



**Yahoo Japan Corporation**  
**FY2011-2Q Business Results**  
**(July-September 2011)**

**October 21, 2011**

**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, 2011.”**

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# FY2011-2Q Highlights – Financial Data

Revenue and operating income both rose year on year and quarter on quarter on the strength of growth in display and listing advertising, and game-related services.

\* The transfer of the research business to MACROMILL, INC., and the sale of shares of NewsWatch, Inc., resulted in an approximately ¥0.5 billion decrease in quarterly revenue compared with a year earlier. However, this decline in revenue had only a minor effect on profits.

(¥100M)

	2010-2Q	2011-2Q	YOY Change
<b>Revenue</b>	711	737	3.7%
<b>Operating Income</b>	384	405	5.5%
<b>Ordinary Income</b>	385	410	6.4%
<b>Quarterly Net Income</b>	214	242	13.2%

# FY2011-2Q Highlights – Media Business

## Listing advertising through advertising agencies

(Paid search advertising [Sponsored Search] and interest-based advertising [Interest Match] )

- Advertising from fashion and accessory, mail-order and shopping-related, and recruitment services companies increased sharply compared with the same quarter last year. Although revenue from Internet information services companies and financial sectors declined, overall revenue rose compared with the previous quarter and the same quarter last year.

## Display advertising

- Revenue grew year on year and quarter on quarter.  
Advertising revenue from automobile-related and financial sectors declined compared with the same quarter last year, however, advertising from real estate companies and food-related companies shot up.

\* The transfer of the research business to MACROMILL, INC. resulted in an approximately ¥0.3 billion decrease in quarterly revenue compared with a year earlier.

However, this decline in revenue had only a minor effect on profits.

(¥100M)

Media Business	2010-2Q	2011-2Q	YOY Change
Revenue	264	270	2.2%
Operating Income	139	147	5.5%

# FY2011-2Q Highlights – Business-services Business

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## Listing advertising through online order

(Paid search advertising [Sponsored Search] and interest-based advertising [Interest Match] )

- Revenue increased year on year and quarter on quarter, supported by the year-on-year revenue growth of fashion and accessory, mail-order and shopping-related, and recruitment services companies.

## Data center-related revenues

- Cloud computing-related revenues of IDC Frontier Inc. increased.

## Information listing revenues

- Information listing-related revenues of Yahoo! Real Estate and Yahoo! Rikunabi grew on a year-on-year and quarter-on-quarter basis.

(¥100M)

<b>Business-services Business</b>	<b>2010-2Q</b>	<b>2011-2Q</b>	<b>YOY Change</b>
<b>Revenue</b>	190	205	7.9%
<b>Operating Income</b>	94	106	12.8%

# FY2011-2Q Highlights – Consumer Business

## **E-Commerce related revenues (Yahoo! Auctions, Yahoo! Shopping, Pay digital content)**

- Revenues from game-related services, such as Yahoo! Mobage and the Sengoku IXA online game, grew favorably, resulting in increases in pay digital content revenues both year on year and from the previous quarter.
- Transaction value of Yahoo! Shopping rose year on year and quarter on quarter.
- With the rise of the average final bid prices, transaction value of Yahoo! Auctions grew compared with the same quarter last year.
- Smartphone transaction value rose substantially on both Yahoo! Auctions and Yahoo! Shopping.
- Because of the active sales promotion activities mainly for Yahoo! Shopping, operating income of the Consumer Business segment decreased slightly compared with a year earlier.

## **Membership services revenues**

- As of September 30, 2011, Yahoo! Premium membership IDs totaled 7.75 million.

(¥100M)

<b>Consumer Business</b>	<b>2010-2Q</b>	<b>2011-2Q</b>	<b>YOY Change</b>
<b>Revenue</b>	254	260	2.5%
<b>Operating Income</b>	168	163	-3.0%

# Review of FY2011-2Q Business Outlook

Advertising, game related, and information listing services revenues grew compared to the same quarter last year. As a result, overall revenue was above the mid-point of the revenue forecast range.

Although we conducted sales promotions using Yahoo! Points and other benefits, operating income exceeded the high end of our forecast range because the final amount of business commissions and other expenses were lower than our estimation.

(¥ 100M)

	Actual	Forecast (As of July 22, 2011)
Revenue	737	714-749
Operating Income	405	380-402
Ordinary Income	410	384-406
Quarterly Net Income	242	227-240

# FY2011-3Q Business Outlook

We will aim to expand revenue, particularly in our advertising, shopping-related, and pay digital content mainly from games.

We will aim to expand e-commerce-related transaction value heading toward the year-end-sales campaign, based on aggressive sales promotion activities.

We will convert to a new paid search advertising distribution system during the third quarter.

(¥ 100M)

	2010-3Q (Actual)	2011-2Q (Actual)	2011-3Q (Forecast)
Revenue	750	737	751-790
Operating Income	411	405	412-436
Ordinary Income	413	410	417-441
Quarterly Net Income	247	242	246-261

\* 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.





# E-Commerce Strategies

We are implementing various sales expansion strategies to capture demand in the continually growing e-commerce market.

## Increasing convenience by improving platform

Plan to reorganize platforms of Yahoo! Auctions and Yahoo! Shopping, and upgrade their operability and functionality in stages. Strengthening of smartphone compatibility also scheduled.

### Auctions

- Reorganize items so that auction item and “buy it now” item markets can be clearly separated using a tab function.

### Shopping

- Aim to develop social commerce by using SNS for the year-end sales campaign.



## Collaboration with non-Group partners based on open network partnerships strategy

- Cooperate with major companies with actual store networks, such as LAWSON, INC., and JCB Co., Ltd., as partners to develop personalized local information services.
- Cooperate with Culture Convenience Club Co., Ltd., and START TODAY CO., LTD., and others on log-in IDs and point systems.



Yahoo! Auctions



## O2O (Online to Offline) Trend

In terms of consumer purchasing habits, the impact of online information on offline purchasing activities is expanding.

Leveraging Yahoo! JAPAN's online strengths and JCB's bricks & mortar affiliate store network, we aim to expand earnings opportunities in the e-commerce and personalized local information service fields by developing services that are beneficial and convenient for consumers and affiliate stores.

## Collaboration Framework

- Log-on IDs and point systems
- Issuance of new Yahoo! Card
- Promote registration of JCB network affiliate stores on Yahoo! Local



Image of O2O (Online to Offline)



# Game Services Strategies

Announced launch of MONSTERxDRAGON, a new browser game for PCs, in cooperation with SQUARE ENIX CO., LTD.

Started closed beta testing on October 13.

Aims to develop user base in their 10s and 20s by building on the success with the Sengoku IXA online game, which is mainly played by 30s or older.



New game system features beautiful illustrations

# FY2011-2Q Financial Results

## •Major Consolidated subsidiaries at the end of FY2011-2Q

- ◆ Cirius Technologies, Inc.
- ◆ Feedpath, Inc.
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd.
- ◆ Yahoo Japan Customer Relations Corporation
- ◆ Y's Insurance Inc.
- ◆ Firstserver, Inc.
- ◆ GyaO CORPORATION
- ◆ Indival, Inc.
- ◆ Y's Sports Inc.

## •Affiliated companies (equity method) at the end of FY2011-2Q

- ◆ All About, Inc.
- ◆ CREO CO., LTD.
- ◆ JWord Inc.
- ◆ Oricon DD, Inc.
- ◆ ValueCommerce Co., Ltd.
- ◆ CLASSIFIED Corporation.
- ◆ Estore Corporation
- ◆ MACROMILL, INC.
- ◆ Tavigator, Inc.
- ◆ 4travel, Inc.

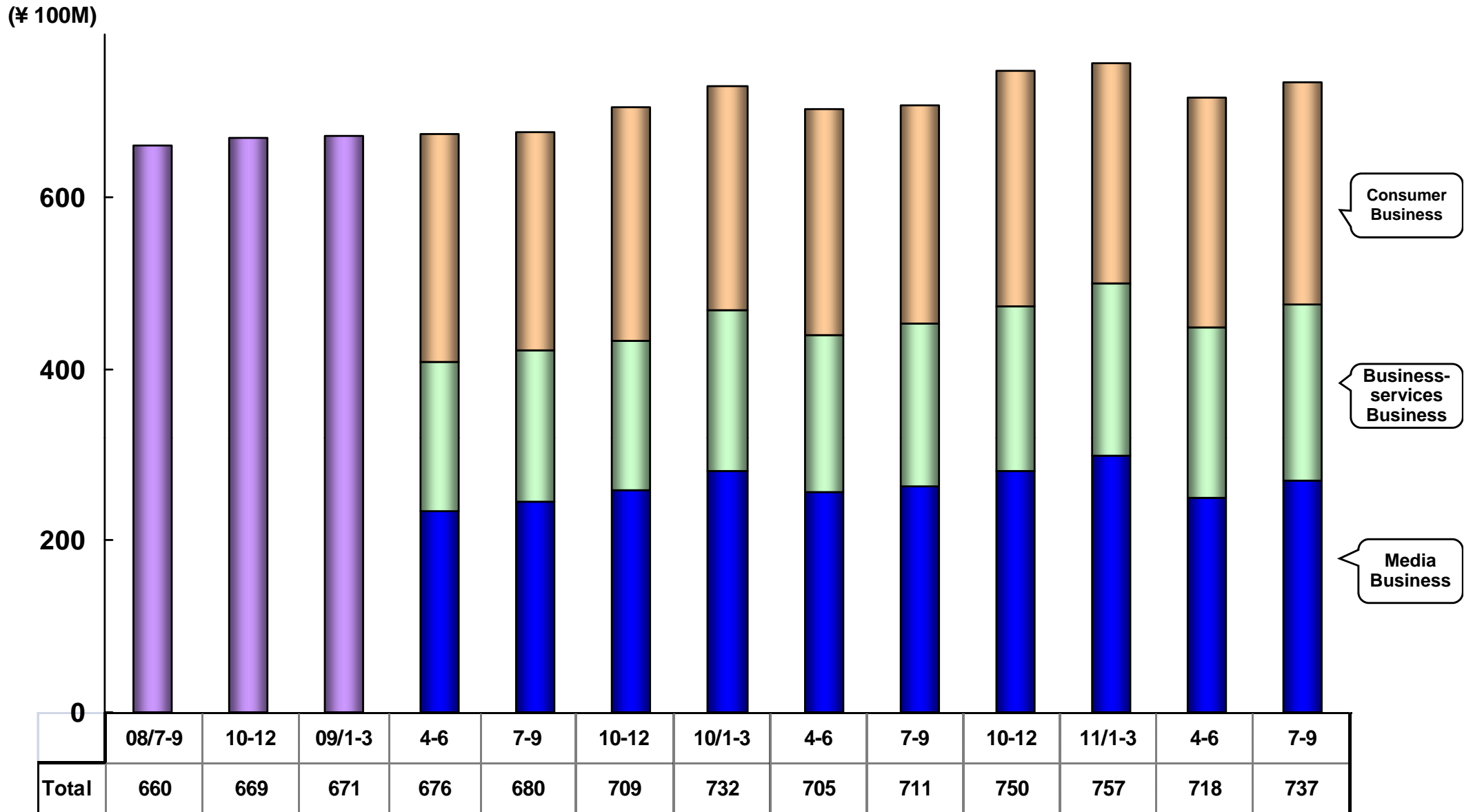


# FY2011-2Q Statements of Income

	2010-2Q	2011-2Q	YOY Change
<b>Revenue</b> (¥100M)	711	737	3.7 %
<b>Cost of Sales</b> (¥100M)	73	69	-5.4 %
<b>Gross Profit</b> (¥100M)	637	668	4.8 %
<b>SG&amp;A</b> (¥100M)	253	262	3.7 %
<b>Operating Income</b> (¥100M)	384	405	5.5 %
<b>Ordinary Income</b> (¥100M)	385	410	6.4 %
<b>Quarterly Net Income</b> (¥100M)	214	242	13.2 %
<b>Fully Diluted EPS</b> (¥)	369	418	13.2 %
<b>Number of Shares Assuming Full Dilution</b> (10 thousand) *	5,804	5,800	-0.1 %

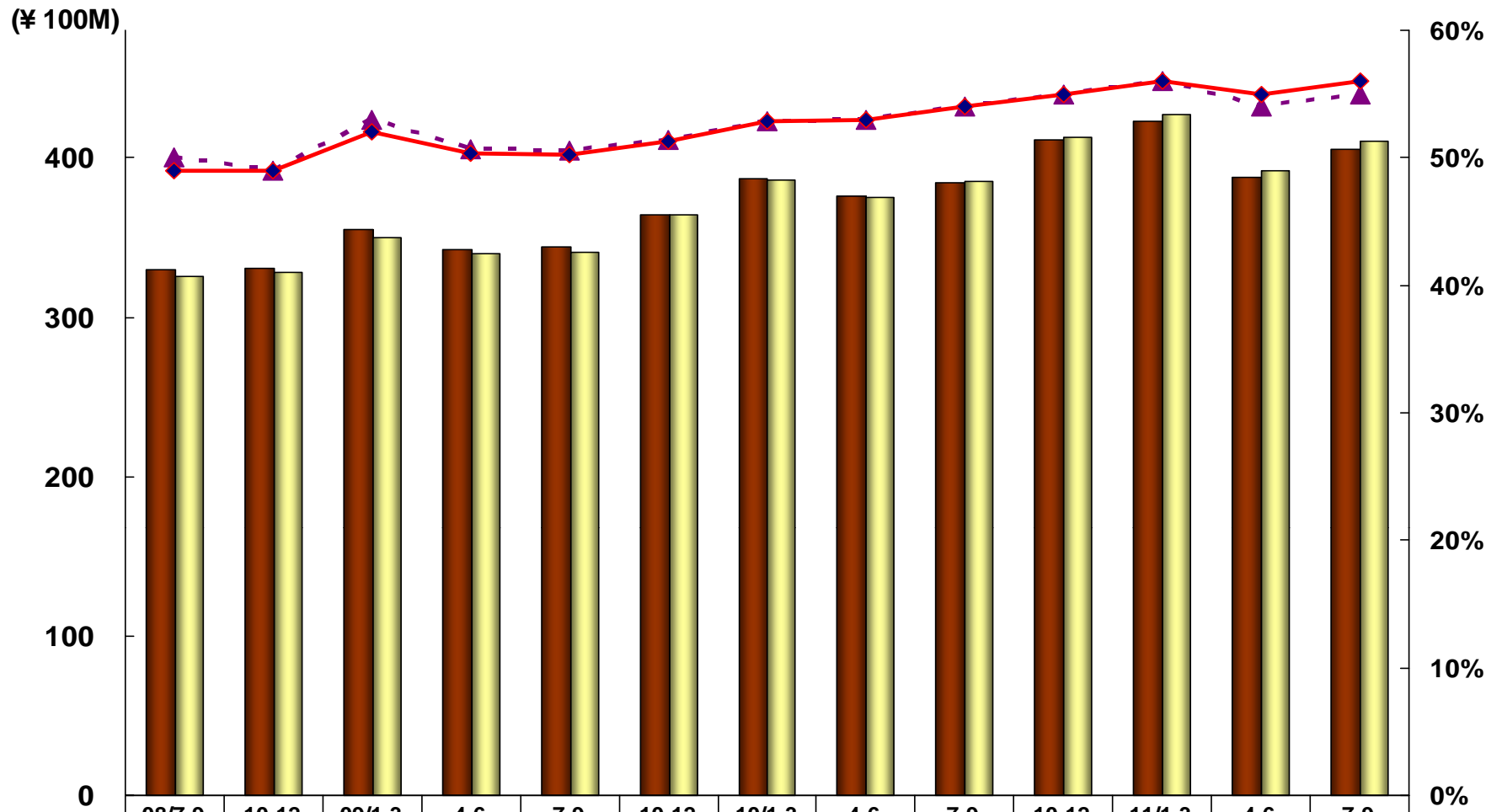
\* Number of Shares Assuming Full Dilution excludes treasury stocks.

# Y! Quarterly Revenue



\*The Company reclassified its business segments from FY2010-1Q. Figures for FY2009 are based on a retroactive adjustment.

# Y! Quarterly Profits



	08/7-9	10-12	09/1-3	4-6	7-9	10-12	10/1-3	4-6	7-9	10-12	11/1-3	4-6	7-9
Operating Income	330	331	355	342	344	364	387	376	384	411	423	388	405
Ordinary Income	326	328	350	340	341	364	386	375	385	413	427	392	410
Operating Margin	50%	49%	53%	51%	51%	51%	53%	53%	54%	55%	56%	54%	55%
Ordinary Margin	49%	49%	52%	50%	50%	51%	53%	53%	54%	55%	56%	55%	56%

# FY2011-2Q Performance Breakdown by Business

(¥ 100M)

	Revenue	Revenue Breakdown by Business Segment	Cost of Sales	SG&A	Operating Income	Ordinary Income	Operating Margin	Ordinary Margin
Media Business	270	Advertising Others	26	96	147	147	54.4%	54.5%
Business-services Business	205	Advertising Corporate Services Information Listing Services	38	61	106	106	51.6%	51.9%
Consumer Business	260	e-Commerce Related Membership Services Advertising Others	4	92	163	162	62.6%	62.5%
Total	737		69	262	405	410	55.0%	55.6%

\*Please see P.28 for the product items involved in the revenue of each segment.



# Y! Quarterly SG&A Breakdown

(¥ 100M)

	10/2Q	11/1Q	11/2Q	%	QoQ Change	YoY Change
Personnel Expenses	80	84	81	31.2%	-3.0%	2.3%
Business Commissions	32	35	37	14.2%	4.0%	13.7%
Sales Promotion Costs	15	25	25	9.6%	-2.0%	66.4%
Depreciation Expenses	20	20	21	8.1%	5.4%	2.6%
Royalties	20	20	21	8.1%	2.3%	4.0%
Lease and Utility Expenses	15	16	17	6.5%	4.6%	9.7%
Content Provider Fees	16	14	16	6.2%	11.5%	-2.3%
Communication Charges	21	14	15	5.8%	7.3%	-27.7%
Sales Commissions	11	11	11	4.6%	7.7%	8.4%
Administrative and Maintenance Expenses	5	5	5	2.1%	-2.4%	7.8%
Taxes and Public Dues	3	2	3	1.3%	16.1%	9.1%
Advertising Costs	4	4	2	0.9%	-40.0%	-40.4%
Compensation	1	1	1	0.5%	-9.2%	18.9%
License Fees	0	0	1	0.4%	18.8%	114.4%
Others	5	4	1	0.5%	-70.4%	-77.1%
<b>SG&amp;A Total</b>	<b>253</b>	<b>262</b>	<b>262</b>	<b>100.0%</b>	<b>0.0%</b>	<b>3.7%</b>

## Major factors for YoY changes

Expenses related to maintenance and operations increased

Sales promotion costs for distribution of Yahoo! Toolbar related to search services, costs related to Yahoo! Points, etc. increased

Possession of data centers resulted in streamlined operations

# Y! FY2011-2Q Balance Sheets

Major Items	As of 2010/9/30	As of 2011/9/30	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
<b>&lt; Assets &gt;</b>					
Current Assets	1,951	2,756	804	Increase in cash from operating activities	
Cash and Deposits	1,362	2,131	768		
Accounts Receivable - Trade	333	346	13	Construction of data centers and purchase of servers and network equipment	
Fixed Assets	2,184	2,237	52		
Tangible Fixed Assets	276	322	46	Downward revision of goodwill of IDC Frontier in accordance with the revised income tax assessment	
Intangible Fixed Assets	144	116	-28		
Investment Securities	1,625	420	-1,204	Sales of shares of BB Mobile Corp. to SOFTBANK CORP.	
Long-term Receivables - Other	-	1,235	1,235		
<b>Total Assets</b>	<b>4,135</b>	<b>4,993</b>	<b>857</b>		
<b>&lt; Liabilities &gt;</b>					
Current Liabilities	758	826	67	Debt related to the construction of data centers increased	
Accounts Payable-Other	132	154	21		
Accrued Income Taxes	295	313	18		
Long-term Liabilities	24	26	2		
<b>Total Liabilities</b>	<b>782</b>	<b>853</b>	<b>70</b>		
<b>&lt;Net Assets&gt;</b>					
Shareholders' Equity	3,314	4,103	789	Decrease in payment of dividends and increase in net profit	
Common Stock	75	79	3		
Capital Surplus	26	30	3		
Retained Earnings	3,268	4,050	781		
Accumulated Other Comprehensive Income	8	5	-2		
Minority Interests in Consolidated Subsidiaries	24	23	-0		
<b>Total Net Assets</b>	<b>3,352</b>	<b>4,140</b>	<b>787</b>		
<b>Total Liabilities and Net Assets</b>	<b>4,135</b>	<b>4,993</b>	<b>857</b>		

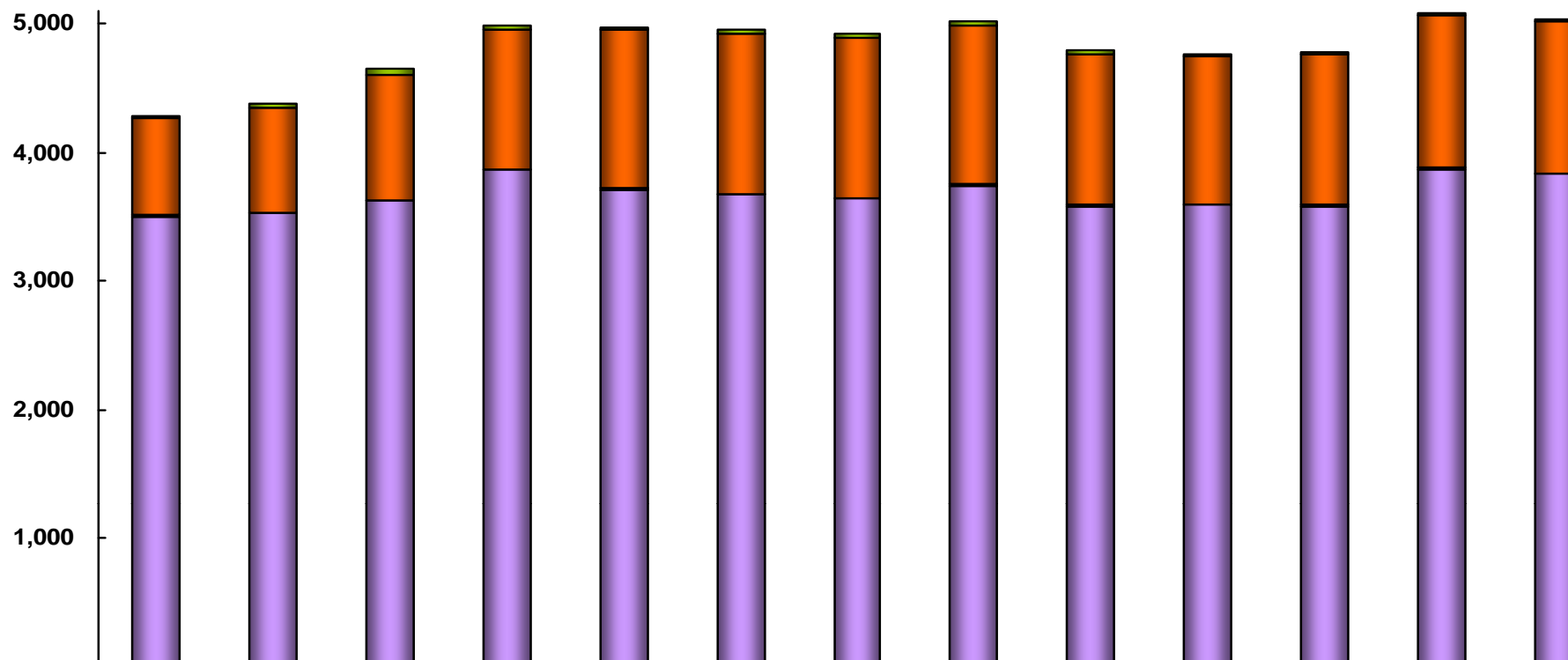
# FY2011-2Q Cash Flow Statements

Major Items	FY2011-2Q (July-Sep. 2011)	Major Factors for Changes	(¥ 100M)
<b><u>Operating Activities</u></b>	<b><u>405</u></b>		
Quarterly Net Income before Income Taxes	408	Increase in quarterly net income before income taxes	
Depreciation Expenses	25		
Trade Receivables	-11		
Trade Payables	5		
<b><u>Investing Activities</u></b>	<b><u>-26</u></b>		
Acquisition of Tangible Fixed Assets	-18	Acquisition of servers	
Acquisition of Intangible Fixed Assets	-6		
<b><u>Financing Activities</u></b>	<b><u>0</u></b>		
<b><u>Net Change in Cash Flows</u></b>	<b><u>378</u></b>		

# Y! Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	08/9	12	09/3	6	9	12	10/3	6	9	12	11/3	6	9
Directors and Auditors of Subsidiaries	25	24	39	31	32	30	30	24	24	17	17	18	18
Employees of Subsidiaries	747	814	977	1,082	1,228	1,249	1,238	1,238	1,177	1,142	1,164	1,176	1,173
Directors and Auditors of Yahoo! JAPAN	9	9	9	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN	3,508	3,532	3,622	3,863	3,712	3,670	3,644	3,743	3,586	3,591	3,584	3,876	3,835
<b>Total</b>	<b>4,289</b>	<b>4,379</b>	<b>4,647</b>	<b>4,985</b>	<b>4,981</b>	<b>4,958</b>	<b>4,921</b>	<b>5,014</b>	<b>4,796</b>	<b>4,759</b>	<b>4,774</b>	<b>5,079</b>	<b>5,035</b>

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

# Appendix

# Listing Advertising Revenue by Industry

## Industries with large year-on-year increase

- Fashion/Accessories
- Department Store/Mail Order/Shopping Malls
- Recruitment Services

## Industries with large year-on-year decrease

- Information Processing/Software/  
Internet Information Service
- Finance/Insurance/Securities

	10/2Q	3Q	4Q	11/1Q	2Q
Finance/Insurance/Securities	11.4%	10.6%	10.7%	10.4%	10.3%
Transportation/Leisure	10.5%	8.2%	8.2%	7.9%	10.0%
Cosmetics/Toiletries/Health Foods and Appliances	7.1%	7.1%	6.3%	7.1%	7.2%
Medical, Welfare, Health and Beauty	6.9%	6.2%	6.3%	6.9%	7.0%
Department Stores/Mail Order/Shopping Malls	6.1%	7.4%	6.8%	7.3%	6.8%
Real Estate/Household Equipment	6.2%	6.0%	8.0%	6.1%	6.5%
Fashion/Accessories	4.6%	5.0%	4.7%	5.1%	5.7%
Education/University	6.2%	5.1%	6.1%	5.5%	5.6%
Recruitment Services	3.3%	3.1%	4.2%	3.6%	4.0%
Information Processing/Software/Internet Information Service	4.2%	6.1%	5.9%	5.6%	3.4%
Interior/Gardening/Reform/DIY	3.0%	2.9%	2.9%	3.6%	3.3%
Autos (Transportation Equipment)	2.8%	2.9%	3.3%	2.9%	2.9%
Others	27.7%	29.4%	26.6%	28.0%	27.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Display Advertising Revenue by Industry

## Industries with large year-on-year increase

- Real Estate/Construction
- Foodstuffs
- Transportation/Leisure

## Industries with large year-on-year decrease

- Autos (Transport Equipment)
- Finance/Insurance/Securities
- Internet Information Service/Email Service

	10/2Q	3Q	4Q	11/1Q	2Q
Finance/Insurance/Securities	16.8%	15.3%	16.1%	14.9%	14.2%
Real Estate/Construction	9.3%	8.0%	11.8%	10.3%	10.9%
Autos (Transport Equipment)	13.3%	12.6%	12.8%	9.1%	10.4%
Cosmetics/Toiletries	9.3%	7.9%	6.7%	12.0%	9.6%
Transportation/Leisure	7.2%	7.4%	7.6%	7.0%	7.7%
Foodstuffs	4.5%	5.2%	4.8%	6.9%	6.3%
Beverages/Cigarettes	4.1%	3.7%	4.0%	4.2%	4.4%
Fashion/Accessories	3.6%	4.8%	2.8%	4.4%	3.8%
Computers/Office Equipment	2.9%	2.7%	2.8%	2.0%	3.3%
Medicament/Pharmaceuticals	3.3%	2.4%	2.2%	2.0%	3.0%
Mobile Communications Service	3.1%	4.7%	5.7%	3.1%	3.0%
Internet Information Service/Email Service	3.7%	5.3%	5.0%	7.0%	2.5%
Others	18.9%	20.0%	17.7%	17.1%	20.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*The above are classified by content of advertising.

# Quarterly Business Data (1)

Indicator (Quarterly average)	FY2010-2Q	FY2011-2Q
Number of Yahoo! JAPAN total monthly page views (millions)	48,819	52,160
Number of monthly mobile phone page views (millions)	8,094	10,957
Number of Yahoo! JAPAN monthly unique browsers (millions)(*1)	222.03	255.94
Number of Yahoo! JAPAN monthly active users IDs (millions)(*2)	24.26	25.76
Number of Yahoo! Premium member IDs (quarter-end)(millions)	7.63	7.75

(\*1) Number of browsers that accessed Yahoo! JAPAN services each month

(\*2) Number of Yahoo! JAPAN IDs that are logged in each month

Note: To disclose data that more accurately reflects usage conditions for the number of Yahoo! JAPAN total monthly page views, page views and other events occurring when starting up the toolbar are not counted.





# Quarterly Business Data (2)

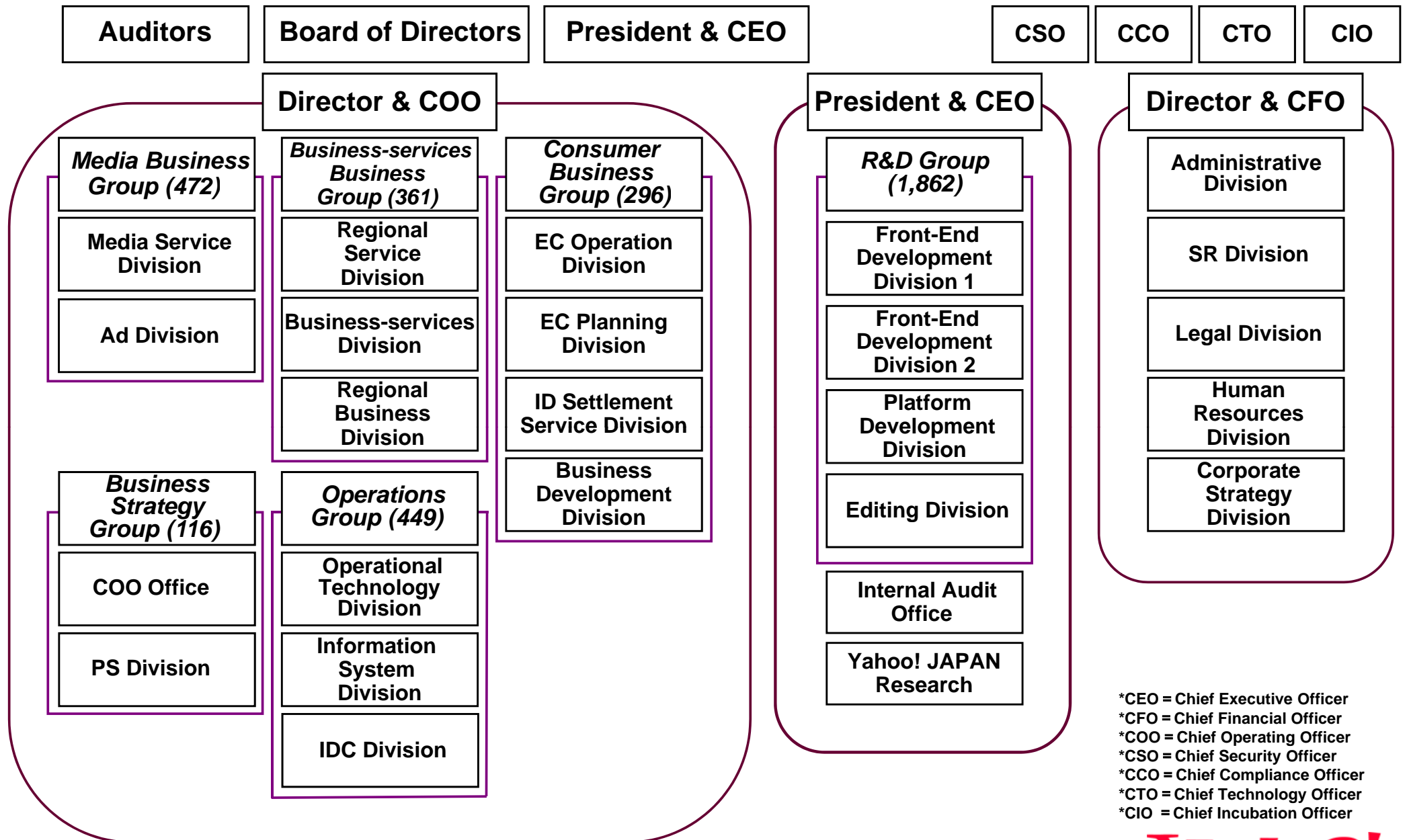
Indicator (Quarterly average)	FY2010-2Q	FY2011-2Q
<b><u>Yahoo! Auctions</u></b>		
Number of monthly unique browsers (millions)	36.92	39.57
Number of stores (quarter-end)	17,393	17,542
Transaction value (quarterly total)(100 millions of yen)	1,566	1,611
Unit price of winning bid (yen)	4,723	4,911
Winning bid ratio (%)	13	12
<b><u>Shopping Related</u></b>		
Number of monthly unique browsers (millions)	33.60	39.33
Number of stores (quarter-end)	17,834	20,625
Transaction value (quarterly total)(100 millions of yen)(*1)	693	737
<b><u>Yahoo! Auctions + Shopping</u></b>		
Transaction value (quarterly total)(100 millions of yen)	2,260	2,349
Mobile transaction value (quarterly total)(100 millions of yen)(*2)	412	579

(\*1) Including Yahoo! Shopping, Yahoo! Ticket and Yahoo! Travel

(\*2) Previously, transactions were only counted in Yahoo! Auctions mobile transaction value if a final bid was made through a mobile device. However, as of January 1, 2011, the definition was changed to include all bids through mobile devices.

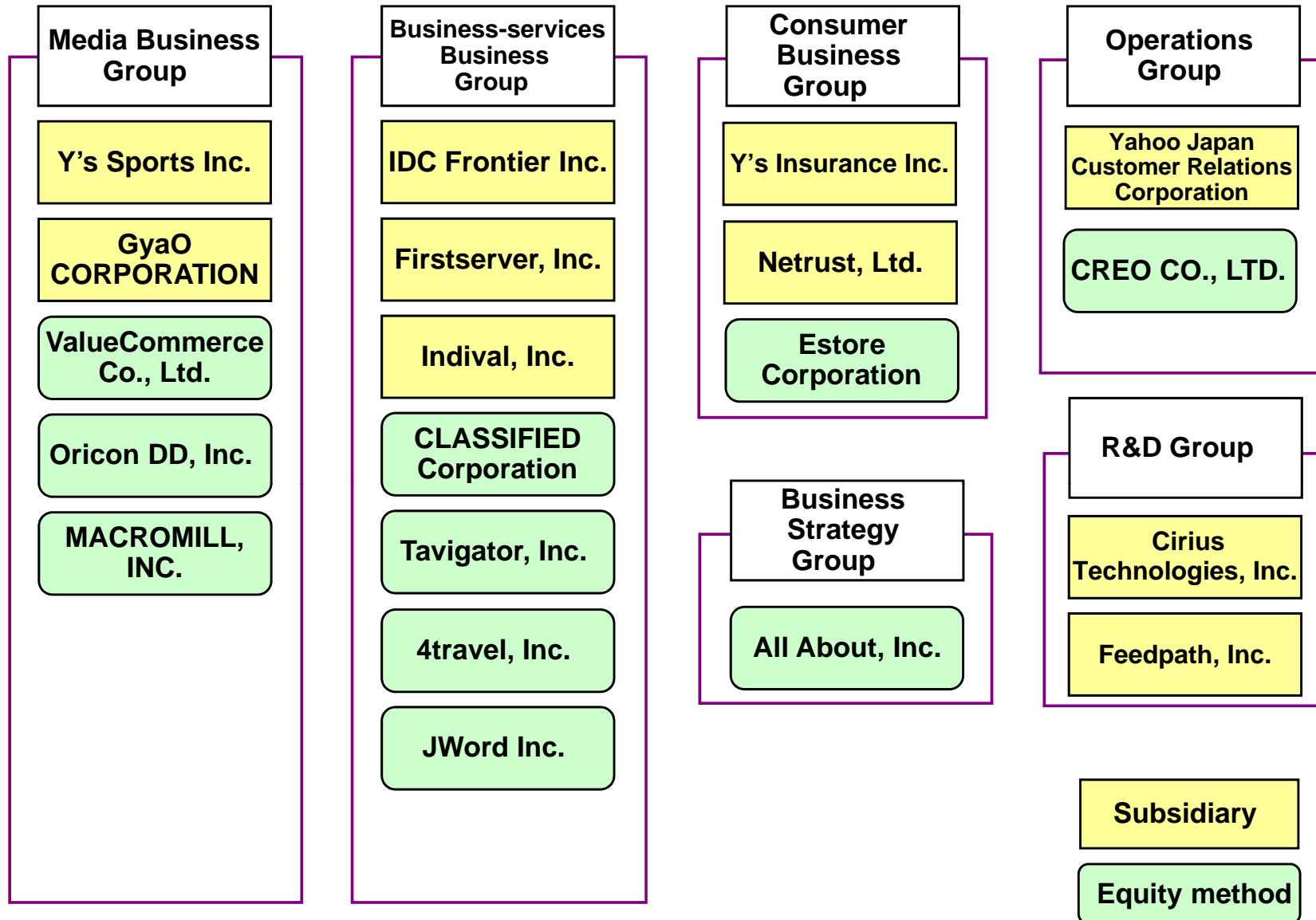
25 Past data has not been retroactively adjusted.

# Y! Organization Chart of Yahoo! JAPAN



\*CEO = Chief Executive Officer  
 \*CFO = Chief Financial Officer  
 \*COO = Chief Operating Officer  
 \*CSO = Chief Security Officer  
 \*CCO = Chief Compliance Officer  
 \*CTO = Chief Technology Officer  
 \*CIO = Chief Incubation Officer

# Y! Yahoo! JAPAN Group – Major Companies



Number of Employees (unconsolidated): 3,835  
 Number of Employees (consolidated): 5,008  
 As of September 30, 2011

# Business Segments Breakdown

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## *Main Components*

### Media Business

- Advertising: Listing advertising through advertising agencies  
Display advertising (banner, text, email, and video advertising)

### Business-services Business

- Advertising: Listing advertising through online order
- Corporate services: Data center-related / Yahoo! WebHosting /  
Yahoo! Travel
- Information listing services: Yahoo! Real Estate and Yahoo! Rikunabi

### Consumer Business

- e-Commerce: Tenant and system-use fees of Yahoo! Auctions and Yahoo!  
Shopping / Settlement / Pay digital content
- Membership services: Yahoo! Premium, Yahoo! BB ISP fees,  
Yahoo! Partner and other membership services
- Advertising: Display advertising
- Others: Yahoo! BB incentive fees and so on



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