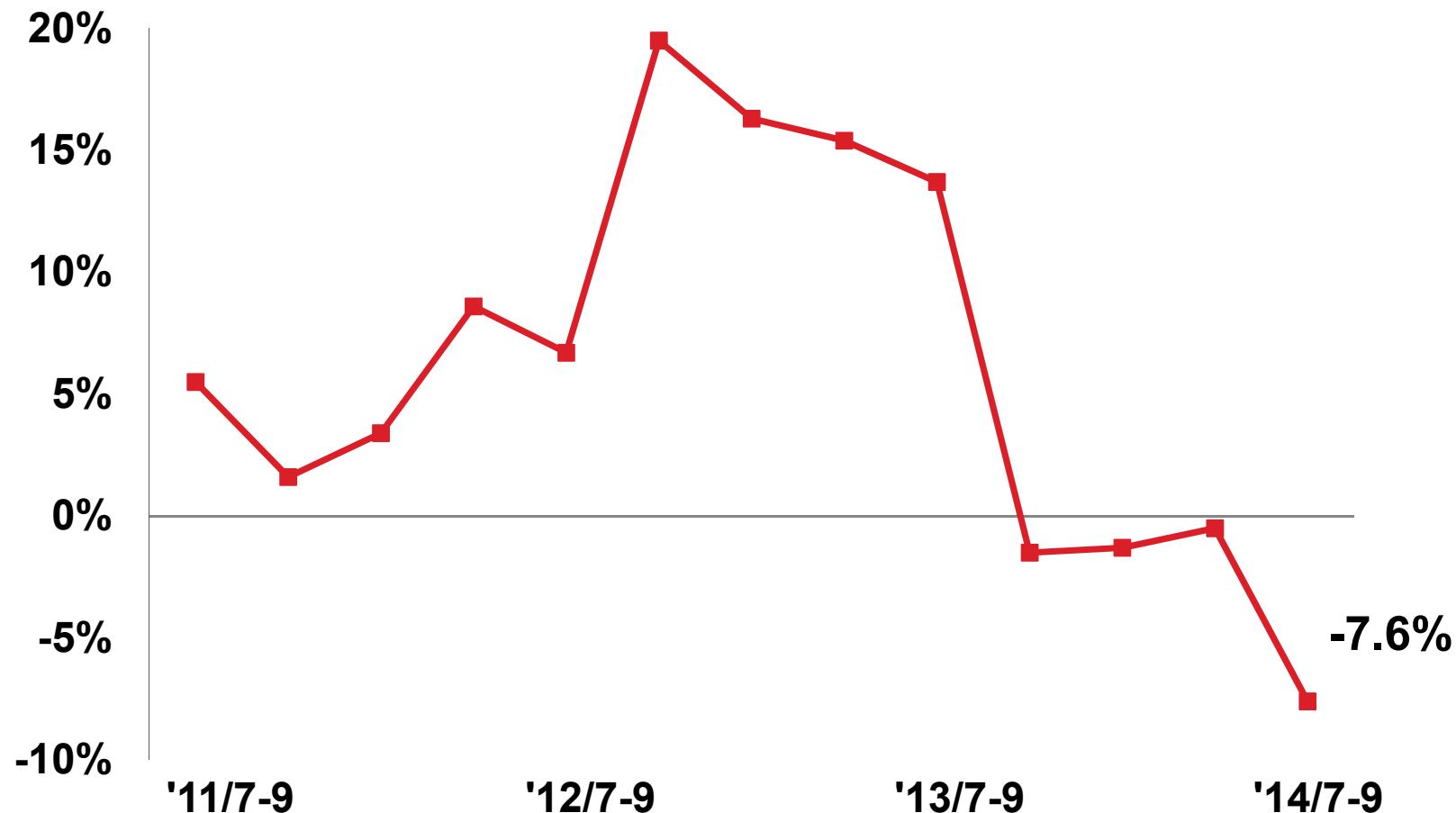


* Figures after FY2013 are restated on an IFRS basis. Operating margins are affected by the adoption of IFRSs.

* Margins for FY2008 to FY2012 are affected by the change in the presentation basis for revenue from gross to net.

Quarterly Operating Income YoY Growth Trend

In addition to the impact of our new e-commerce strategies, there were increased costs due to additional investment in advertising products, our big data business and to strengthen our security system, and others.



Review of FY2014-1st Half Business Outlook

All figures exceeded our forecasts.

(¥100M)

	FY2014-1H Forecast (As of July 31, 2014)	FY2014-1H Actual
Revenue	2,010	2,032
Operating Income	934	947

FY2014-3Q Business Outlook (YoY)

(¥100M)

	FY2013-3Q (Actual)	FY2014-3Q (Forecast)	Change Contributors
Revenue	1,027	1,027 - 1,047	<ul style="list-style-type: none"> * YDN revenue expected to grow. * Growth rate of paid search advertising revenue is lower.
Operating Income	498	452 - 473	<ul style="list-style-type: none"> * Traffic acquisition cost and content provider fees increased along with expanded advertising revenue. * Depreciation expenses will increase because of investments to strengthen security system and expand big data business.

FY2014 1Q-3Q (Accumulated) Business Outlook

- Aim to achieve positive growth in revenue and operating income for full year.
- We will focus on reducing cost.

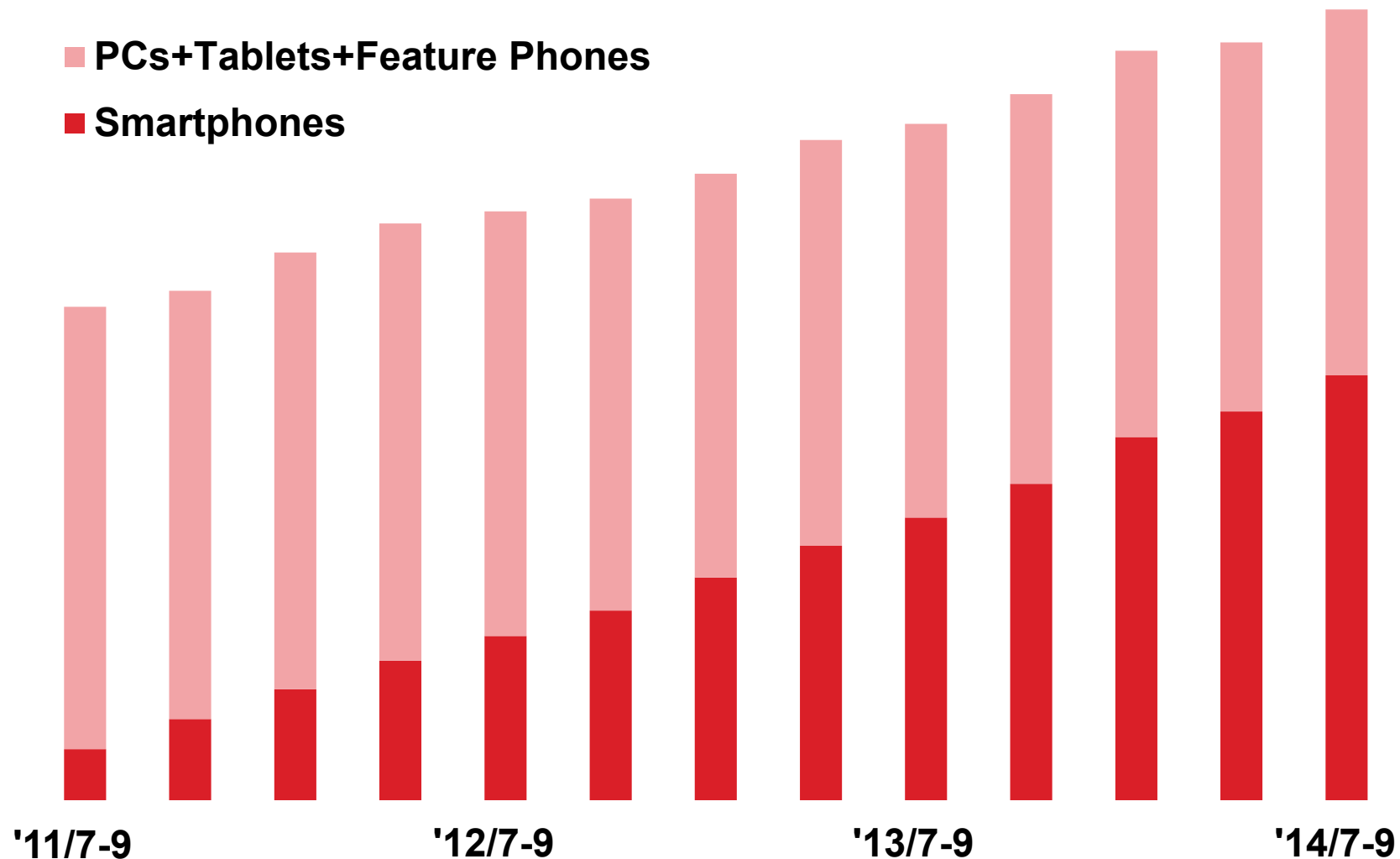
(¥100M)

	FY2013 1Q-3Q (Actual)	FY2014 1Q-3Q (Forecast)
Revenue	3,008	3,059 - 3,079
Operating Income	1,486	1,399 - 1,420

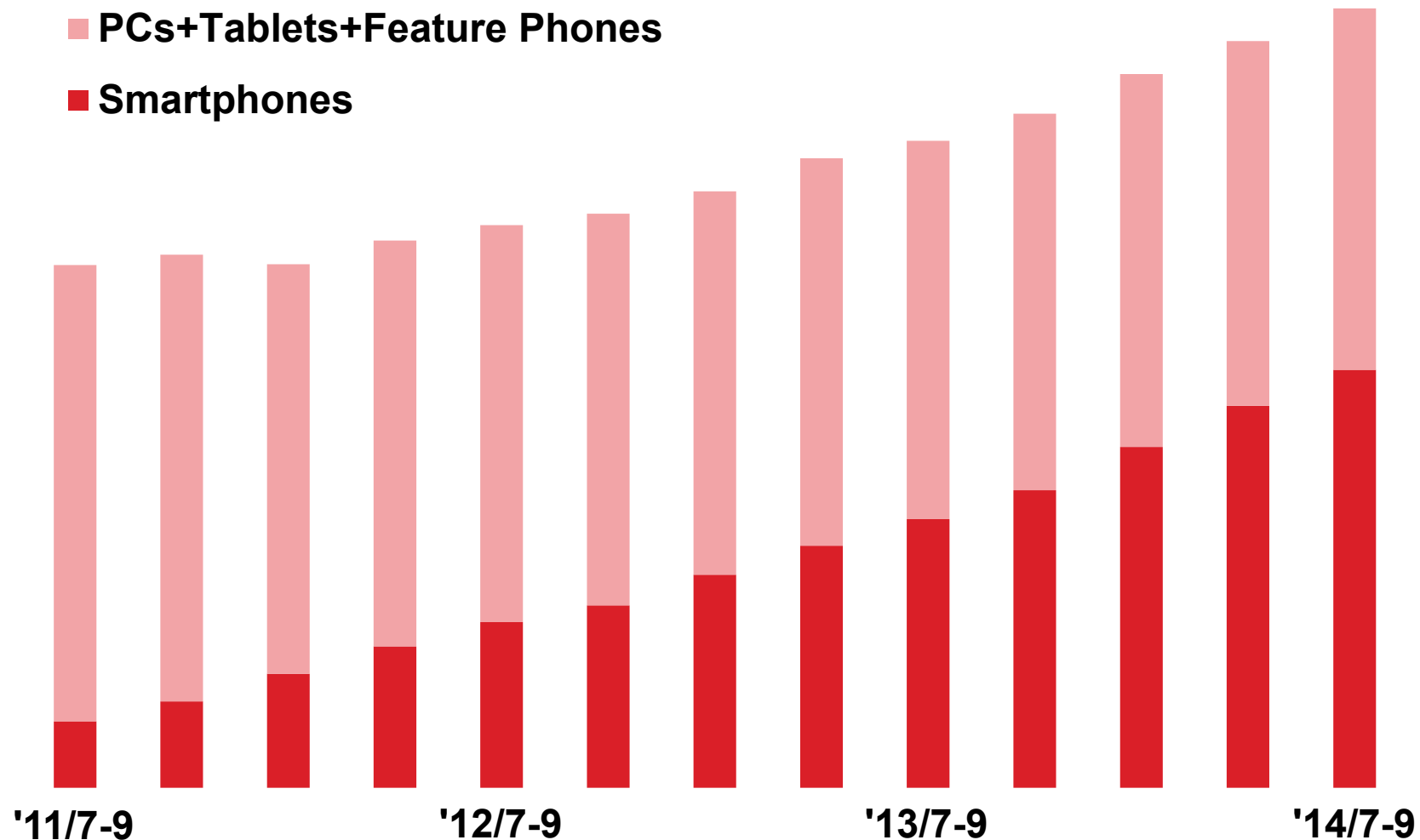
Usage of Yahoo! JAPAN Services

**Do People Still Use
Yahoo! JAPAN
in the Smartphone Era?**

DUBs* of Top 20 Services of Yahoo! JAPAN Growing Favorably

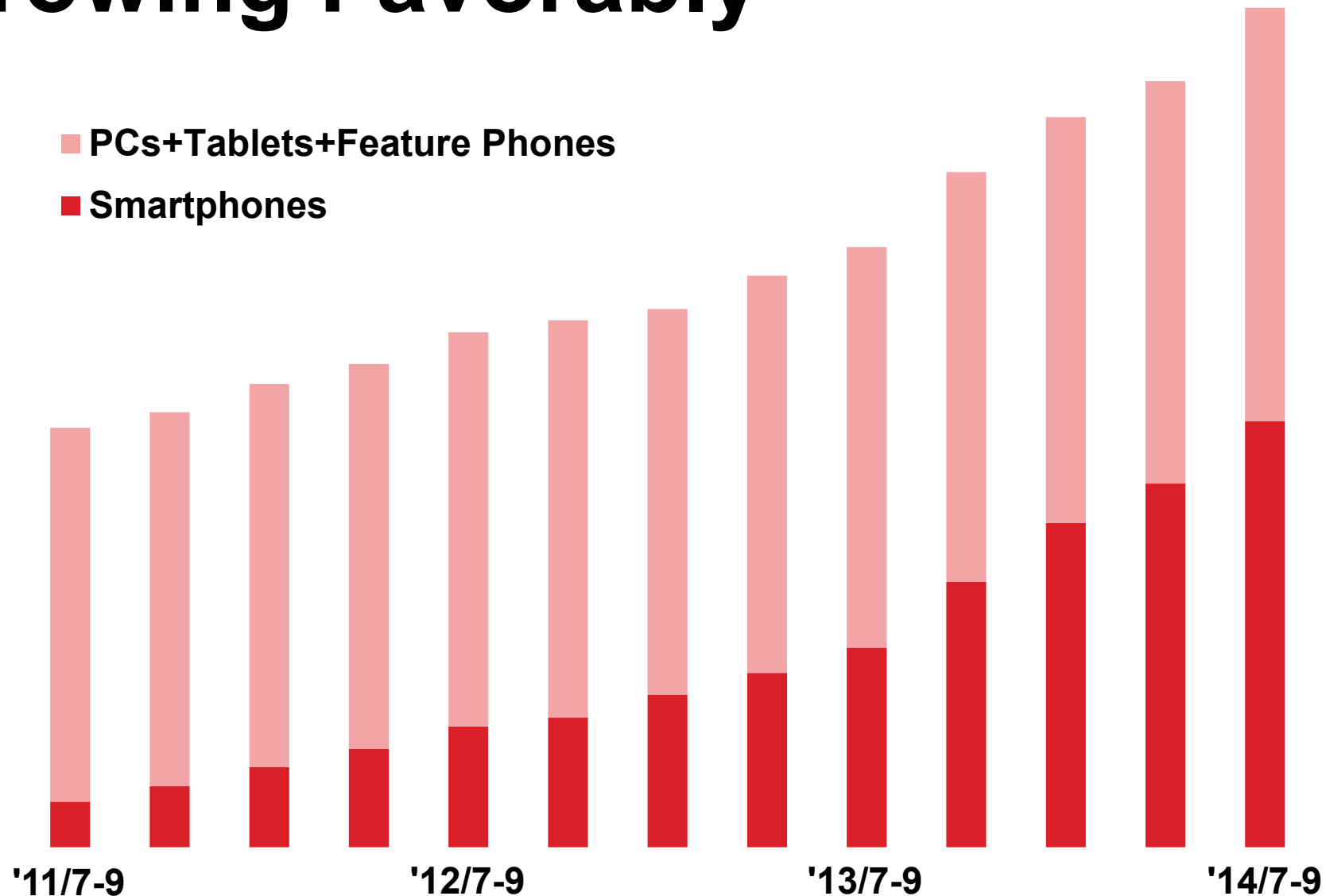


DUBs* of All Services of Yahoo! JAPAN Growing Favorably

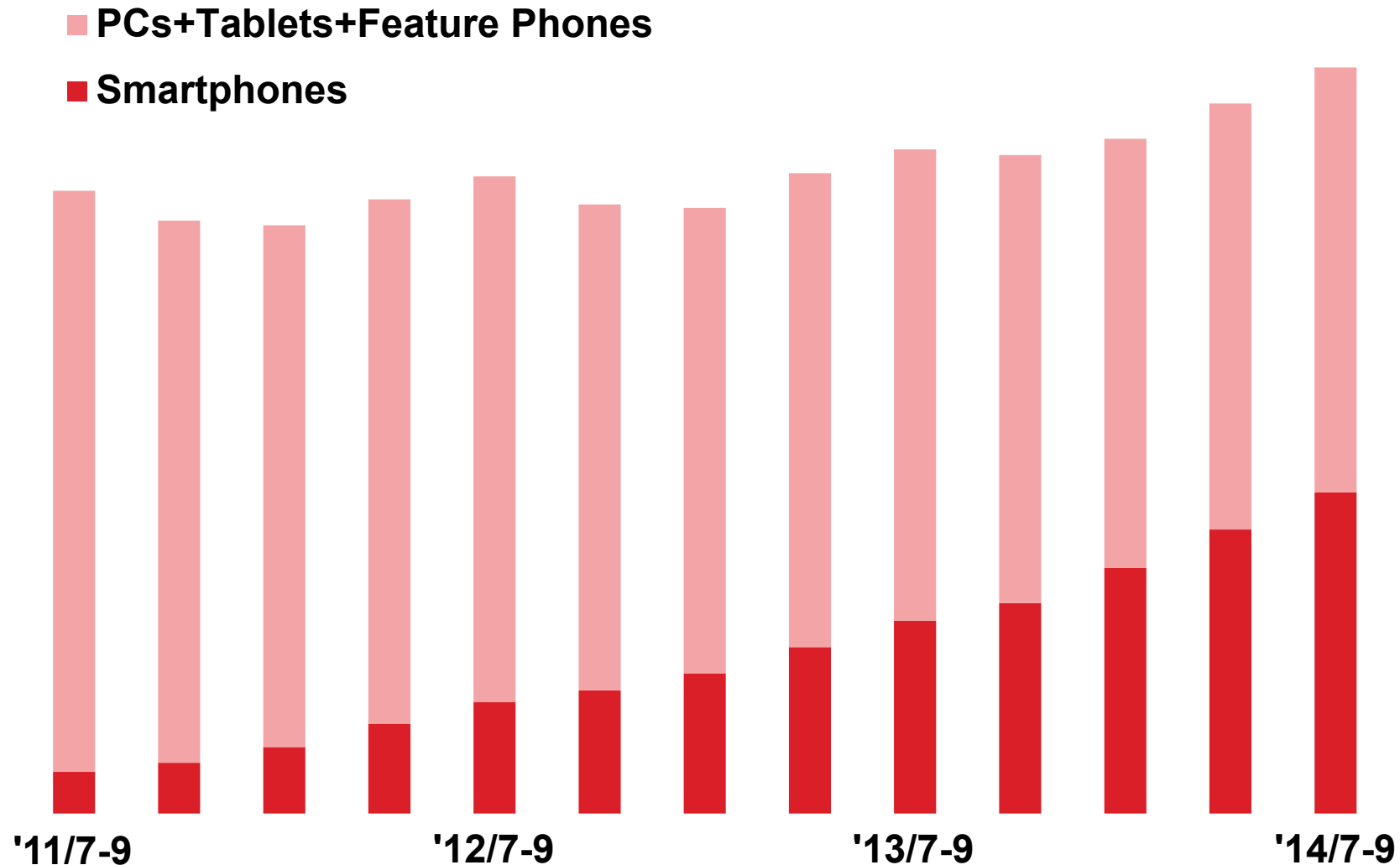


MUBs* of Yahoo! JAPAN Services Growing Favorably

■ PCs+Tablets+Feature Phones
■ Smartphones

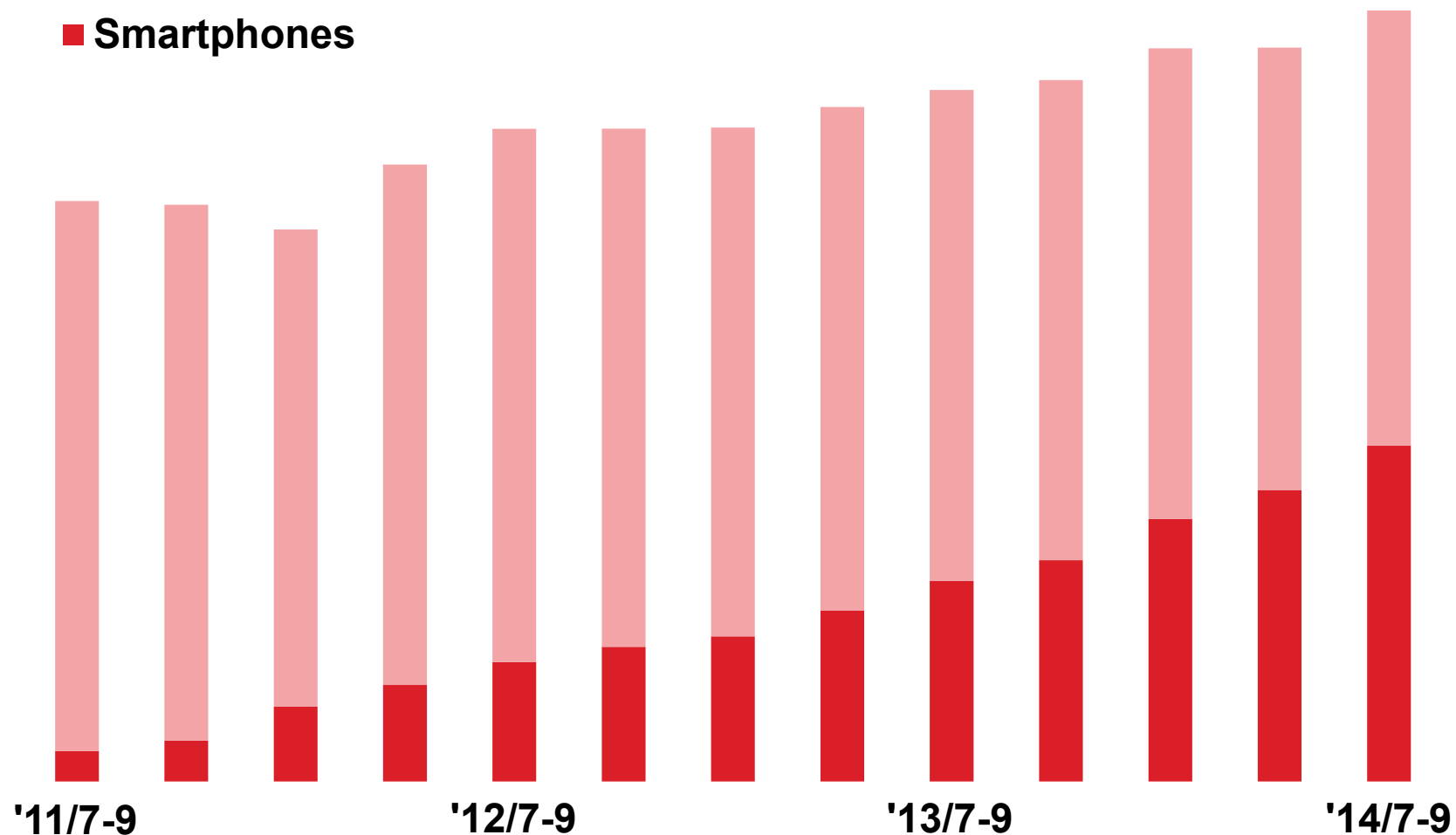


Number of PVs of Yahoo! JAPAN Increasing

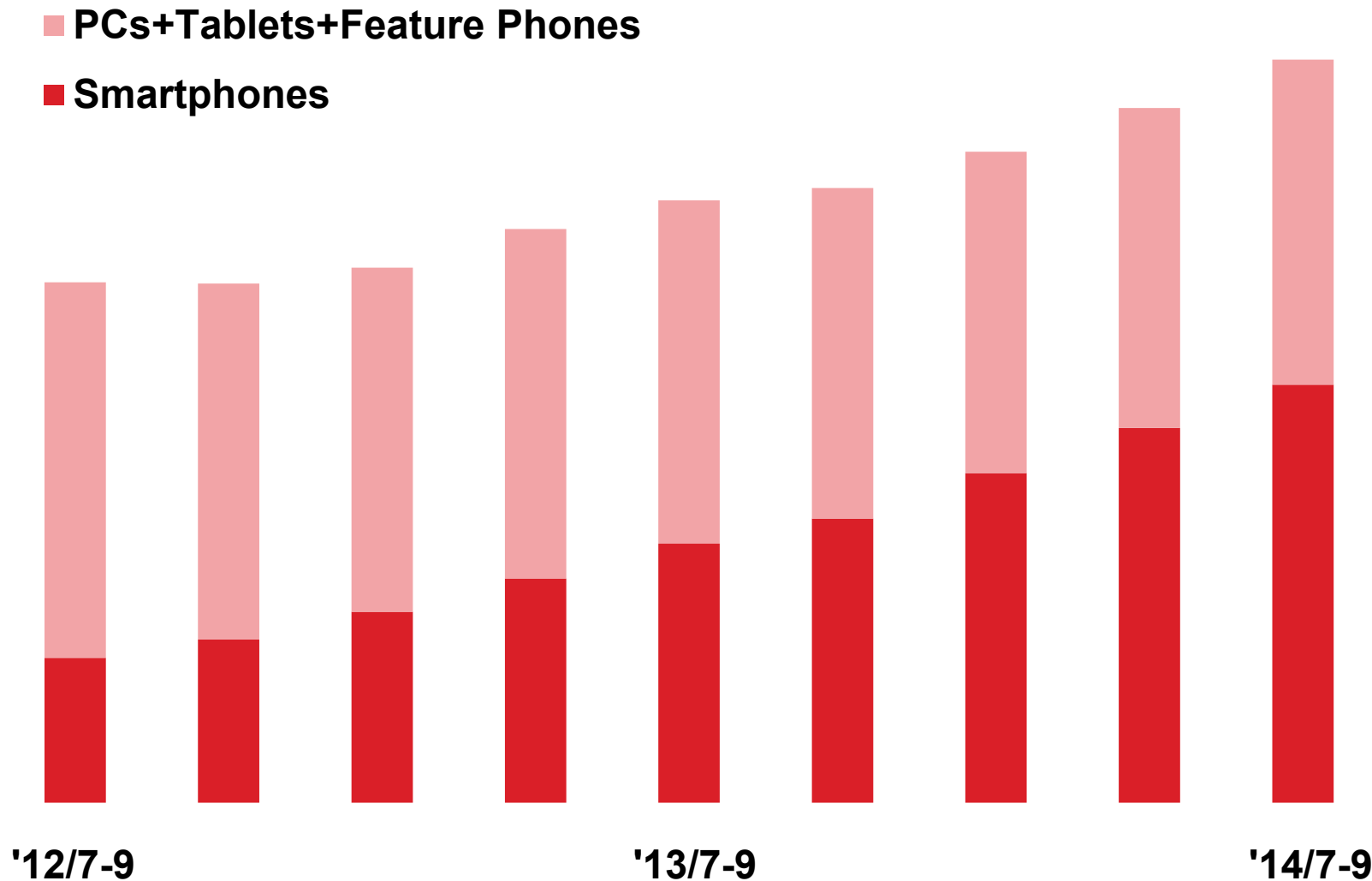


Number of Searches on Yahoo! JAPAN Increasing

■ PCs+Tablets+Feature Phones
■ Smartphones

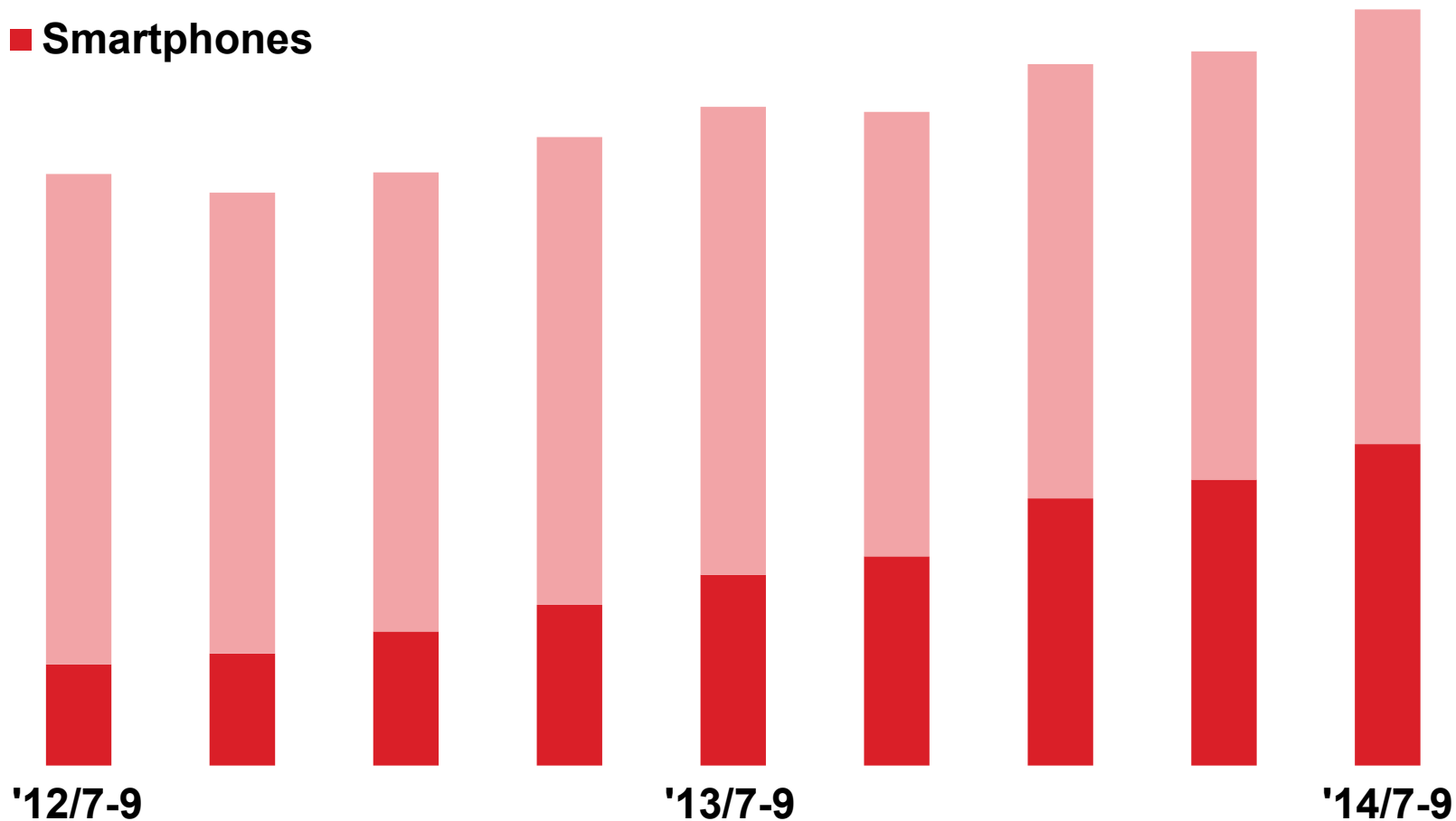


Number of Visits Increasing

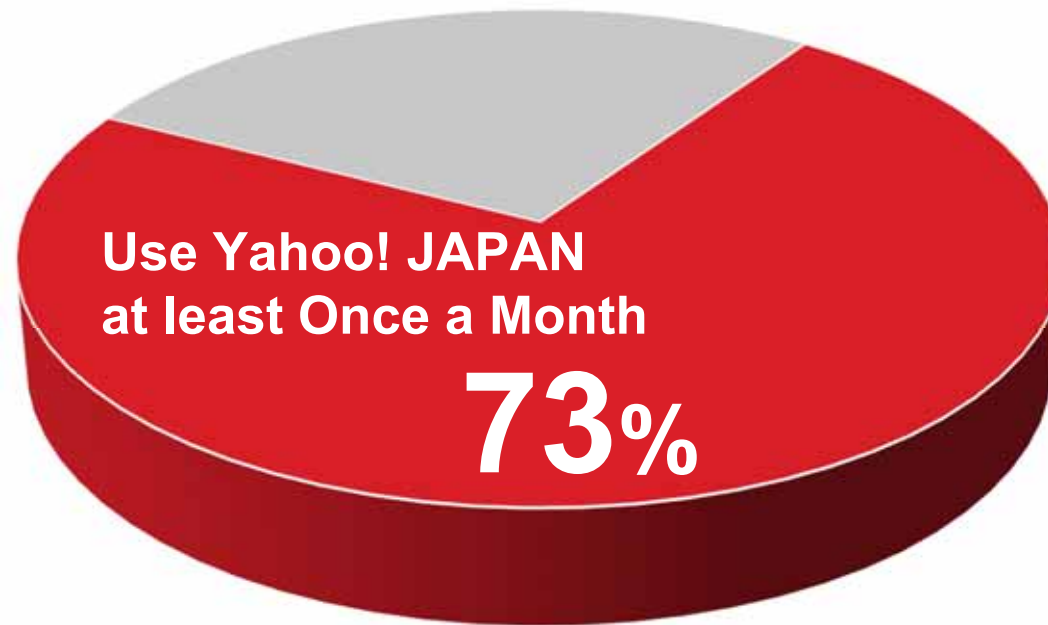


Time Spent on Yahoo! JAPAN Increasing

■ PCs+Tablets+Feature Phones
■ Smartphones



73% of Smartphone Users use Yahoo! JAPAN Services



**73% answered they use one of
32 services of Yahoo! JAPAN for
smartphones at least once
a month (See note)**

(Note)

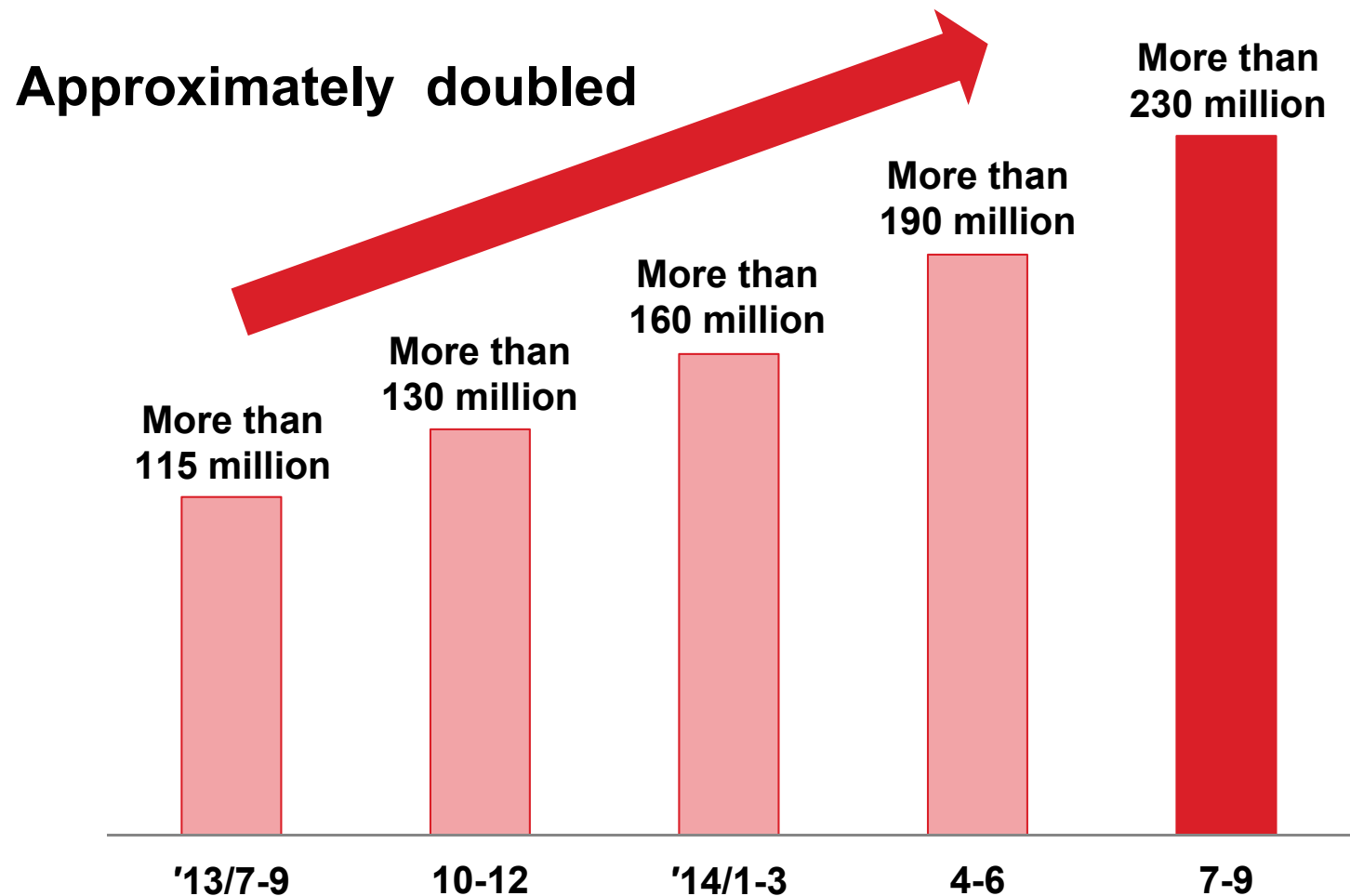
Source: Video Research Interactive, "Smart Device Contents Report", September 2014

73% is calculated sum excluding duplication of those who answered that they use one of 32 services of Yahoo! JAPAN at least once a month:

Yahoo! JAPAN, Yahoo! Search, Voice Search (Yahoo! JAPAN), Yahoo! Smartphoneguide, Yahoo! Topics / Headlines / News, R25, sportsnavi.com, Yahoo! Sports, Yahoo! Weather Information, Yahoo! Local Map, Yahoo! Transit (including Yahoo! Local Transit), Yahoo! Disaster Information, Yahoo! TV, Yahoo! Bookstore, GyaO!, Yahoo! Movie, Yahoo! Local Gourmet, Yahoo! BEAUTY, Yahoo! Finance, DECOPIK, Yahoo! Chocotle, Yahoo! Knowledge Search, Yahoo! Mail, Yahoo! Box, Yahoo! Dictionary, Yahoo! Shopping, LOHACO, Yahoo! Auctions (YAHUOKU!), Yahoo! Travel, Yahoo! tickets, carview, Yahoo! Premium for SoftBank

Downloads of Applications

Cumulative downloads of iOS+Android applications are **230 million and up.**



“Yahoo! Car Navigation System”

Achieved **1 million downloads** in 3 weeks after launch.

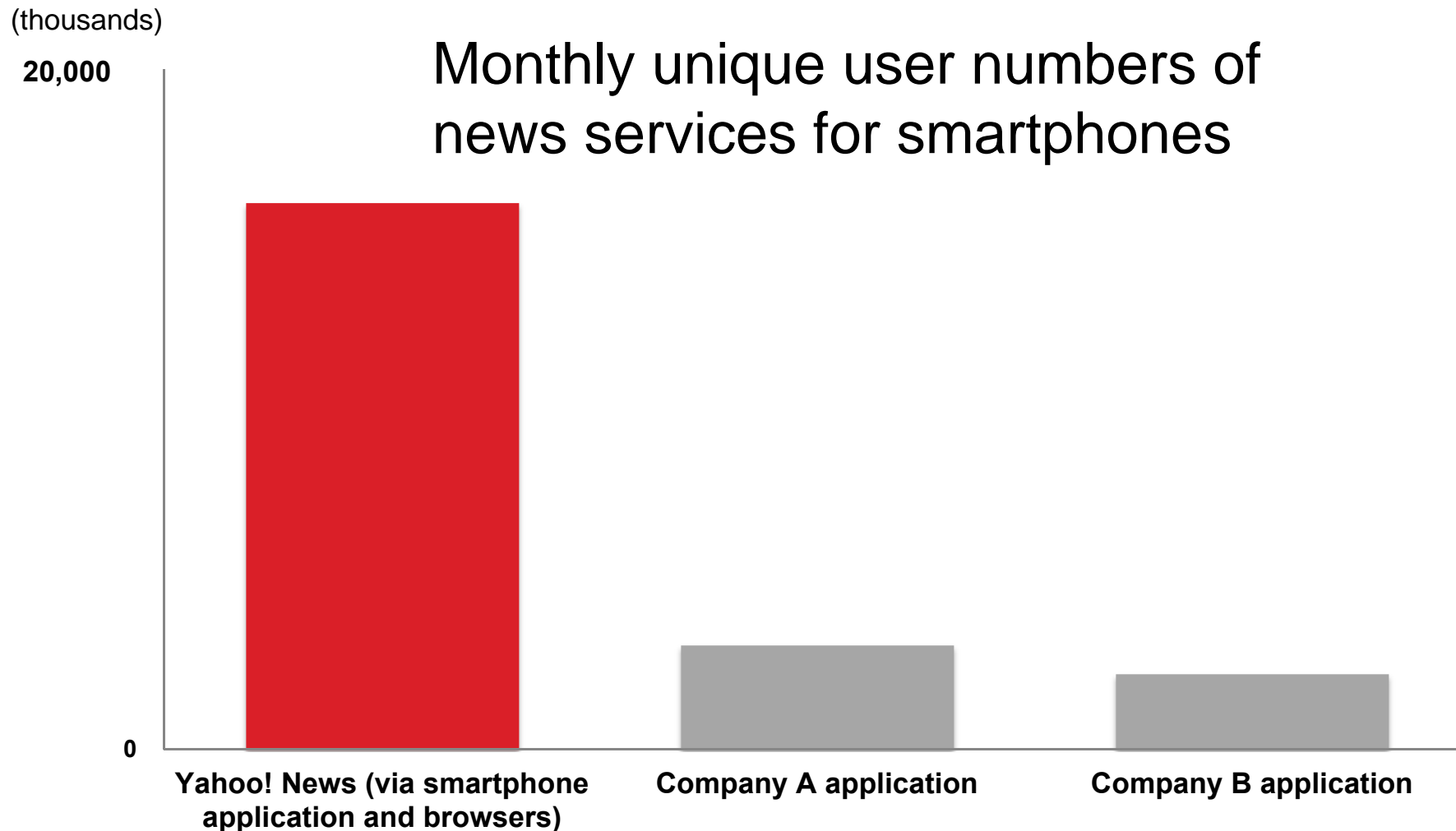


Yahoo! Car Navigation System achieved 1.5 million downloads.

- First car navigation system application offering real time traffic information based on VICS (Vehicle Information and Communication System) free of charge.
- Offers not only route information but availability at parking lots, gas station information with gas prices, etc.

“Yahoo! News”

Overwhelmingly strong presence on smartphones



Source: Nielsen (Mobile NetView JP), using smartphones, July 2014

33 Yahoo! News: “Yahoo News Websites” (Channel level data/ including Internet application),
Company A: “SmartNews”, Company B: “Gunosy” (both Application level data)

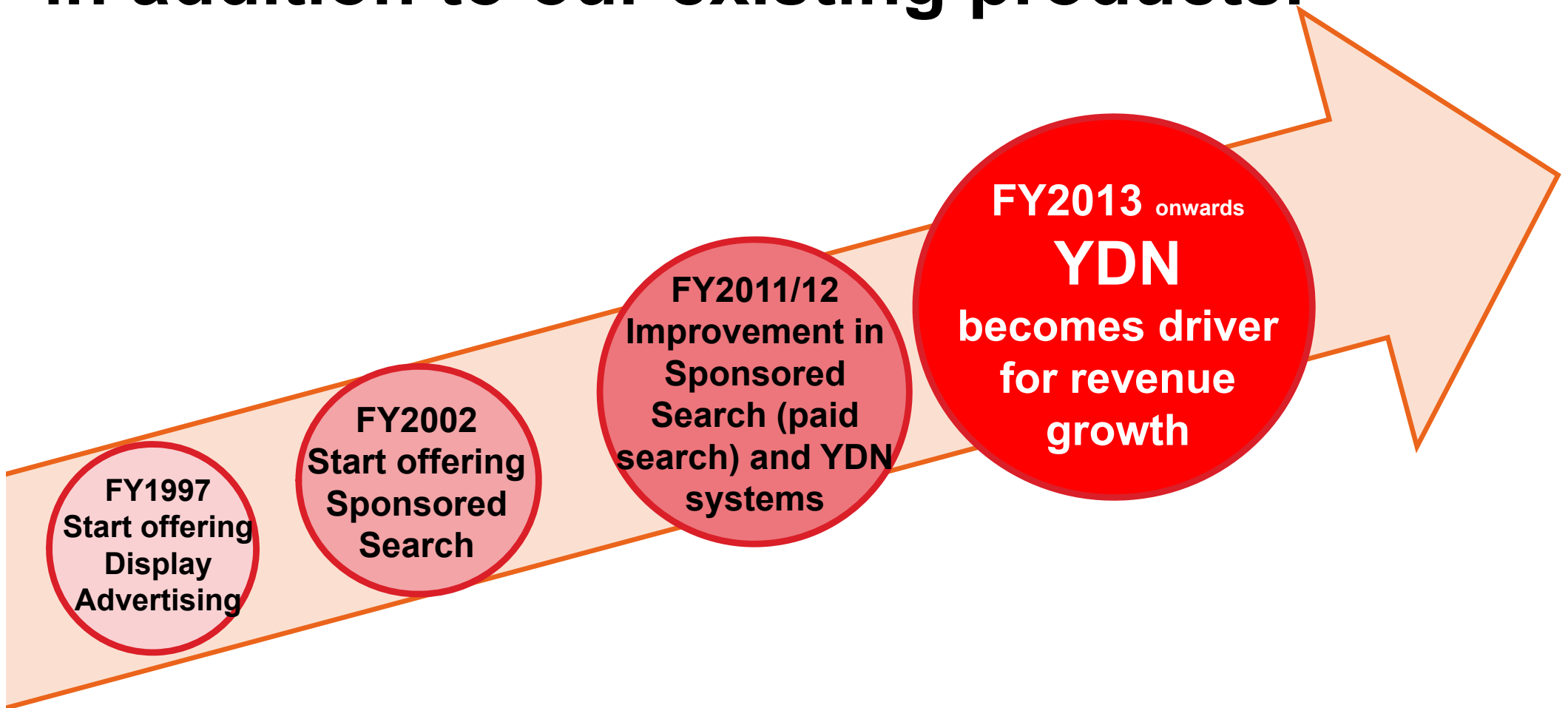
Test-Run of Yahoo! JAPAN Renewed Top Page for Smartphones and Tablets

Preparing to offer “Evolved Portal Sites” for smart devices.



Monetization with Advertising Products

We aim to attain sustainable growth by offering new advertising products in addition to our existing products.



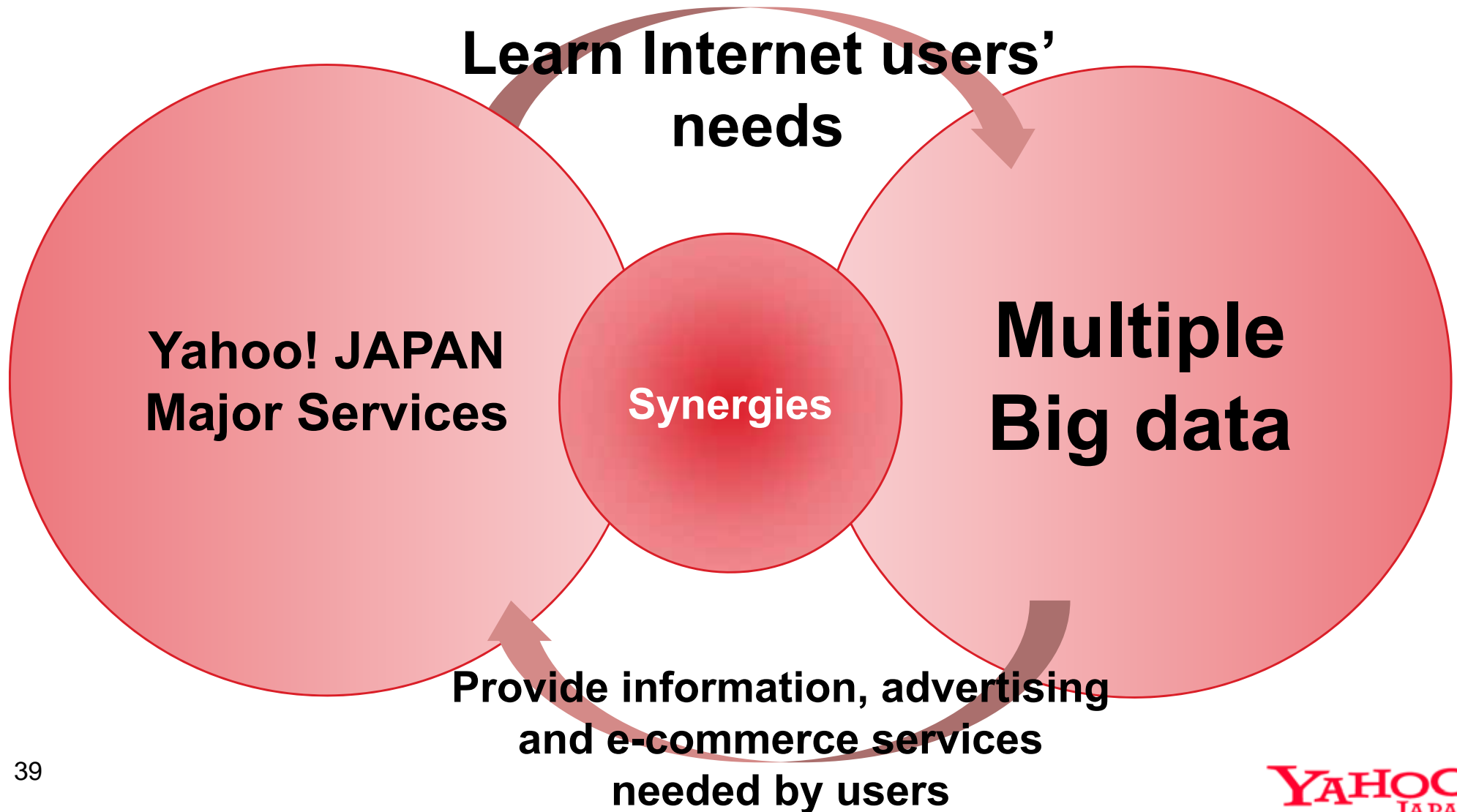
Five Potential Growth Drivers in Advertising Business:

- 1) **Data Solution Advertising**
(Yahoo! Premium DSP, etc.)
- 2) **Video Advertising**
- 3) **e-Commerce Advertising**
- 4) **Advertising for Application Downloads**
- 5) **Timeline Advertising**

Five Potential Growth Drivers in Advertising Business:

- 1) **Data Solution Advertising**
(Yahoo! Premium DSP, etc.)
- 2) Video Advertising
- 3) e-Commerce Advertising
- 4) Advertising for Application Downloads
- 5) Timeline Advertising

Yahoo! JAPAN aims to be a **Multiple Big Data Company** which understands Japanese Internet users better than any other companies.

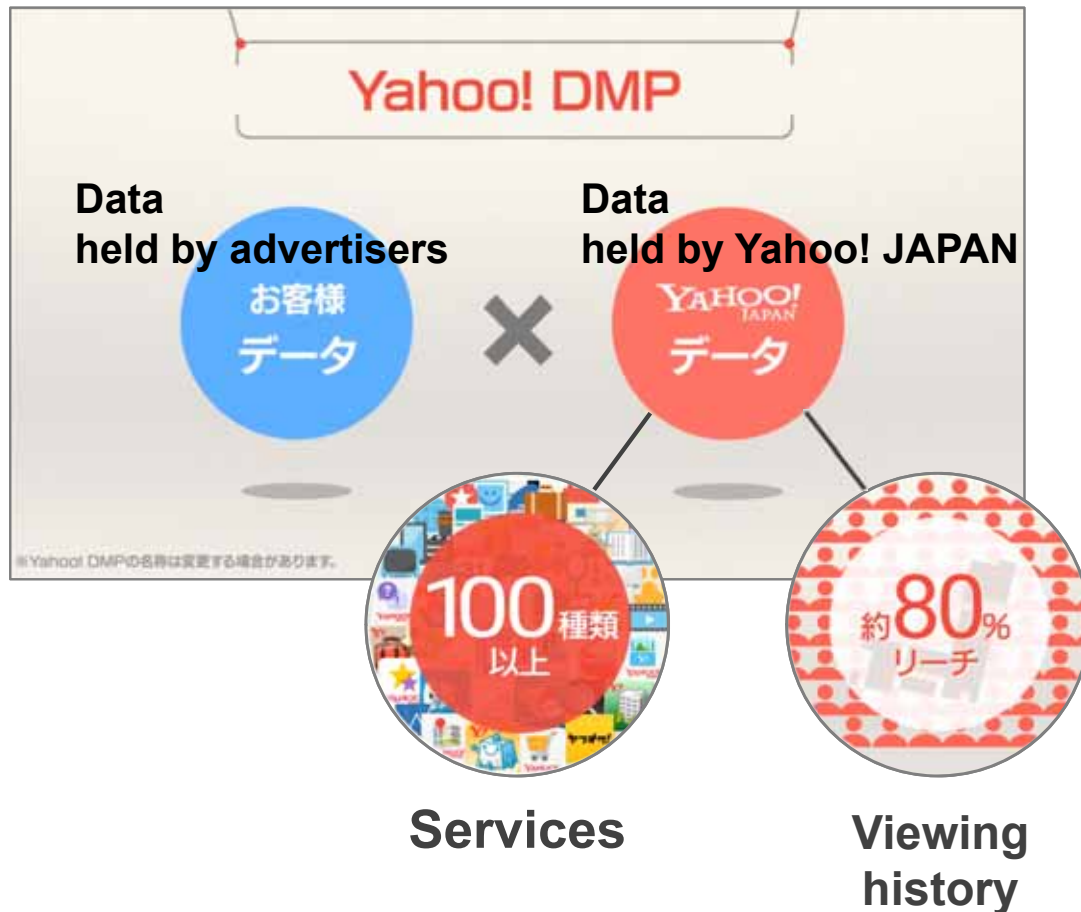


“Yahoo! Premium DSP”

- 130 major national advertisers are clients.
- Revenue more than doubled on QoQ basis.



Started Offering “Yahoo! DMP” (Data Management Platform)



- Analyze and utilize on real-time base multi-big data held by client companies and Yahoo! JAPAN.
- Possible to distribute more precisely matched “Yahoo! Premium DSP”.

Consolidation of Synergy Marketing, Inc.

- Carried out a tender offer and obtained 94.5% of its shares.
- Aim to link Synergy Marketing's CRM (Customer Relationship Management System) with "Yahoo! DMP" in the future, and to offer integrated marketing services for client companies.

Five Potential Growth Drivers in Advertising Business:

- 1) Data Solution Advertising
(Yahoo! Premium DSP, etc.)
- 2) Video Advertising**
- 3) e-Commerce Advertising
- 4) Advertising for Application Downloads
- 5) Timeline Advertising

Video Advertising

- Revenue expanded for “In-stream Advertising” with a high view completion rate, and for “In-scroll Advertising” with a high reach to viewers.
- Number of views of video content in 2Q grew 80% YoY.
- Revenue increased more than 1.6 times on QoQ basis.



Five Potential Growth Drivers in Advertising Business:

- 1) Data Solution Advertising
(Yahoo! Premium DSP, etc.)
- 2) Video Advertising
- 3) e-Commerce Advertising**
- 4) Advertising for Application Downloads
- 5) Timeline Advertising

Started to Offer New Promotion Advertising Products for “Yahoo! Shopping” Stores

Stores can distribute promotion advertising (Sponsored Search and YDN) utilizing the user base of Yahoo! Shopping and tags posted on shopping pages.



Five Potential Growth Drivers in Advertising Business:

- 1) Data Solution Advertising
(Yahoo! Premium DSP, etc.)
- 2) Video Advertising
- 3) e-Commerce Advertising
- 4) Advertising for App Downloads**
- 5) Timeline Advertising**

Carried Out Experimental Distribution of Advertising for Application Downloads and Time-line Advertising



Distributed various new advertising products for smart devices, such as for promotion of application downloads, for time-line content pages, etc., on an experimental basis.

Consumer Business

**One Year Has Past
Since the e-Commerce
Strategy Change**

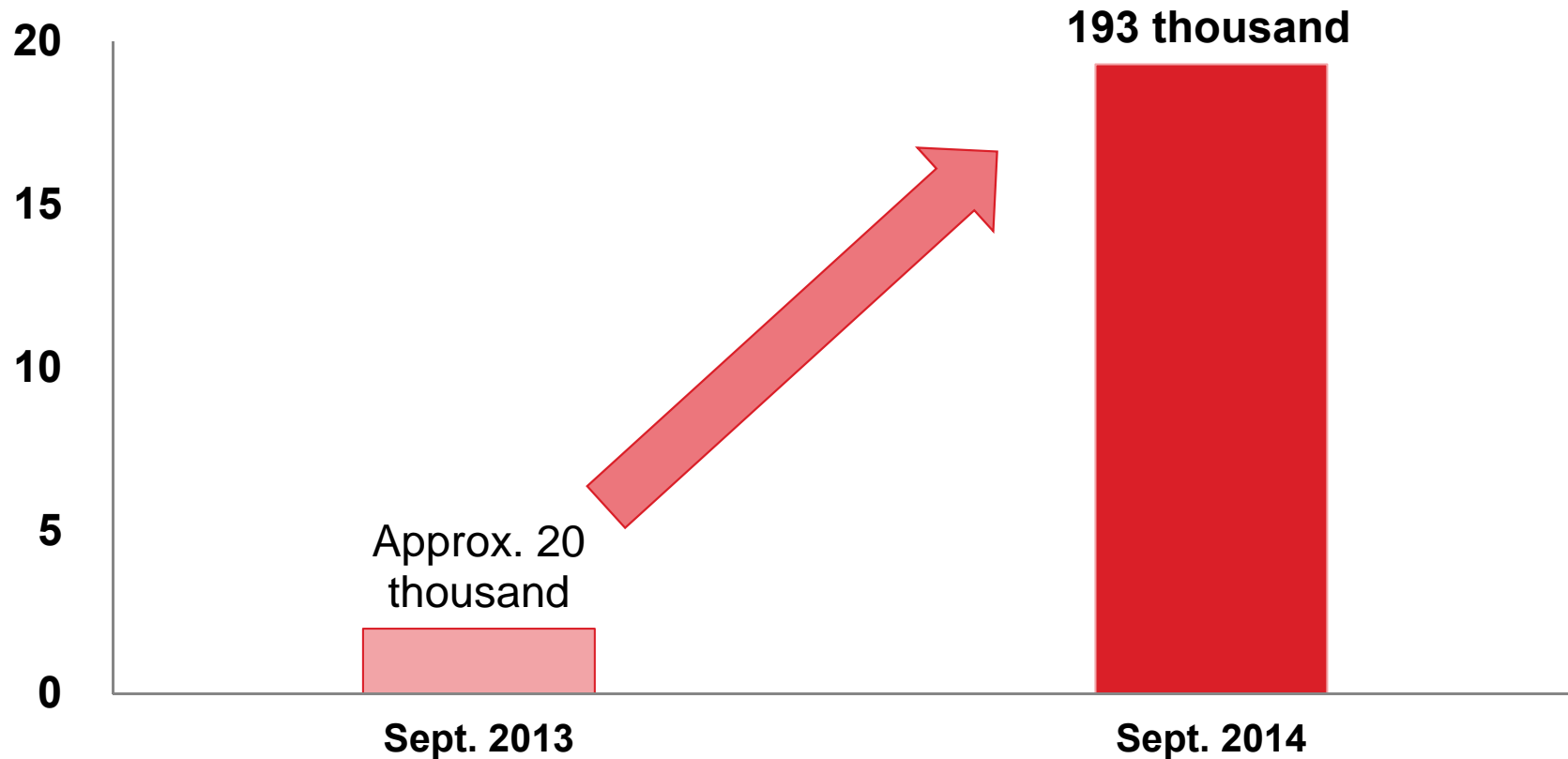


Has “Yahoo! Shopping” Changed?

Yahoo! Shopping

Number of store IDs reached 190 thousand, 10 times more than one year ago.

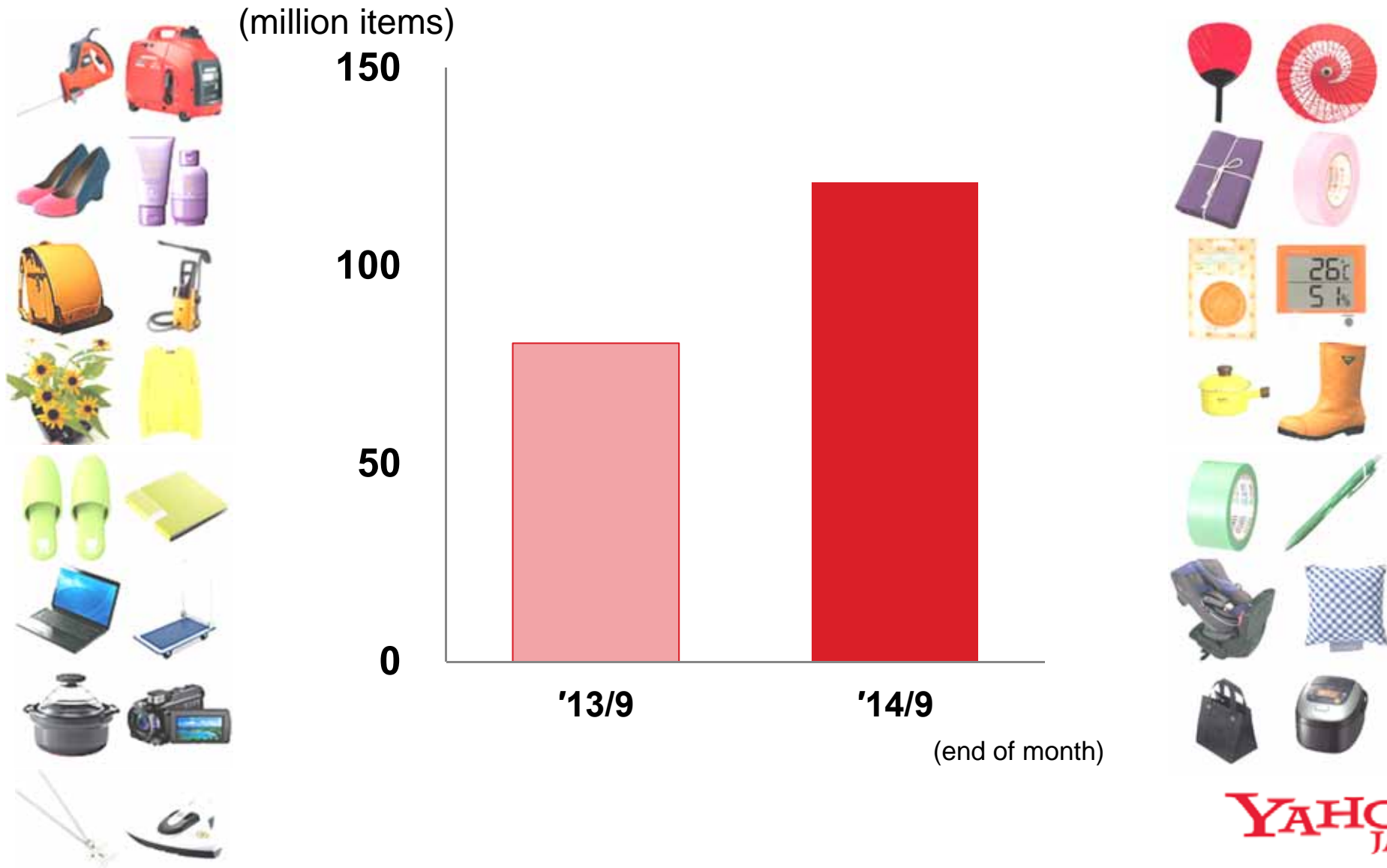
(10 thousand IDs) Number of “Yahoo! Shopping” Store IDs *



* Number of corporate and individual accounts issued.
It includes the number of accounts still preparing the store sites.

Yahoo! Shopping

Number of items increased by approx. **50%** YoY and reached **120 million**.



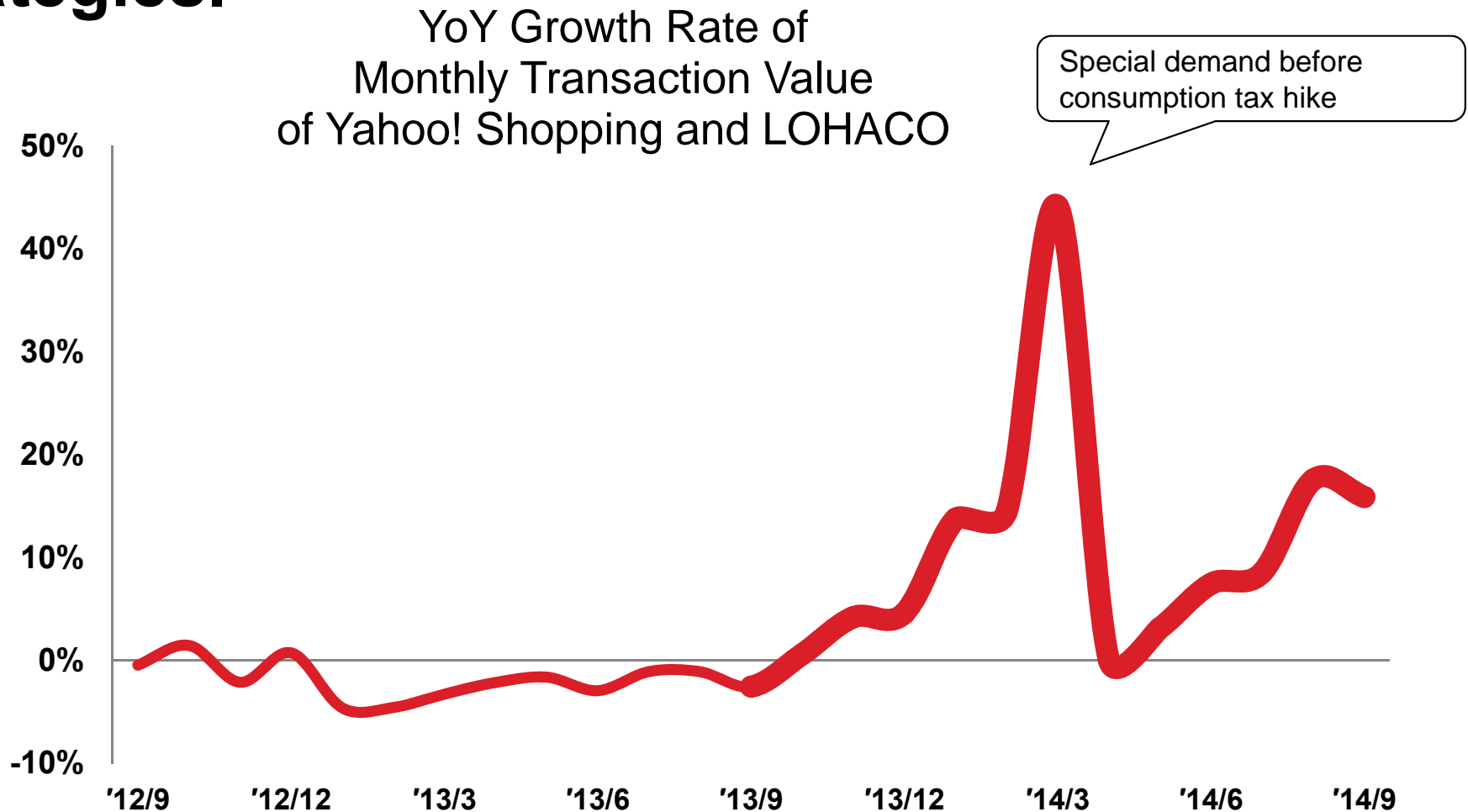
Yahoo! Shopping

Number of orders has been increasing since the commencement of new e-commerce strategies.



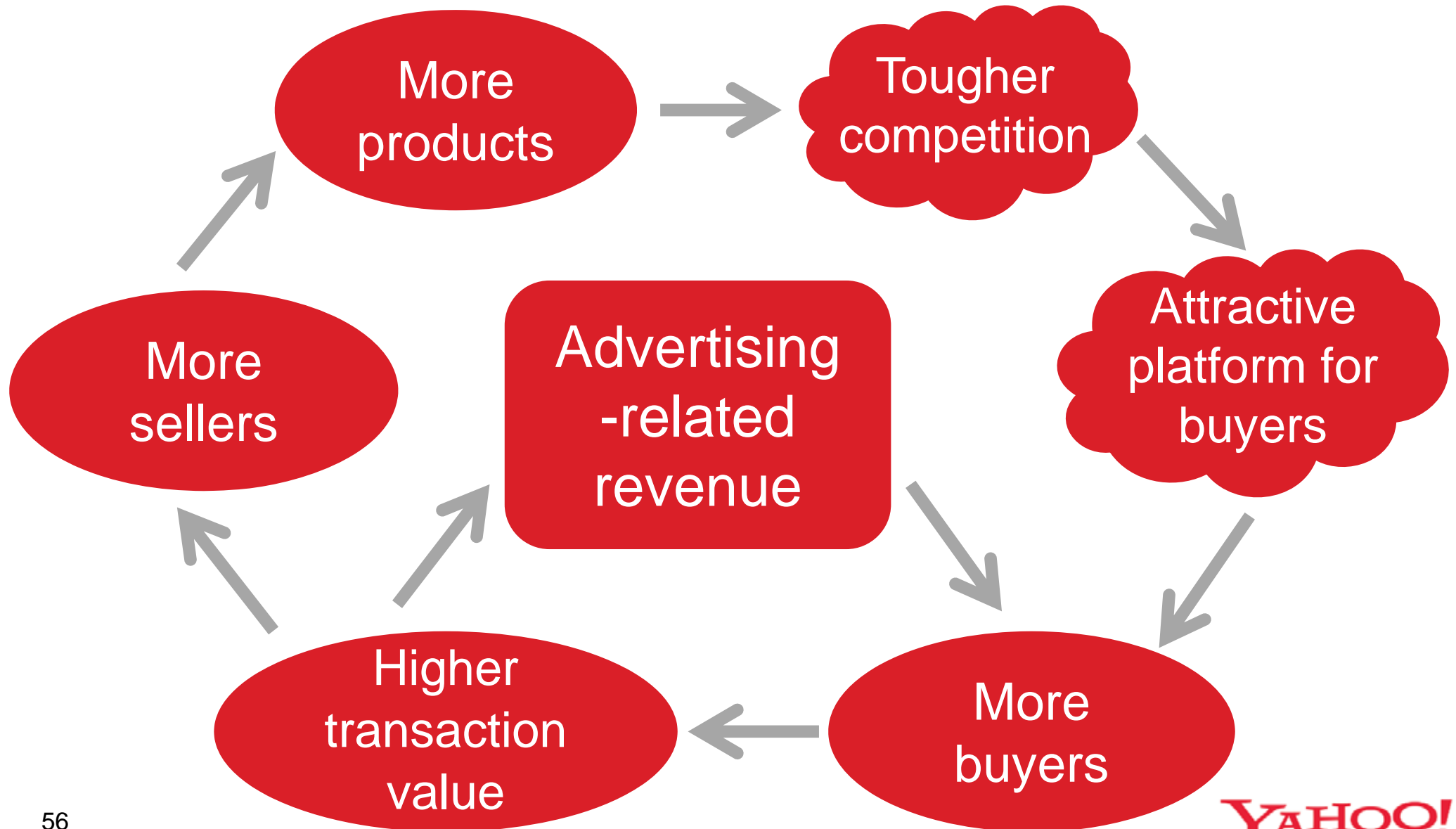
Yahoo! Shopping

Transaction value growth rate started to recover since the commencement of new e-commerce strategies.



Yahoo! Shopping

Transaction value expansion leads to advertising growth in the future.





Has

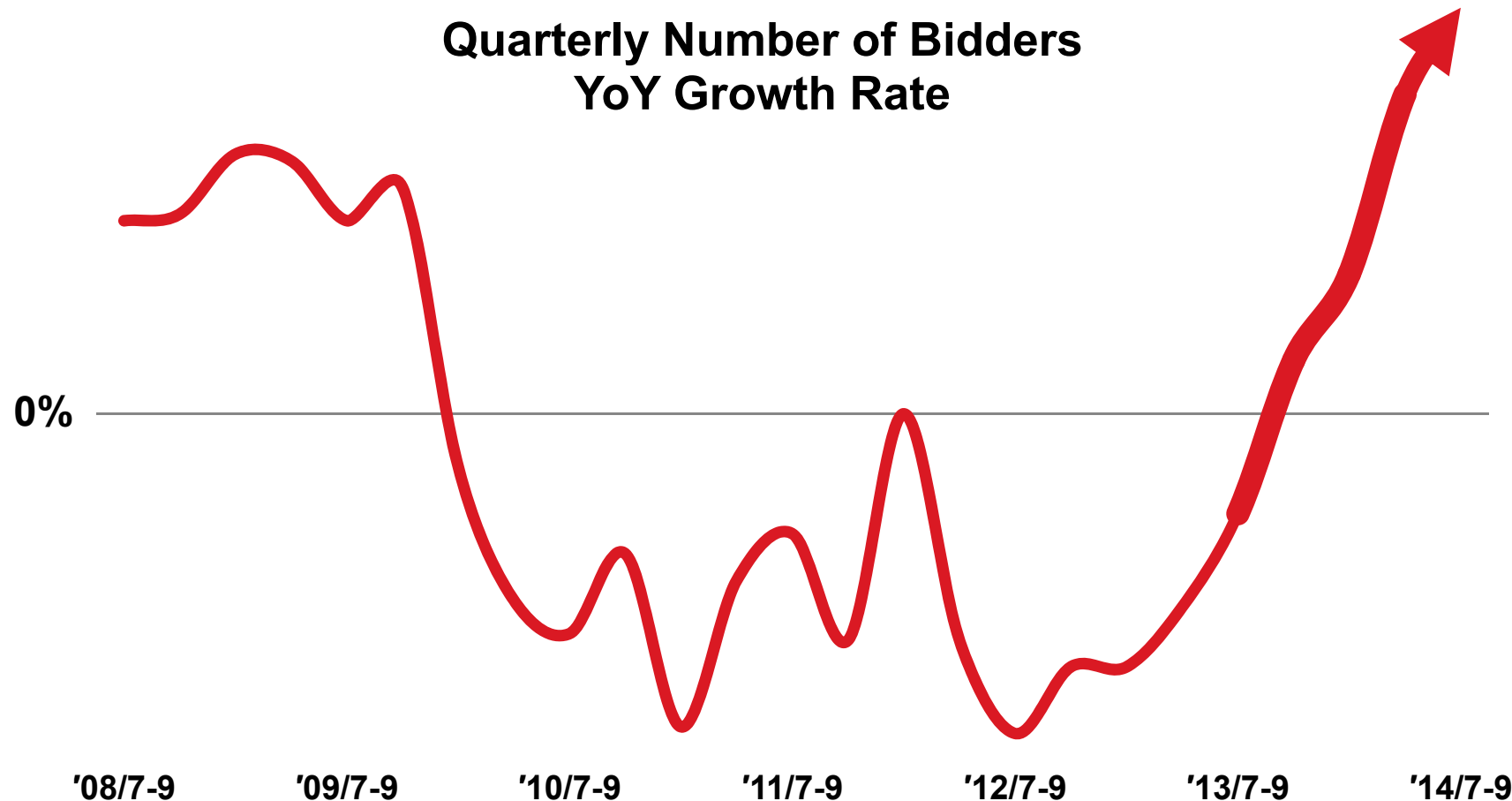
“YAHUOKU!”

(Auction service)

Changed?

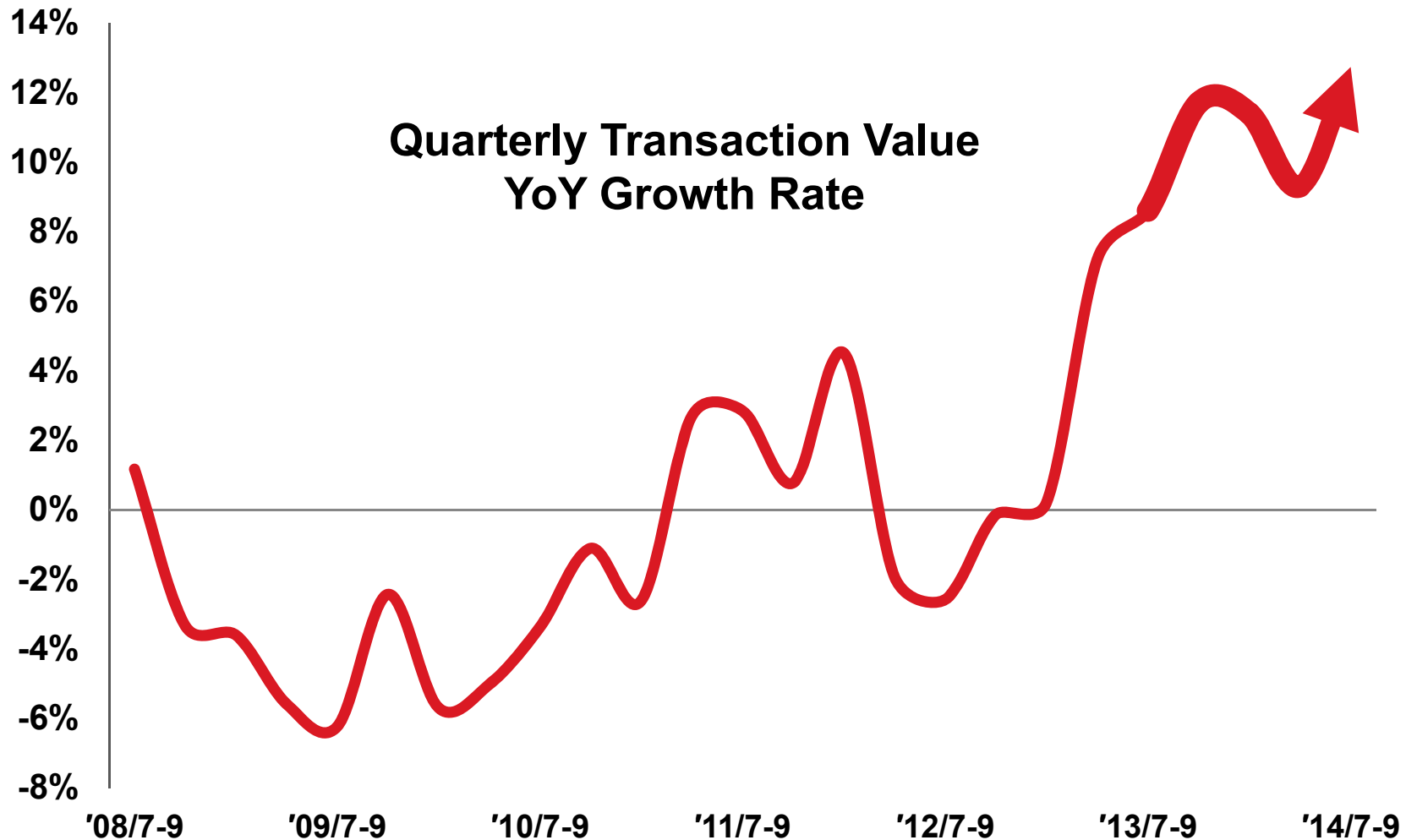
YAHUOKU! (Auction)

Number of bidders has been increasing since the commencement of new e-commerce strategies.



YAHUOKU! (Auction)

“YAHUOKU!” quarterly transaction value growth rate accelerated.



*Auction-related transaction value includes transaction values of “YAHUOKU!” and “tradecarview.” (<http://www.tradecarview.com/>) It also includes “ClooShe” (application for smartphone) transaction value from April 2014 and “BOOKOFF Online” (<http://www.bookoffonline.co.jp>) transaction value from May 2014.

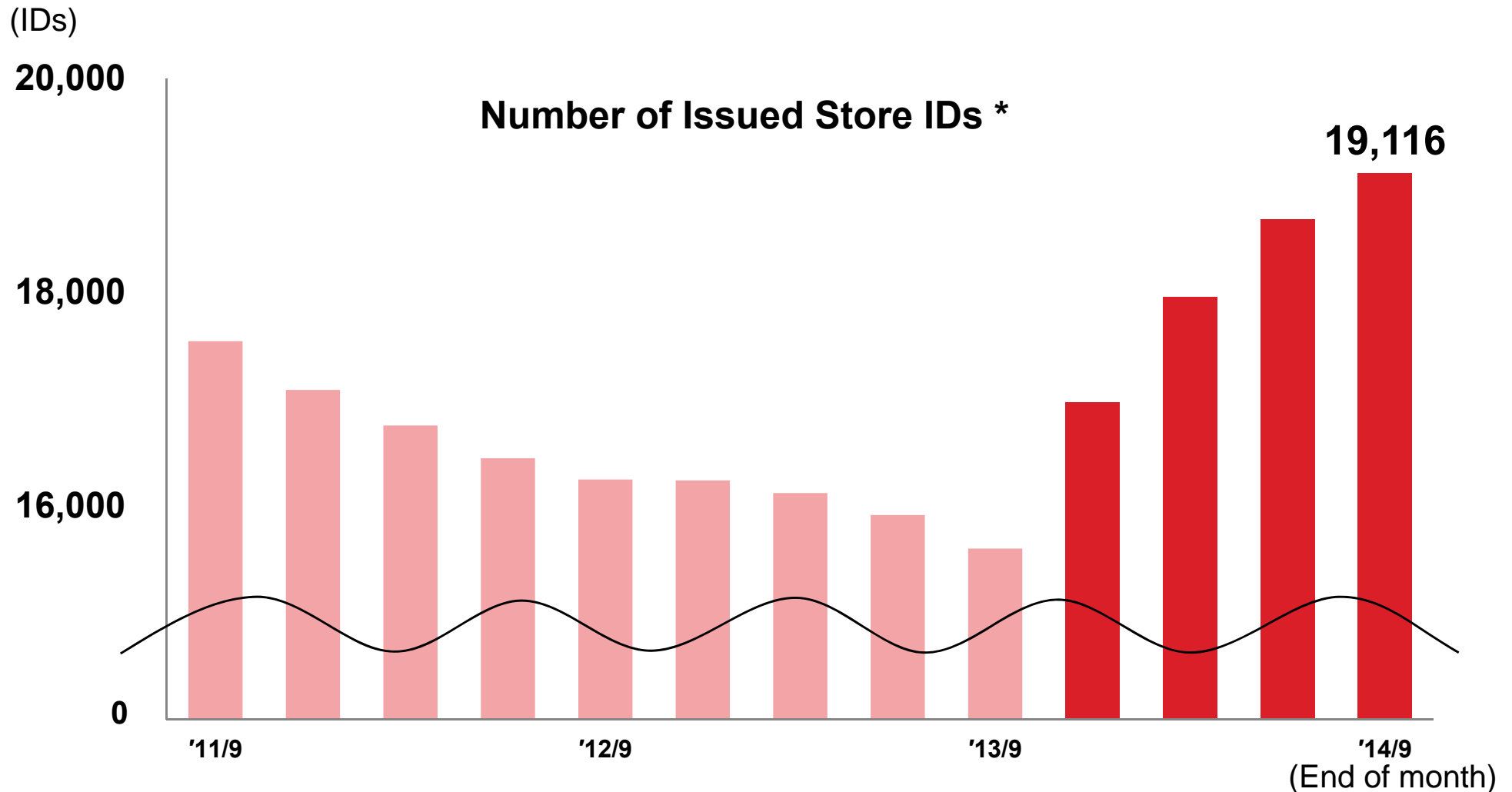
YAHUOKU! (Auction)

Quarterly number of sellers has increased on a YoY basis for 2 consecutive quarters after an interval of 5 years.



YAHUOKU! (Auction)

Number of store IDs have shown positive growth, after a long downward trend.



* Number of accounts issued.
It includes the number of accounts still preparing the store sites.

YAHUOKU! (Auction)

Opened “YAHUOFF!” Flagship Store at Shibuya Center Street

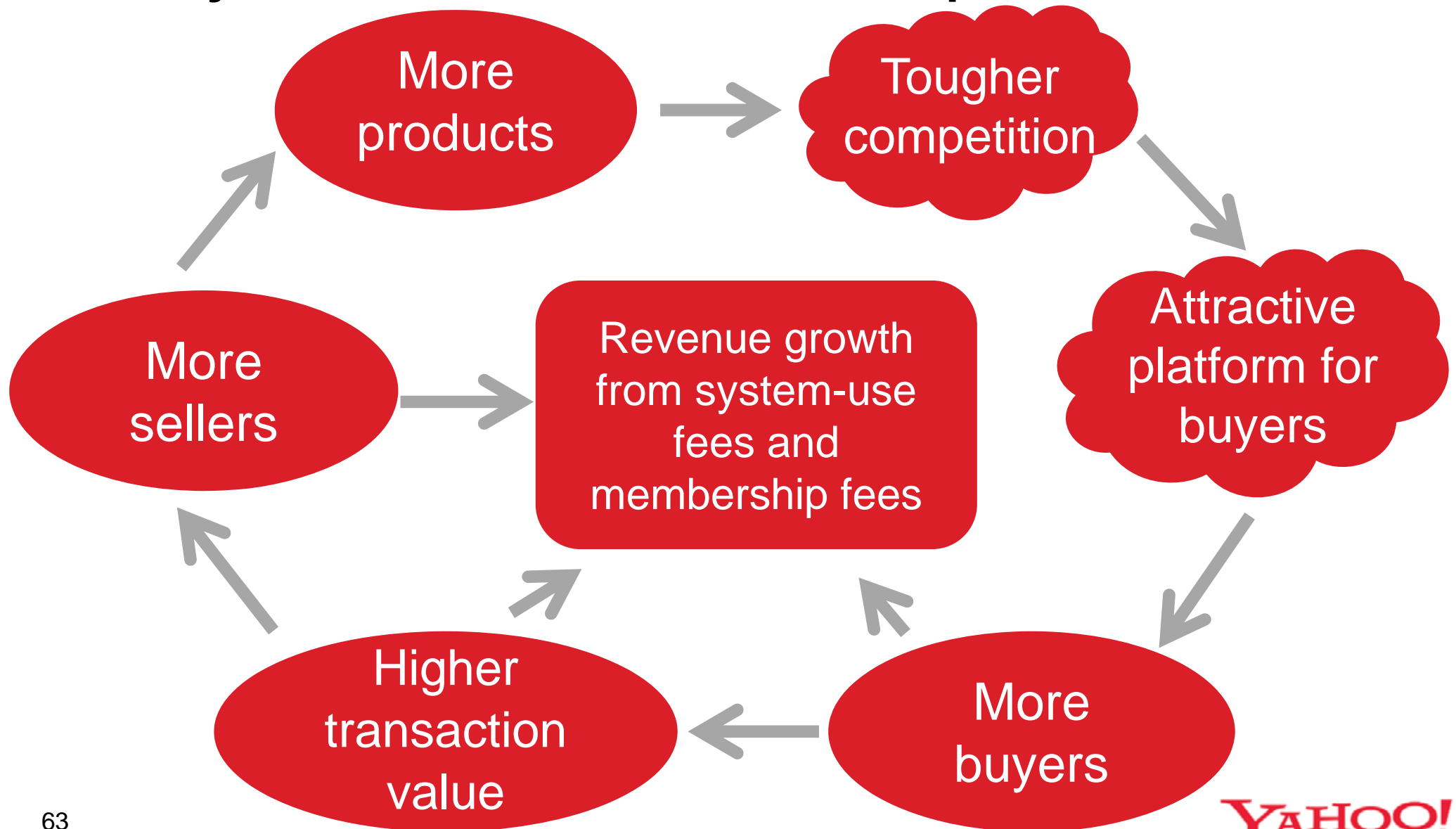


- Set up “YAHUOKU!” listing desk. When users bring items to sell, operators list items on “YAHUOKU!” site for them, and will give money to sellers when auction is completed.
- Give away up to 3 books in the store per person per month free of charge.

(Yahoo! Premium members only. Books with price of ¥108)

YAHUOKU! (Auction)

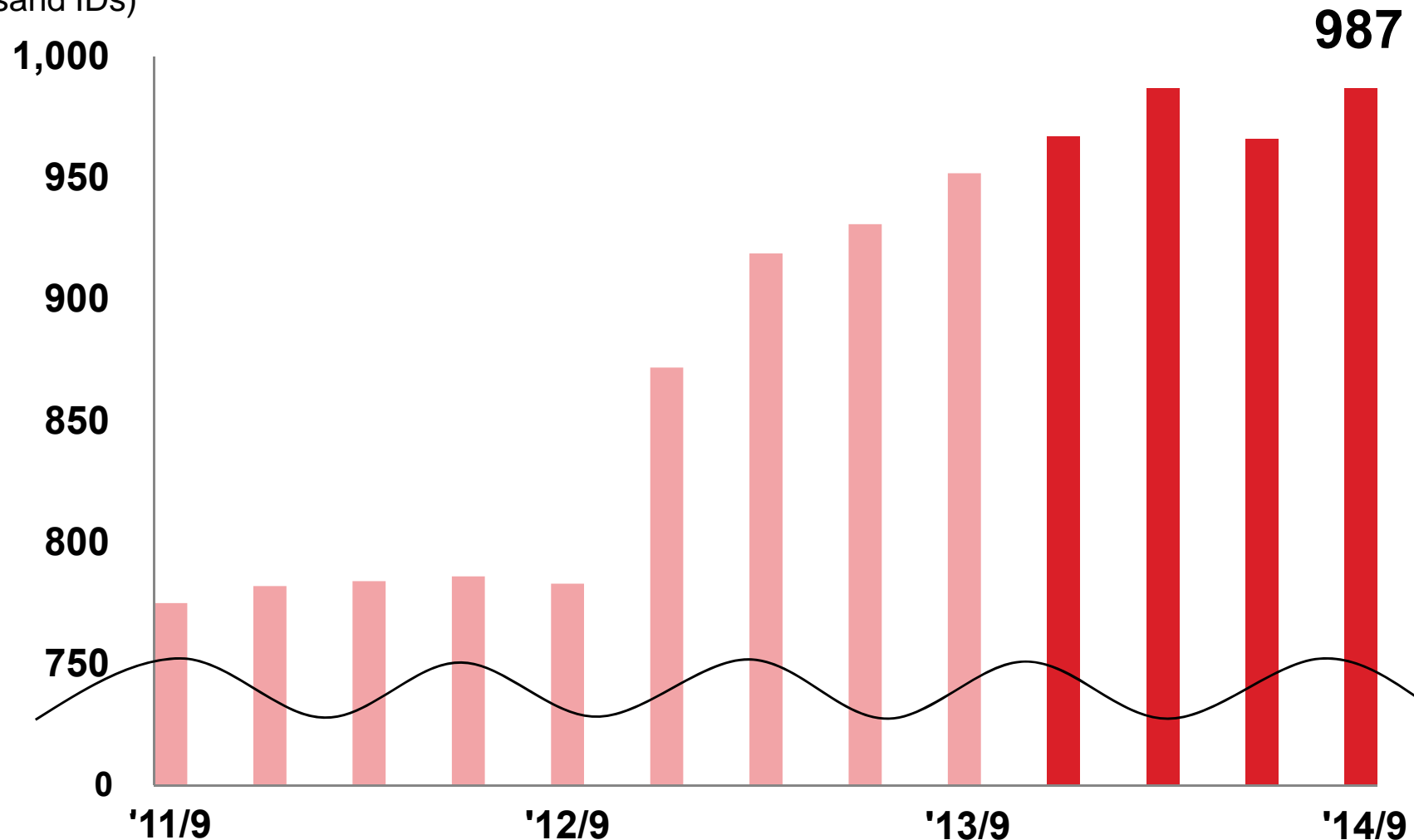
Will increase the transaction value and expand the revenue from system-use fees and membership fees.



Premium Membership

Despite the potential negative impact of new e-commerce strategies, number of Yahoo! Premium members increased because of diversification of channels.

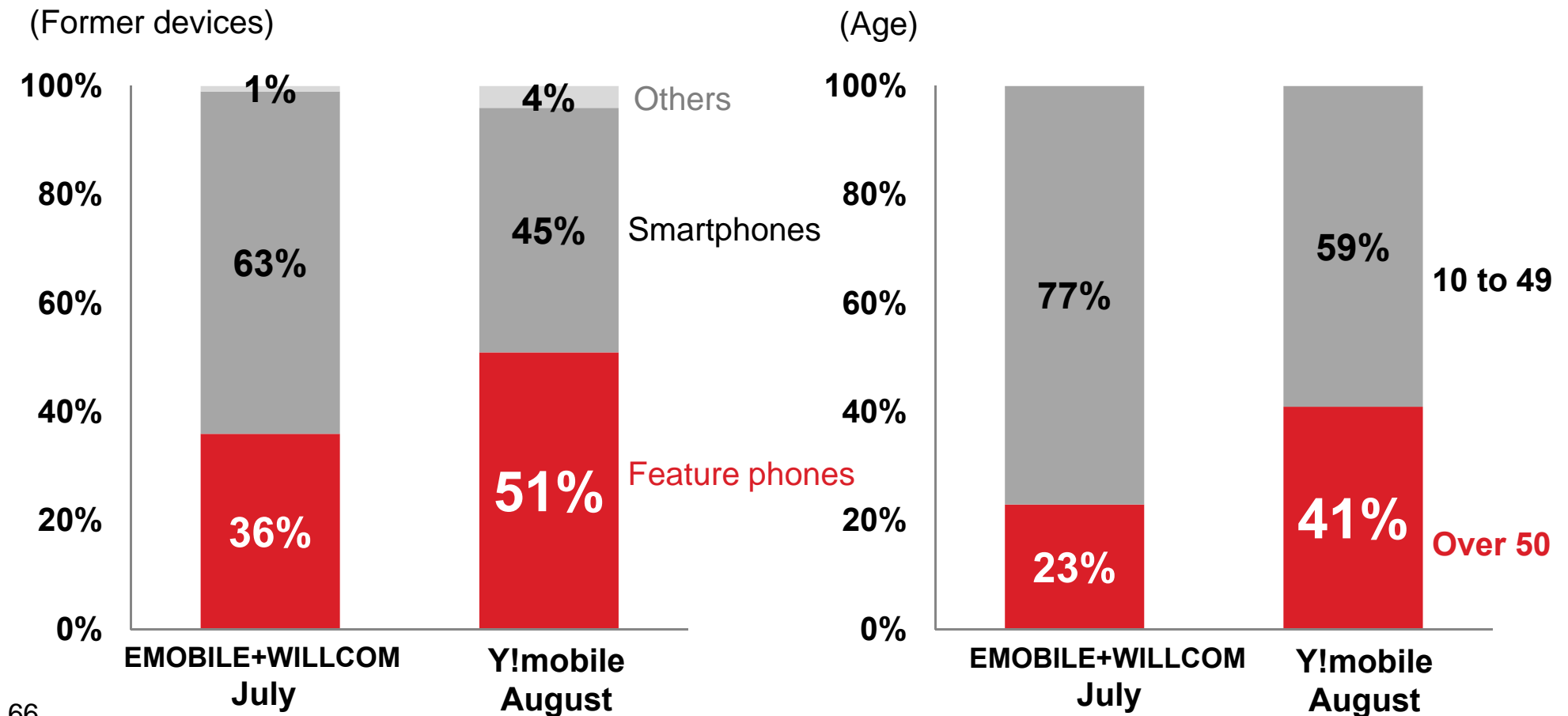
(10 thousand IDs)



Sales Tie-up with Ymobile Corporation

Among new smartphone subscribers, the ratios of users who used to own a feature phone and are over 50 are increasing.

Demographics of new Y!mobile smartphone subscribers obtained via mobile number portability system



Settlement & Finance

Other Businesses

Started O2O Promotion Plan in Collaboration with T-POINT

Launched a promotion plan that offers a lottery opportunity to win T-POINTS on Yahoo! JAPAN to buyers at brick-and-mortar shops.



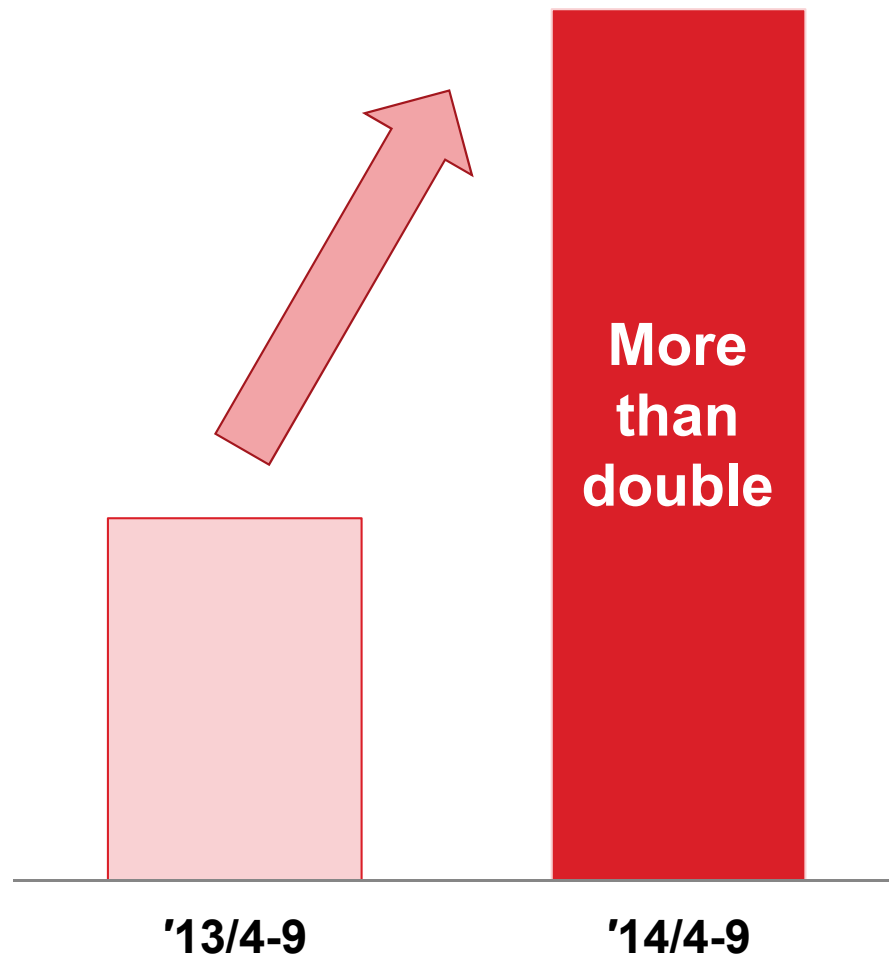
T-POINT Lottery



FamilyMart Lottery

“Yahoo! Tax and Public Utility Payment”

Transaction value expanded **2.2 times** YoY



- Covering 350 local government out of approx. 1,800 countrywide.
- Transaction value expanded with increase in number of local governments using Yahoo! JAPAN settlement service, and with more individuals paying for “home town tax plans”.

Yahoo! JAPAN Goals Are...

**330 Billion Yen in Operating Income
by FY Ending March 201X.**

**No.1 in Transaction Value
in the e-Commerce Market by FY201X.**

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Affiliated Companies**

Yahoo Japan Corporation has adopted International Financial Reporting Standards (IFRSs) beginning with the first quarter of the fiscal year ending March 31, 2015 (FY2014) with a transition date as of April 1, 2013. Figures for the fiscal year ended March 31, 2014 (FY2013) are restated on an IFRS basis.

FY2014-2Q Consolidated Statements of Income

	2013-2Q	2014-2Q	Change
Revenue (¥100M)	1,007	1,033	2.5 %
Cost of Sales (¥100M)	183	207	13.3 %
Gross Profit (¥100M)	824	825	0.1 %
SG&A and others (¥100M)	326	364	11.8 %
Operating Income (¥100M)	498	460	-7.6 %
Other Non-operating Income and Expenses (¥100M)	2	2	-14.1 %
Equity in Earnings (Losses) of Associates (¥100M)	-2	0	-
Income before Income Taxes (¥100M)	497	463	-6.9 %
Quarterly Net Income (¥100M)	315	304	-3.2 %
Net Income Attributable to Owners of the Parent (¥100M)	312	302	-3.4 %
Diluted EPS (¥) * **	5.43	5.30	-2.4 %
Number of Shares after Dilution (million) * ***	5,752	5,694	-1.0 %

* Yahoo Japan Corporation has implemented a 100-for-1 common share stock split with an effective date of October 1, 2013. The figure of the same quarter in the previous year has been retroactively adjusted.

** Diluted EPS is calculated using the Quarterly Net Income Attributable to Owners of the Parent.

*** Number of Shares after Dilution excludes treasury stock.

Reference: Comparison of Main Line Items of Consolidated Statements of Income

for the FY2013-2Q ended September 30, 2013, under IFRSs and JGAAP

(¥ 100M)

JGAAP

Net Sales	957
Cost of Sales	122
Gross Profit	834
SG&A	341
Operating Income	492
Non-operating Income	2
Non-operating Expenses	4
Extraordinary Income	1
Extraordinary Losses	4
Income before Income Taxes and Minority Interests	487
Income Taxes	182
Income before Minority Interests	305

IFRSs

Revenue	1,007
Cost of Sales	183
Gross Profit	824
SG&A and Others	326
Operating Income	498
Other Non-operating Income	2
Other Non-operating Expenses	0
Equity in Earnings (Losses) of Associates	-2
Income before Income Taxes	497
Income Taxes	182
Net Income	315

The Major Changes

TAC (Traffic Acquisition Costs) in advertising and commissions for settlement and others are presented on a gross basis

- Goodwill is not amortized
- Other Income/Expenses (Reclassified from Non-operating Income/Expenses and Extraordinary Income/Losses)
- Depreciation method for Fixed Assets has changed

Reclassified from Non-operating Income/Expenses

Goodwill is not amortized

FY2014-2Q Performance Breakdown by Business Segment

(¥ 100M)

	Revenue	Revenue Breakdown		Cost of Sales	SG&A and others	Operating Income	Operating Margin
Marketing Solutions Business	751	Advertising	599	179	185	385	51.3%
		Business Services	114				
		Personal Services	37				
		Intra-Company Revenue	0				
Consumer Business	236	Advertising	8	5	98	131	55.7%
		Business Services	37				
		Personal Services	179				
		Intra-Company Revenue	10				
Others	68	Advertising	0	24	27	16	23.4%
		Business Services	20				
		Personal Services	40				
		Intra-Company Revenue	7				
Adjustments	-22	Advertising	-2	-2	52	-72	-
		Business Services	-1				
		Personal Services	-				
		Intra-Company Revenue	-18				
Total	1,033			207	364	460	44.6%

Business Segment Breakdown

Marketing Solutions Business

- **Advertising:** Paid search advertising “Sponsored Search”
Display advertising (Interest-based advertising (YDN), Premium advertising)
- **Business Services:** Data Center-related, Affiliate-related, Yahoo! Real Estate, Automobile-related, Individual, Yahoo! WebHosting and others
- **Personal Services:** Pay digital content, Video-related, Yahoo! Partner and others

Consumer Business

- **Advertising:** Display advertising
- **Business Services:** Corporate system-use fees of YAHUOKU!, Yahoo! Travel, Yahoo! BB incentive fees and others
- **Personal Services:** Yahoo! Premium, Personal system-use fees of YAHUOKU!, Yahoo! BB ISP fees, Yahoo! Mail and others

Others

- **Advertising:** Display advertising
- **Business Services:** Credit Card-related service, Settlement-related services and others
- **Personal Services:** FX-related service, Credit Card-related service, Settlement-related services, Yahoo! Finance and others

* Since Yahoo! Mail and other services were moved to different companies than before in the second quarter of the fiscal year ending March 2015, some major products have been transferred between segments.

Quarterly SG&A and Other Income/Expenses Breakdown

(¥ 100M)

Major Factors for YoY Changes

	13/2Q	14/1Q	14/2Q	Composition Ratio	QoQ Change	YoY Change
Personnel Expenses	113	111	114	31.5%	3.2%	1.0%
Business Commissions	39	47	45	12.5%	-2.7%	16.1%
Sales Promotion Costs	37	33	40	11.2%	23.9%	10.1%
Depreciation Expenses	26	29	34	9.4%	16.9%	28.6%
Content Provider Fees	19	25	29	8.0%	15.9%	50.9%
Royalties	27	27	27	7.7%	3.0%	0.6%
Lease and Utility Expenses	18	22	23	6.5%	6.6%	26.6%
Communication Charges	15	14	14	4.0%	2.0%	-6.1%
Administrative and Maintenance Expenses	7	8	9	2.5%	7.1%	28.2%
License Fees	3	6	6	1.8%	6.6%	94.5%
Advertising Costs	2	7	5	1.6%	-23.7%	119.4%
Taxes and Public Dues	3	3	3	1.0%	9.6%	-5.6%
Travel and Transportation Expenses	1	2	2	0.7%	16.9%	43.6%
Sales Commissions	2	2	2	0.7%	0.8%	10.4%
Furniture and Equipment	0	1	2	0.6%	78.0%	137.5%
Others	5	-24	1	0.3%	n.a	-78.6%
Total SG&A and others	326	316	364	100.0%	15.3%	11.8%

Increase of operations commission fees for our services

Increase of e-commerce-related promotion costs

Increase of server and network-related equipment costs

Increase of search system-related costs

Increase of costs for moving some sections of offices

* Total SG&A and others includes Other Income and Expenses.

FY2014-2Q Consolidated Statements of Financial Position

(¥ 100M)

Major Items	2014/3/31	2014/9/30	Increase/ Decrease	Major Factors for Increase/Decrease
< Assets >				
Current Assets	6,587	6,656	69	
Cash and Cash Equivalents	4,823	4,853	29	
Trade and Other Receivables	1,603	1,607	3	
Other Financial Assets/Other Current Assets	159	195	36	
Non-current Assets	1,912	2,189	277	
Property and Equipment	601	622	20	Consolidation of Synergy Marketing, Inc.
Goodwill	158	207	49	
Intangible Assets	178	220	41	Increase in in-house software development
Investments Accounted for Using the Equity Method	343	601	257	
Other Financial Assets/Other Non-current Assets	506	451	-55	Conversion of non-voting shares of The Japan Net Bank, Limited and acquisition of shares of BOOKOFF CORPORATION LIMITED
Total Assets	8,499	8,846	346	
< Liabilities >				
Current Liabilities	2,183	2,128	-55	
Trade and Other Payables	1,425	1,459	34	
Income Taxes Payable	456	338	-118	Payment of Income Taxes and Others
Other Non-current Liabilities	39	41	1	
Total Liabilities	2,222	2,169	-53	
< Equity >				
Equity Attributable to Owners of the Parent	6,196	6,589	393	
Common Stock	82	82	0	
Capital Surplus	38	39	0	
Retained Earnings	5,980	6,394	413	Increase in Net Income Attributable to Owners of the Parent
Treasury Stock	-5	-13	-7	
Accumulated Other Comprehensive Income	100	87	-13	
Non-controlling Interests	80	87	7	
Total Equity	6,277	6,677	400	
Total Liabilities and Equity	8,499	8,846	346	

FY2014-2Q Consolidated Statements of Cash Flows

(¥ 100M)

Major Items	FY2014-2Q (Jul. - Sep. 2014)	Major Factors for Changes
<u>Operating Activities</u>	<u>550</u>	
Income before Income Taxes	463	
Depreciation and Amortization	41	
Increase/Decrease in Trade and Other Receivables/Payables	15	
Increase/Decrease in Other Current Assets/Liabilities	26	
<u>Investing Activities</u>	<u>-127</u>	
Acquisition of Tangible Fixed Assets	-41	
Acquisition of Intangible Fixed Assets	-12	
Expenditures on Investment Securities	-10	
Acquisition of Shares of Subsidiaries	-68	Acquisition of shares of Synergy Marketing, Inc.
<u>Financing Activities</u>	<u>-8</u>	
<u>Net Change in Cash and Cash Equivalents</u>	<u>416</u>	

FY2014-2Q Highlights

– Marketing Solutions Business

■ Paid search advertising [Sponsored Search]

- Smartphone advertising revenue expanded substantially year on year due to increased search volume via smartphones.
- Sponsored Search revenue grew by 1.7% from the second quarter last year.

■ Display advertising

(Interest-based advertising [Yahoo! Display Ad Network] (YDN), Premium advertising)

- YDN revenue expanded sharply year on year.
- In Premium advertising, revenue of Top Impact and other advertising products with a highly effective branding impact (Rich Ad) continued to increase.
- Overall revenue of display advertising rose by 18.2% compared with the second quarter last year.

(¥ 100M)

Marketing Solutions Business	2013-2Q	2014-2Q	YoY Change
Revenue	703	751	6.9%
Operating Income	370	385	4.1%

FY2014-2Q Highlights

– Consumer Business

■ YAHUOKU!

- YAHUOKU! increased the number of stores and auction items listed due to the elimination of store tenant fees and other fees. By no longer requiring users to be a registered Yahoo! Premium member to bid on items listed at ¥5,000 or more, the number of new bidders, successful auctions and average closing price rose, resulting in YAHUOKU! transaction value increasing more than 10% year on year.

■ Yahoo! Shopping

- Yahoo! Shopping experienced a decrease in year-on-year revenue and operating income. The performance decline can be attributed to Yahoo! Shopping eliminating store tenant and royalty fees and increasing promotional expenditures to boost service utilization. However, the number of stores and merchandise increased substantially year on year under the new strategies. The transaction value of Yahoo! Shopping grew more than 10% year on year.

■ Yahoo! Premium

- The number of Yahoo! Premium membership IDs on September 30, 2014 climbed year on year to 9.87 million IDs.

(¥ 100M)

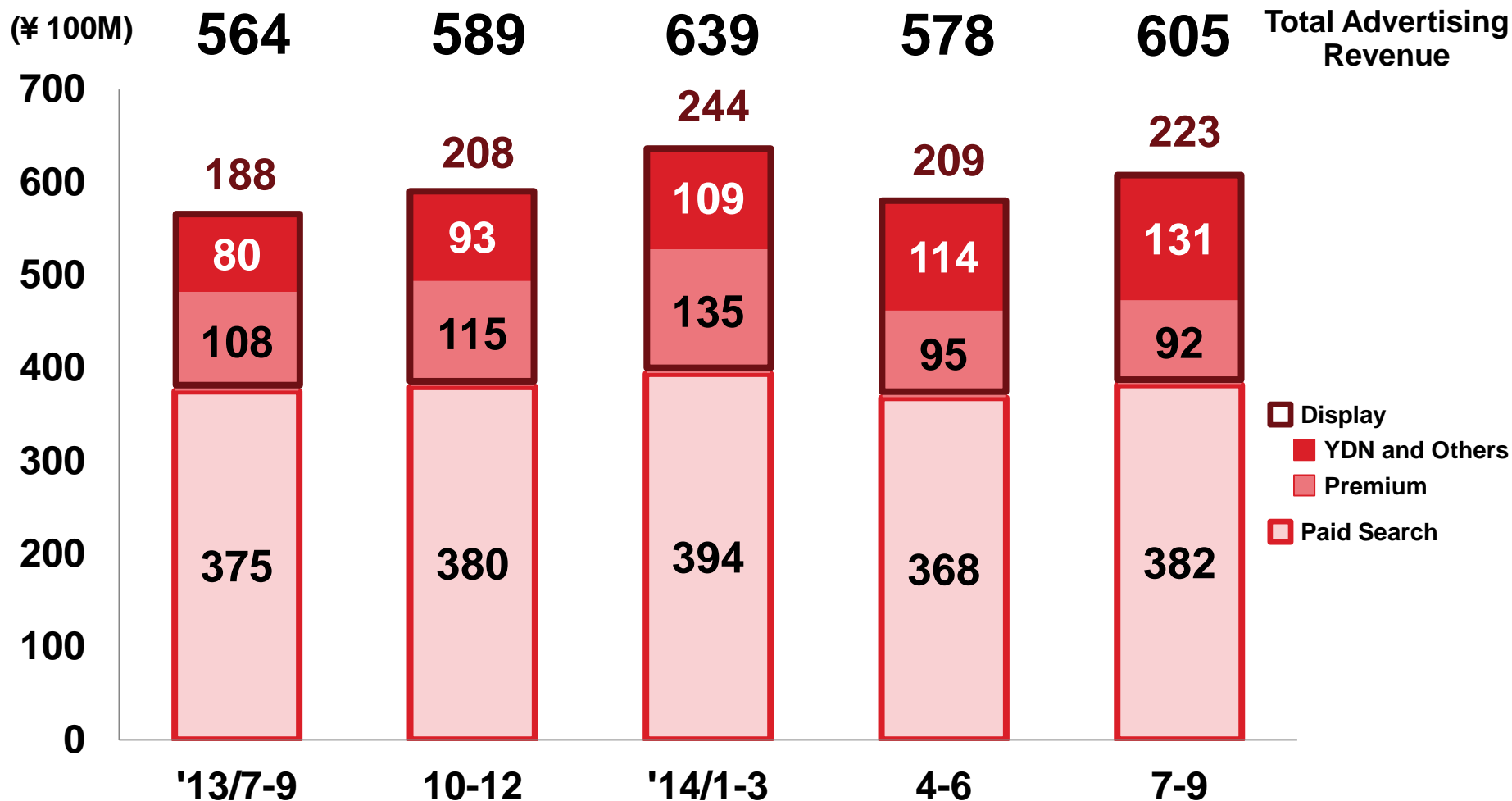
Consumer Business	2013-2Q	2014-2Q	YoY Change
Revenue	257	236	-8.3%
Operating Income	170	131	-22.8%

YAHOO!
JAPAN

Advertising Products

Advertising Products (Main Purpose)			Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid Search Advertising “Sponsored Search” (sales promotion)			Text	Performance- based: Per-click rate determined by keyword auction bid price	Search results pages	Major corporations
Display Advertising	YDN and Others	Interest-based Advertising “Yahoo! Display Ad Network”(YDN) (sales promotion)	Text Banner		Performance- based: Per-impression page view rate determined by auction bid price	Top page Interior pages of service sites
		Premium DSP (sales promotion)	Banner	Major corporations		
	Premium Advertising (branding and image enhancement)		Banner Video	Impression guarantee-based: Per-impression page view rate determined by contract		

Revenue Trends by Advertising Products



The Company has adopted IFRSs beginning with FY2014. Figures for FY2013 are restated on an IFRS basis.

Paid Search Advertising Revenue by Industry

Industries with large year-on-year increase

- Mail Order/Retail
- Finance/Insurance
- Foodstuffs/Beverages/Cigarettes

Industries with large year-on-year decrease

- Internet/Information Processing Services
- Medical/Welfare Services
- Recruitment and Human Resources Services

	13/2Q	3Q	4Q	14/1Q	2Q
Travel/Transportation	12.2%	9.6%	9.9%	10.5%	12.2%
Finance/Insurance	9.7%	9.2%	10.1%	10.0%	10.0%
Mail Order/Retail	5.5%	7.1%	6.0%	6.0%	6.3%
Real Estate	6.5%	6.0%	7.7%	5.9%	6.1%
Recruitment and Human Resources Services	5.4%	5.3%	5.2%	5.2%	5.0%
Education/Qualification	4.8%	4.6%	5.5%	4.8%	4.5%
Medical/Welfare Services	4.9%	4.6%	4.5%	4.7%	4.4%
Foodstuffs/Beverages/Cigarettes	3.9%	3.9%	3.7%	4.1%	4.3%
Fashion/Accessories	4.5%	5.3%	4.4%	4.3%	4.2%
Interior/Renovation/Household Equipment	4.0%	4.3%	4.3%	4.3%	4.1%
Internet/Information Processing Services	4.6%	5.1%	4.3%	4.6%	4.0%
Home Electronics/Information Equipment/Cameras	3.0%	3.3%	3.2%	3.1%	3.2%
Others	31.0%	31.7%	31.2%	32.5%	31.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

YDN Advertising Revenue by Industry

Industries with large year-on-year increase

- Finance/Insurance
- Real Estate
- Health and Beauty Services/Goods

	13/2Q	3Q	4Q	14/1Q	2Q
Finance/Insurance	23.8%	22.7%	21.6%	21.9%	18.9%
Foodstuffs/Beverages/Cigarettes	9.6%	10.2%	7.6%	10.0%	8.8%
Real Estate	8.2%	7.9%	10.8%	8.5%	8.1%
Cosmetics/Toiletries/Daily Necessities	9.7%	8.9%	6.9%	8.2%	7.9%
Recruitment and Human Resources Services	6.3%	5.9%	6.1%	5.9%	5.5%
Travel/Transportation	4.5%	3.5%	3.7%	4.0%	4.7%
Education/Qualification	5.5%	4.5%	5.7%	4.0%	4.2%
Health and Beauty Services/Goods	2.7%	3.0%	2.4%	3.1%	4.2%
Autos/Transport Equipment	2.9%	2.8%	3.2%	2.7%	3.5%
Internet/Information Processing Services	1.7%	2.4%	2.4%	2.4%	3.3%
Wedding, Matching and Ceremonial Services	2.5%	2.5%	2.5%	2.7%	3.2%
Hobbies/Leisure	1.3%	1.8%	2.7%	2.9%	3.0%
Others	21.3%	23.9%	24.4%	23.7%	24.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Some parts of advertising revenue are not categorized.

Premium Advertising Revenue by Industry

Industries with large year-on-year increase

- Mobile Communications Services
- Internet Information Services/E-mail Services
- Autos and Accessories (Transport Equipment)

Industries with large year-on-year decrease

- Finance/Insurance/Securities
- Real Estate/Construction
- Transportation/Leisure

	13/2Q	3Q	4Q	14/1Q	2Q
Autos and Accessories (Transport Equipment)	11.3%	10.8%	12.9%	10.7%	14.6%
Mobile Communications Services	5.0%	4.6%	6.1%	4.9%	9.4%
Real Estate/Construction	11.9%	9.6%	11.5%	9.7%	9.1%
Transportation/Leisure	10.8%	10.3%	10.0%	11.4%	8.2%
Finance/Insurance/Securities	10.9%	10.7%	10.7%	9.1%	7.7%
Foodstuffs	8.1%	7.7%	7.4%	8.4%	7.1%
Cosmetics/Toiletries	9.0%	7.5%	6.2%	11.2%	6.8%
Beverages/Cigarettes	4.0%	4.0%	5.6%	7.4%	5.7%
Entertainment Software	2.7%	1.0%	1.3%	2.9%	4.3%
Internet Information Services/E-mail Services	1.3%	3.1%	1.6%	1.1%	3.4%
Computers and Accessories/Office Equipment	2.3%	5.1%	3.8%	2.0%	3.4%
Home Electronics/AV Equipment	1.6%	3.1%	2.7%	2.8%	2.3%
Others	21.1%	22.5%	20.2%	18.4%	18.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Because the calculation of the revenue of e-commerce-related advertising by industry has become impossible, we have excluded the revenue in the calculation of the revenue composition ratio from the FY2013 third quarter onward. Prior data has been retroactively adjusted to the current constraints.

Quarterly Business Data (1)

Indicator (Quarterly average)	2013/2Q	2014/2Q	YoY Change
Number of total monthly page views (millions)	55,618	62,483	12.3%
Number of total monthly smartphone page views (millions)(1)	16,153	26,903	66.5%
Number of Daily UBs (Unique Browsers) (millions)(2)	61.04	73.54	20.5%
Number of smartphone Daily UBs (millions)(1)(2)	25.34	39.43	55.6%
Number of monthly active user IDs (millions)(3)	27.54	28.29	2.7%
Number of Yahoo! Premium member IDs (quarter-end)(millions)	9.52	9.87	3.7%

- (1) Monthly “Smartphone” page views and Daily UBs include access through iPhones/iPods, Android smartphones (with screen sizes of less than 7 inches), and Windows Phones. They do not include page views using iPads or Android tablets. They also do not include some access via smartphone applications.
- (2) The cumulative total number of browsers accessing Yahoo! JAPAN. Access via smartphone applications is recorded separately from access via smartphone browsers.
- (3) Number of Yahoo! JAPAN IDs that are logged in each month.

Quarterly Business Data (2)

Indicator (Quarterly total)	2013/2Q	2014/2Q	YoY Change
Auction-related transaction value (100 millions of yen)(1)	1,703	1,920	12.7%
Shopping-related transaction value (100 millions of yen)(2)	809	890	10.0%
Total e-commerce transaction value (auction-related and shopping-related) (100 millions of yen)	2,512	2,811	11.9%
Total e-commerce transaction value via smartphones (100 millions of yen)	628	914	45.4%
Number of quarter-end YAHUOKU! stores (IDs)(3)	15,600	19,116	22.5%
Number of quarter-end Yahoo! Shopping stores (IDs)(3)	19,932	193,085	9.7 times

(1) Definition of transaction value has been changed as of FY2014-2Q.
Includes transaction value of “YAHUOKU!” and “tradecarview” (<http://www.tradecarview.com/>).
Transaction value of “ClooShe” (application for smartphone) is included from April 2014.
Same for “BOOKOFF Online” (<http://www.bookoffonline.co.jp/>) from May 2014.

(2) Definition of transaction value has been changed as of FY2014-2Q.
Includes transaction value of “Yahoo! Shopping”, “Yahoo! Travel”, Pay digital contents, “LOHACO”, “Yahoo! Restaurant Reservation” and others.
Transaction value of settlement-related not included.

(3) Numbers of YAHUOKU! and Yahoo! Shopping stores are based on accounts issued.
They include the number of accounts still preparing to launch store sites.

Organization Chart of Yahoo Japan Corporation

As of October 1, 2014



President & CEO

SEVP/COO

SEVP/CFO

Internal Audit Office

Media Services Company (504)

Business Promotion Division, COO

Search Services Company (279)

Smart Device Promotion Group

Marketing Solutions Company (1,257)

System Management Group (1,254)

Shopping Company (560)

Technical Strategy Division

YAHUOKU! Company (242)

Yahoo! JAPAN Research

Financial & Payment Services Company (340)

Market Insight Department

Personal Services Company (286)

CEO Office

People Development Group

Corporate Strategy Division

Finance Division

SR Division

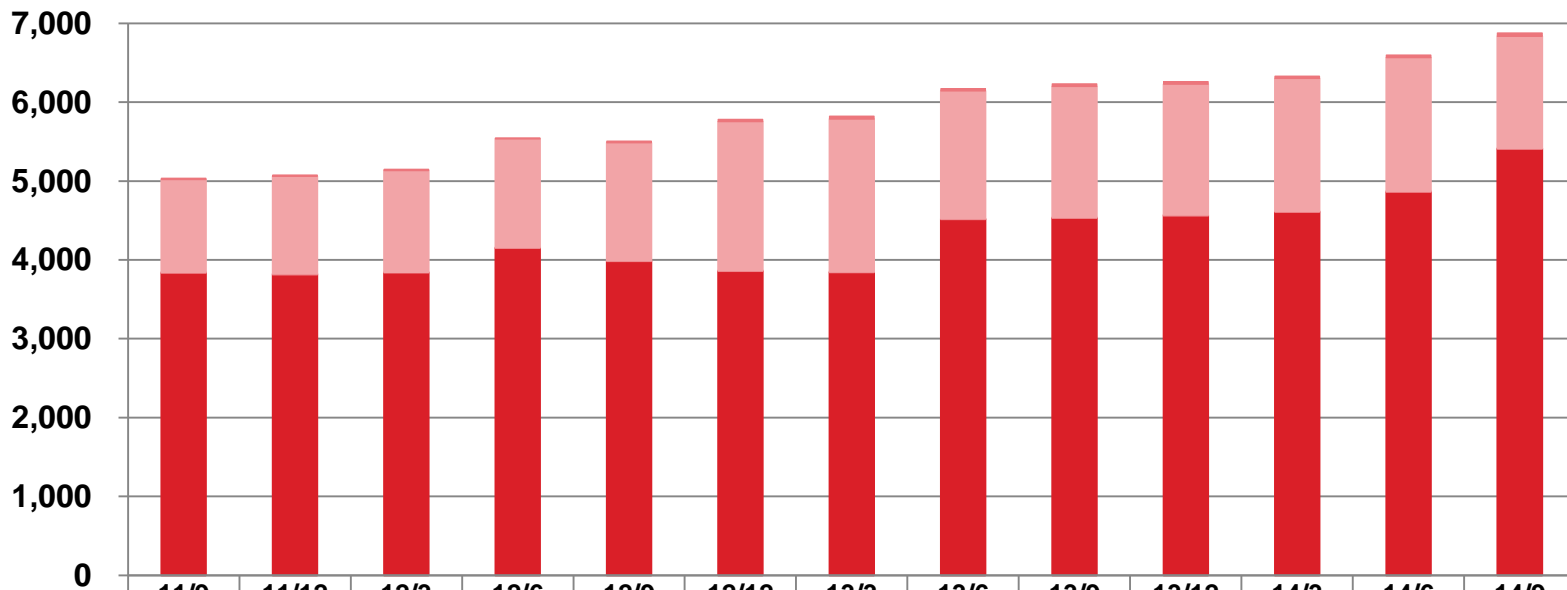
- CEO = Chief Executive Officer
- COO = Chief Operating Officer
- CFO = Chief Financial Officer

* Figures in parenthesis are number of employees

Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/3	14/6	14/9
■ Directors and Auditors of Subsidiaries	18	18	18	14	20	31	35	30	33	31	30	30	38
■ Employees of Subsidiaries	1,173	1,234	1,288	1,373	1,491	1,885	1,938	1,620	1,660	1,658	1,684	1,695	1,421
■ Directors and Auditors of Yahoo Japan Corporation	9	9	8	9	9	8	8	9	9	9	9	11	11
■ Employees of Yahoo Japan Corporation	3,835	3,815	3,836	4,151	3,984	3,859	3,842	4,514	4,531	4,562	4,607	4,860	5,407
Total	5,035	5,076	5,150	5,547	5,504	5,783	5,823	6,173	6,233	6,260	6,330	6,596	6,877

* The above figures of employees include staff who have been dispatched.

Consolidated Subsidiaries and Associates

(as of September 30, 2014)

•Major consolidated subsidiaries at the end of FY2014-2Q

- ◆ Carview Corporation
- ◆ Crocos, Inc.
- ◆ GYAO CORPORATION
- ◆ Indival, Inc.
- ◆ Ocenyc Inc.
- ◆ Synergy Marketing, Inc. **NEW!**
- ◆ YJ Capital Inc.
- ◆ Y's Insurance Inc.
- ◆ Community Factory Inc.
- ◆ Firstserver, Inc
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Qubital Data Science Co., Ltd.
- ◆ ValueCommerce Co., Ltd.
- ◆ YJFX, Inc.
- ◆ Y's Sports Inc.

•Major associates at the end of FY2014-2Q

- ◆ ASKUL Corporation
- ◆ KAKAO JAPAN Corporation
- ◆ BOOKOFF CORPORATION LIMITED
- ◆ The Japan Net Bank, Limited



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