



Yahoo Japan Corporation
FY2011-3Q Business Results
(October-December 2011)

January 25, 2012



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 December 31, 2011.”

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FY2011-3Q Highlights – Financial Data

Revenue and operating income both increased year on year and quarter on quarter, supported by expanding revenues, particularly from advertising and game-related services.

	2010-3Q	2011-3Q	YOY Change
Revenue	750	765	2.0%
Operating Income	411	418	1.6%
Ordinary Income	413	423	2.4%
Quarterly Net Income	247	253	2.7%

(¥100M)

FY2011-3Q Highlights – Media Business

Listing advertising through advertising agencies

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

- Despite an increase in mail order, recruitment services, fashion and accessory-related, and other advertising, revenue from listing advertising through advertising agencies decreased compared with the same quarter last year. The drop in revenue can be attributed to a substantial decline in Internet information services advertising.

Display advertising

- Revenue rose year on year and quarter on quarter.
- Substantial increase in advertising from cosmetics/toiletries, real estate-related, transportation/leisure, and other sectors covered the decline in Internet information-related and automobile-related advertising.
- Began sales of smartphone version of Brand Panel advertising.

(¥100M)

Media Business	2010-3Q	2011-3Q	YOY Change
Revenue	281	280	-0.6%
Operating Income	154	152	-1.6%

FY2011-3Q Highlights – Business-services Business

Listing advertising through online order

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

- As a result of stepping up efforts to strengthen sales activities through upgraded collaboration with regionally-oriented advertising agencies and other measures, both paid search advertising and interest-based advertising revenues expanded year on year.

Data center-related revenues

- IDC Frontier Inc.'s cloud computing service revenues expanded.

Information listing revenues

- Yahoo! Rikunabi revenues advanced year on year and quarter on quarter.
- Yahoo! Real Estate's revenues increased compared with last year's third quarter.

(¥100M)

Business-services Business	2010-3Q	2011-3Q	YOY Change
Revenue	192	203	5.9%
Operating Income	95	99	4.5%

FY2011-3Q Highlights – Consumer Business

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

- Driven by strong game-related service revenues from Yahoo! Mobage and the Sengoku IXA online game, pay digital content revenues increased year on year.
- Started offering the official version of MONSTER x DRAGON in alliance with SQUARE ENIX CO., LTD.
- Yahoo! Auctions and Yahoo! Shopping transaction values both climbed year on year and quarter on quarter.
- Smartphone transaction value on both Yahoo! Auctions and Yahoo! Shopping increased substantially.

Membership services revenues

- As of December 31, 2011 , Yahoo! Premium membership IDs totaled 7.82 million.

(¥100M)

Consumer Business	2010-3Q	2011-3Q	YOY Change
Revenue	275	280	1.9%
Operating Income	181	177	-2.1%

Review of FY2011-3Q Business Outlook

Display advertising, data center-related, recruitment and human resource-related, and other revenues performed better than forecasts. Conversely, growth in listing advertising revenue was limited because of a sharp drop in advertising from the Internet information services sector.

Having converted our paid search advertising distribution system to a Google Inc. system in November of last year, we are currently having the system learn the process of optimizing it for our operations. Business commissions increased due to the system conversion. In addition, sales promotion expenses, including Yahoo! Points expenses, expanded.

(¥ 100M)

	Actual	Forecast (As of October 21, 2011)
Revenue	765	751-790
Operating Income	418	412-436
Ordinary Income	423	417-441
Quarterly Net Income	253	246-261

FY2011-4Q Business Outlook

We will target sales growth, focusing on our advertising-related business, particularly paid search advertising, and e-commerce-related business, including pay digital content.

SG&A expenses are expected to grow as a result of greater sales promotion costs, business commissions, and other expenses.

* During the fourth quarter of fiscal 2010, the Company received a payment equivalent to the additional tax payment it was required to make because of a revised income tax assessment regarding IDC Frontier Inc. shares previously acquired by the Company from SOFTBANK CORP. The payment received was to cover the additional tax payment in accordance with the original share purchase agreement. Consequently, because of the resultant downward revision in the amount of goodwill in the fourth quarter of fiscal 2010, the Company expects that goodwill amortization expenses for the fourth quarter of fiscal 2011 will be temporarily higher than in the year earlier.

(¥ 100M)

	2010-4Q (Actual)	2011-3Q (Actual)	2011-4Q (Forecast)
Revenue	757	765	776-824
Operating Income	423	418	421-454
Ordinary Income	427	423	426-459
Quarterly Net Income	243	253	242-262

■ 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.
The FY2011 full year projection in P.9 is the cumulative actual results of FY2011-1Q to 3Q plus FY2011-4Q projection.



FY2011 Business Outlook

(¥ 100M)

	FY2010 (Actual)	FY2011 (Forecast)
Revenue	2,924	2,997-3,045
Operating Income	1,596	1,633-1,666
Ordinary Income	1,602	1,652-1,685
Net Income	921	971-991

- The above FY2011 full year projection is the cumulative actual results of FY2011-1Q to 3Q plus the FY2011-4Q projection.



Special Note: Business tie-up with Credit Saison Co., Ltd.

Tie-up for Online to Offline (O2O)

More and more online information is impacting on consumers' offline purchasing activities.



In partnership with Credit Saison, which has one of the largest card member base in Japan and, “Permanently Usable Points,” the industry’s only point program with no expiration date, Yahoo! JAPAN aims to expand profit-earning opportunities in the fields of e-commerce and services for personalized local information.

Main points of the partnership

- Linkage of IDs and Points
- Promoting registration of Saison member stores on “Yahoo! Local”



Special Note: Aggressive promotion of O2O tie-up



35.8 million members

One of the largest point balances in the credit card industry



69.26 million members (JCB brand)

Member store network



36.0 million members (Ponta members)

Store network located nationwide in all 47 prefectures



T-POINT

38.41 million members

One of the largest common point systems
Point network for brick-and-mortar shops

FY2011-3Q Financial Results

•Major consolidated subsidiaries at the end of FY2011-3Q

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

•Affiliated companies (equity method) at the end of FY2011-3Q

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



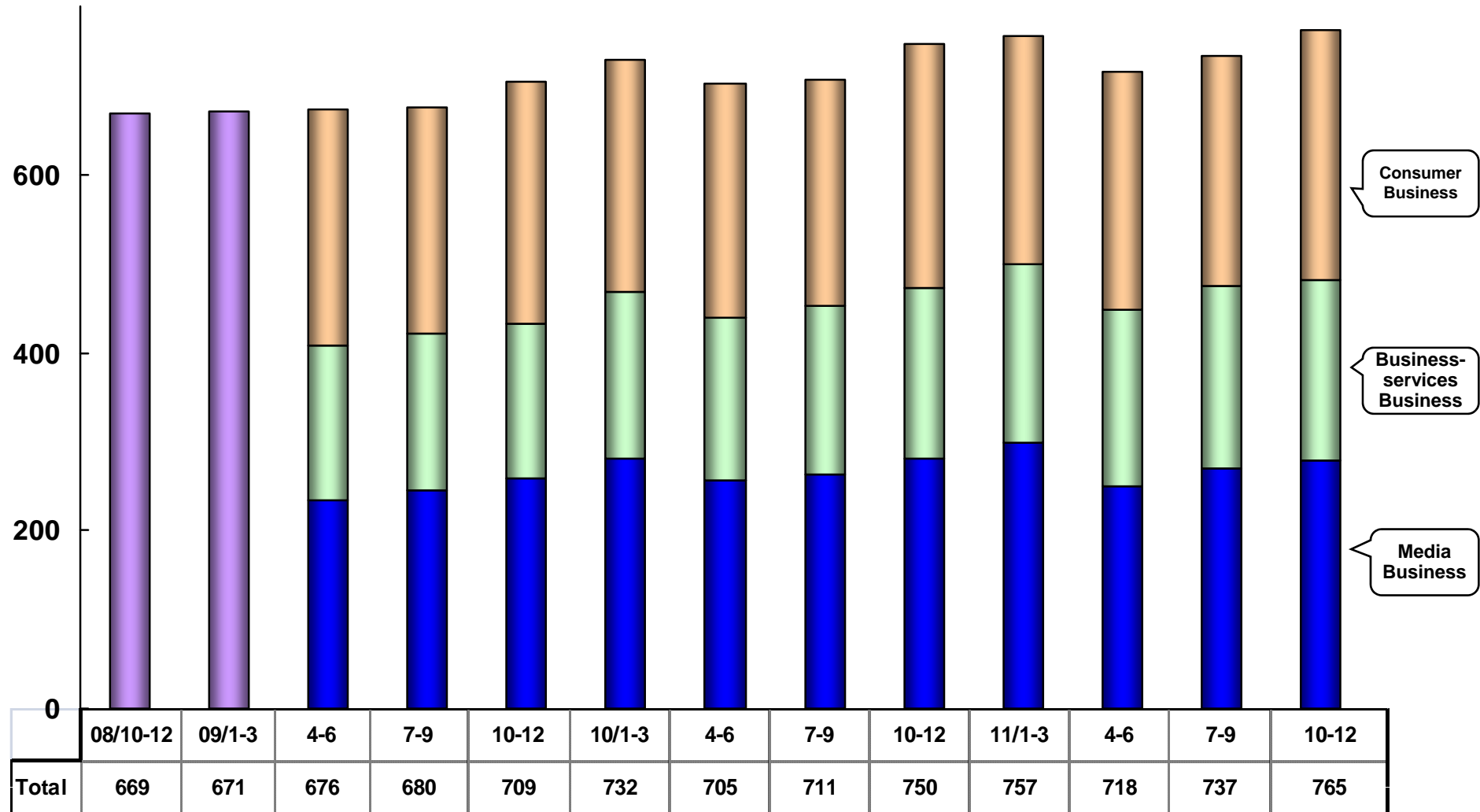
FY2011-3Q Statements of Income

	2010-3Q	2011-3Q	YOY Change
Revenue (¥100M)	750	765	2.0 %
Cost of Sales (¥100M)	69	71	3.1 %
Gross Profit (¥100M)	680	693	1.9 %
SG&A (¥100M)	269	275	2.4 %
Operating Income (¥100M)	411	418	1.6 %
Ordinary Income (¥100M)	413	423	2.4 %
Quarterly Net Income (¥100M)	247	253	2.7 %
Fully Diluted EPS (¥)	425	437	2.7 %
Number of Shares Assuming Full Dilution (10 thousand) *	5,799	5,800	0.0 %

* Number of Shares Assuming Full Dilution excludes treasury stocks.

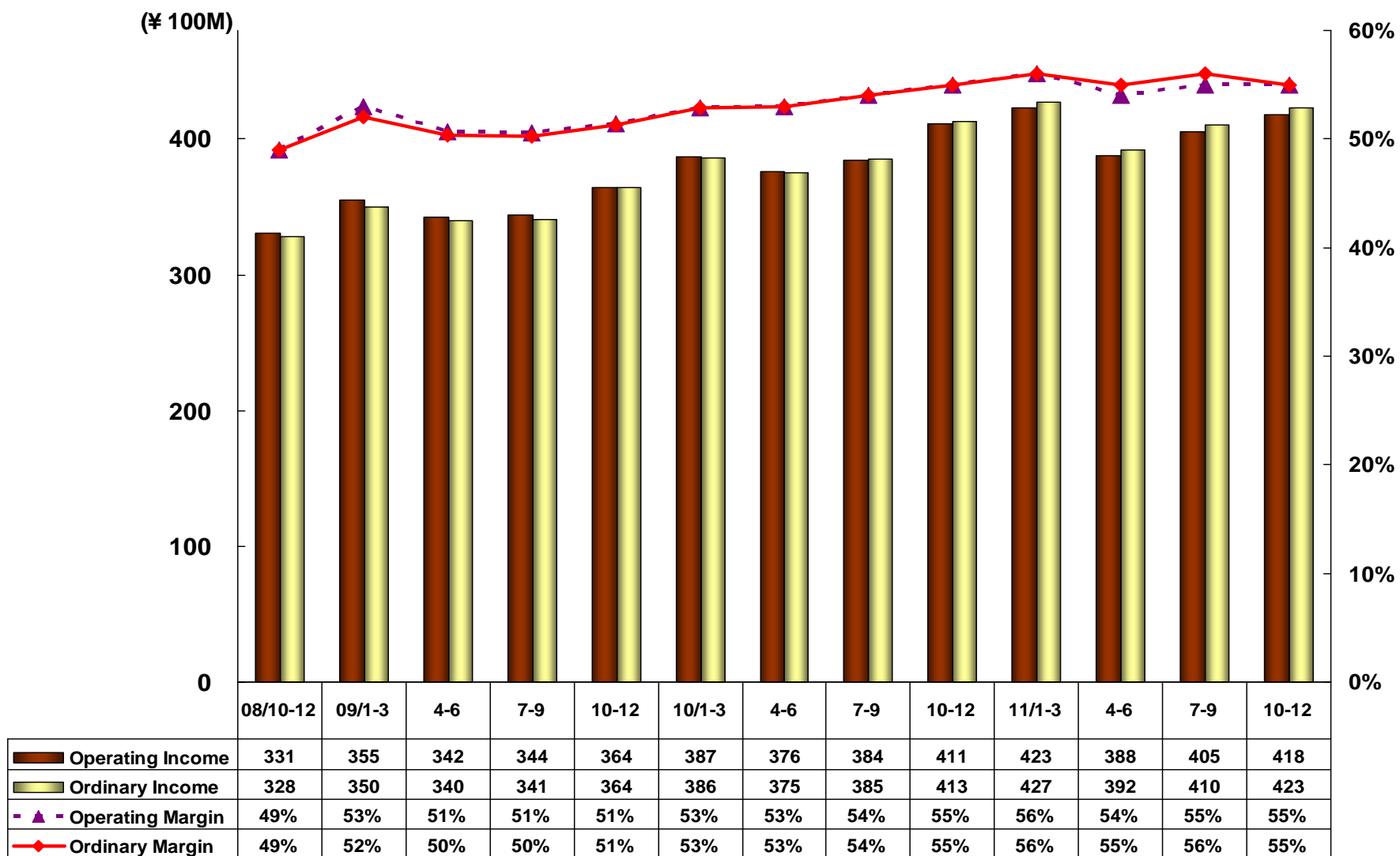
Y! Quarterly Revenue

(¥ 100M)



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

Y! Quarterly Profits



FY2011-3Q 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	280	Advertising Others	26	101	152	152	54.4%	54.5%
Business-services Business	203	Advertising Corporate Services Information Listing Services	40	64	99	100	48.9%	49.3%
Consumer Business	280	e-Commerce Related Membership Services Advertising Others	4	98	177	177	63.3%	63.3%
Total	765		71	275	418	423	54.6%	55.4%

*Please see P.29 for the product items involved in the revenue of each segment.

Y! Quarterly SG&A Breakdown

(¥ 100M)

	10/3Q	11/2Q	11/3Q	%	QoQ Change	YoY Change	
Personnel Expenses	82	81	82	29.7%	0.2%	-1.0%	
Business Commissions	33	37	37	13.5%	-0.3%	10.1%	Expenses related to maintenance and operations increased
Sales Promotion Costs	21	25	29	10.7%	17.2%	39.9%	Sales promotion costs related to Yahoo! Points, costs for distribution of Yahoo! Toolbar related to search services, etc. increased
Depreciation Expenses	21	21	24	8.7%	12.5%	9.5%	
Royalties	21	21	22	8.0%	4.0%	1.6%	
Lease and Utility Expenses	15	17	17	6.4%	2.3%	13.3%	
Content Provider Fees	16	16	16	5.9%	0.4%	1.5%	
Communication Charges	20	15	15	5.5%	-0.6%	-26.5%	Possession of data centers resulted in streamlined operations
Sales Commissions	12	11	12	4.4%	2.3%	0.2%	
Administrative and Maintenance Expenses	5	5	5	2.0%	0.4%	9.3%	
Taxes and Public Dues	3	3	3	1.2%	-5.5%	7.2%	
Advertising Costs	6	2	3	1.1%	26.5%	-53.7%	TV CM decreased
Compensation	0	1	2	0.8%	77.3%	134.1%	
Allowance for Doubtful Accounts	1	1	1	0.6%	49.1%	-11.3%	
Others	6	1	4	1.5%	213.9%	-30.7%	
SG&A Total	269	262	275	100.0%	5.1%	2.4%	

Major factors for YoY changes

Expenses related to maintenance and operations increased

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

Possession of data centers resulted in streamlined operations

TV CM decreased

Y! FY2011-3Q Balance Sheets

Major Items	As of 2010/12/31	As of 2011/12/31	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
< Assets >					
Current Assets	2,134	2,914	780	Increase in cash from operating activities	
Cash and Deposits	1,475	2,162	686		
Accounts Receivable - Trade	361	414	53	Start up of data center operations and purchase of servers and network equipment	
Fixed Assets	2,187	2,241	54		
Tangible Fixed Assets	278	335	57	Downward revision of goodwill of IDC Frontier in accordance with the revised income tax assessment	
Intangible Fixed Assets	143	116	-26		
Investment Securities	1,638	411	-1,227	Sales of shares of BB Mobile Corp. to SOFTBANK CORP.	
Long-term Receivables - Other	-	1,235	1,235		
Total Assets	4,321	5,156	834		
< Liabilities >					
Current Liabilities	689	729	40		
Accounts Payable-Other	151	159	8		
Accrued Income Taxes	151	160	9		
Long-term Liabilities	22	26	3		
Total Liabilities	712	756	44		
<Net Assets>					
Shareholders' Equity	3,564	4,361	796		
Common Stock	77	79	1		
Capital Surplus	28	30	1		
Retained Earnings	3,514	4,308	794		
Accumulated Other Comprehensive Income	17	5	-12		
Minority Interests in Consolidated Subsidiaries	20	24	4		
Total Net Assets	3,609	4,399	790		
Total Liabilities and Net Assets	4,321	5,156	834		

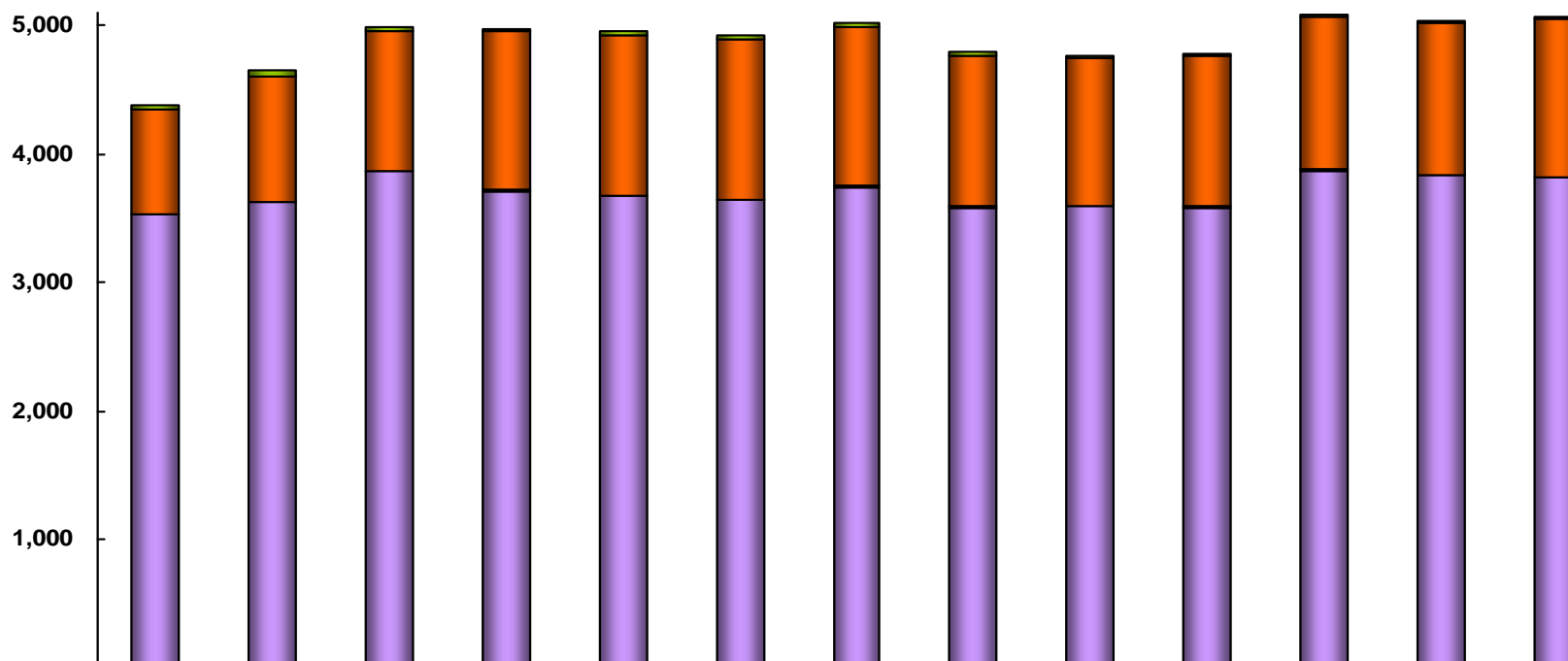
FY2011-3Q Cash Flow Statements

Major Items	FY2011-3Q (Oct.-Dec. 2011)	Major Factors for Changes (¥ 100M)
<u>Operating Activities</u>	<u>69</u>	
Quarterly Net Income before Income Taxes	425	Increase in quarterly net income before income taxes
Depreciation Expenses	28	
Trade Receivables	-61	
Trade Payables	-19	
Payment of Income Taxes	-308	
<u>Investing Activities</u>	<u>-17</u>	
Proceeds from Time Deposits	20	Acquisition of servers
Acquisition of Tangible Fixed Assets	-42	
Acquisition of Intangible Fixed Assets	-6	
Sales of Investment Securities	10	
<u>Financing Activities</u>	<u>-0</u>	
<u>Net Change in Cash Flows</u>	<u>51</u>	

Y! Number of Directors and Employees

(Number of People)

(at the End of Quarter)



	08/12	09/3	6	9	12	10/3	6	9	12	11/3	6	9	12
Directors and Auditors of Subsidiaries ■	24	39	31	32	30	30	24	24	17	17	18	18	18
Employees of Subsidiaries ■	814	977	1,082	1,228	1,249	1,238	1,238	1,177	1,142	1,164	1,176	1,173	1,234
Directors and Auditors of Yahoo! JAPAN ■	9	9	9	9	9	9	9	9	9	9	9	9	9
Employees of Yahoo! JAPAN ■	3,532	3,622	3,863	3,712	3,670	3,644	3,743	3,586	3,591	3,584	3,876	3,835	3,815
Total	4,379	4,647	4,985	4,981	4,958	4,921	5,014	4,796	4,759	4,774	5,079	5,035	5,076

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



Appendix

Listing Advertising Revenue by Industry

Industries with large year-on-year increase

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

Industries with large year-on-year decrease

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

	10/3Q	4Q	11/1Q	2Q	3Q
Finance/Insurance/Securities	10.6%	10.7%	10.4%	10.3%	10.2%
Department Stores/Mail Order/Shopping Malls	7.4%	6.8%	7.3%	6.8%	9.2%
Transportation/Leisure	8.2%	8.2%	7.9%	10.0%	7.4%
Medical, Welfare, Health and Beauty	6.2%	6.3%	6.9%	7.0%	6.8%
Cosmetics/Toiletries/Health Foods and Appliances	7.1%	6.3%	7.1%	7.2%	6.7%
Real Estate/Household Equipment	6.0%	8.0%	6.1%	6.5%	6.5%
Fashion/Accessories	5.0%	4.7%	5.1%	5.7%	5.7%
Education/University	5.1%	6.1%	5.5%	5.6%	5.1%
Recruitment Services	3.1%	4.2%	3.6%	4.0%	4.7%
Interior/Gardening/Reform/DIY	2.9%	2.9%	3.6%	3.3%	3.5%
Information Processing/Software/Internet Information Service	6.1%	5.9%	5.6%	3.4%	3.3%
Autos (Transportation Equipment)	2.9%	3.3%	2.9%	2.9%	2.8%
Others	29.4%	26.6%	28.0%	27.3%	28.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Display Advertising Revenue by Industry

Industries with large year-on-year increase

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

Industries with large year-on-year decrease

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

	10/3Q	4Q	11/1Q	2Q	3Q
Finance/Insurance/Securities	15.3%	16.1%	14.9%	14.2%	12.9%
Cosmetics/Toiletries	7.9%	6.7%	12.0%	9.6%	10.7%
Real Estate/Construction	8.0%	11.8%	10.3%	10.9%	10.0%
Autos (Transport Equipment)	12.6%	12.8%	9.1%	10.4%	9.0%
Transportation/Leisure	7.4%	7.6%	7.0%	7.7%	8.6%
Foodstuffs	5.2%	4.8%	6.9%	6.3%	6.2%
Fashion/Accessories	4.8%	2.8%	4.4%	3.8%	5.4%
Beverages/Cigarettes	3.7%	4.0%	4.2%	4.4%	4.8%
Mobile Communications Service	4.7%	5.7%	3.1%	3.0%	4.5%
Computers/Office Equipment	2.7%	2.8%	2.0%	3.3%	3.4%
Home Electronics/AV Equipment	3.4%	1.2%	2.5%	2.3%	2.9%
Entertainment Related Software	2.9%	2.6%	1.4%	1.5%	2.5%
Others	21.4%	21.1%	22.2%	22.6%	19.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*The above are classified by content of advertising.



Quarterly Business Data (1)

Indicator (Quarterly average)	FY2010-3Q	FY2011-3Q
Number of Yahoo! JAPAN total monthly page views (millions)	48,043	49,663
Number of monthly mobile phone page views (millions)	8,248	10,894
Number of Yahoo! JAPAN monthly unique browsers (millions)(*1)	215.41	253.53
Number of Yahoo! JAPAN monthly active users IDs (millions)(*2)	24.84	26.01
Number of Yahoo! Premium member IDs (quarter-end)(millions)	7.68	7.82

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

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

Note1 : 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.

Note2: We have changed the method of calculation of Yahoo! JAPAN monthly unique browsers and Yahoo! JAPAN monthly active users IDs, to exposures on user's browsers, calculated using CSC (Client Side Counting), from distributions from web servers.



Quarterly Business Data (2)

Indicator (Quarterly average)	FY2010-3Q	FY2011-3Q
<u>Yahoo! Auctions</u>		
Number of monthly unique browsers (millions)	36.56	37.96
Number of stores (quarter-end)	17,439	17,023
Transaction value (quarterly total)(100 millions of yen)	1,812	1,826
Unit price of winning bid (yen)	4,905	5,021
Winning bid ratio (%)	14	11
<u>Shopping Related</u>		
Number of monthly unique browsers (millions)	36.04	43.82
Number of stores (quarter-end)	20,933	20,513
Transaction value (quarterly total)(100 millions of yen)(*1)	763	830
<u>Yahoo! Auctions + Shopping</u>		
Transaction value (quarterly total)(100 millions of yen)	2,576	2,656
Mobile transaction value (quarterly total)(100 millions of yen)	510	696

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

Note1: We have changed the method of calculation of Yahoo! Auctions monthly unique browsers and Yahoo! Shopping monthly unique browsers, to exposures on users' browsers, calculated using CSC (Client Side Counting), from distributions from web servers.

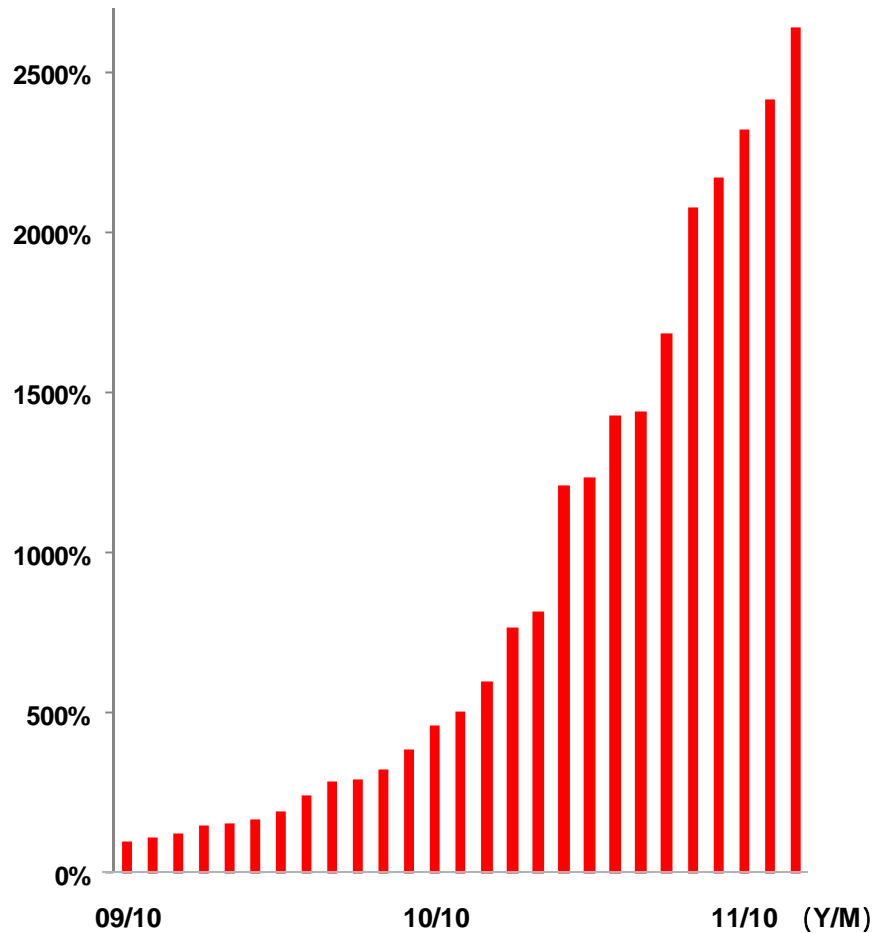
Note2: Previously, transactions were only counted in Yahoo! Auctions mobile transaction value if a final bid was made through a mobile device. However, as of January 1, 2011, the definition was changed to include all bids through mobile devices.

Past data has not been retroactively adjusted.



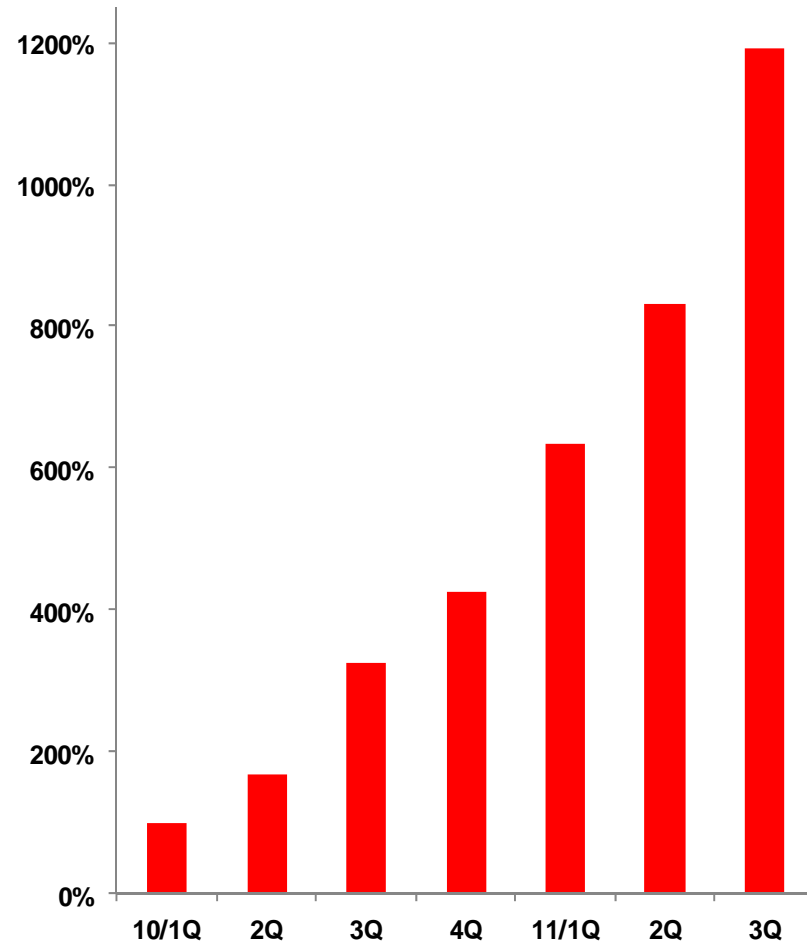
Expanding Usage of Smartphone Services of JAPAN

Page views of smartphone version of Yahoo! JAPAN start page



*October 2009 figure is baseline of 100%
*Some access through Apps not counted

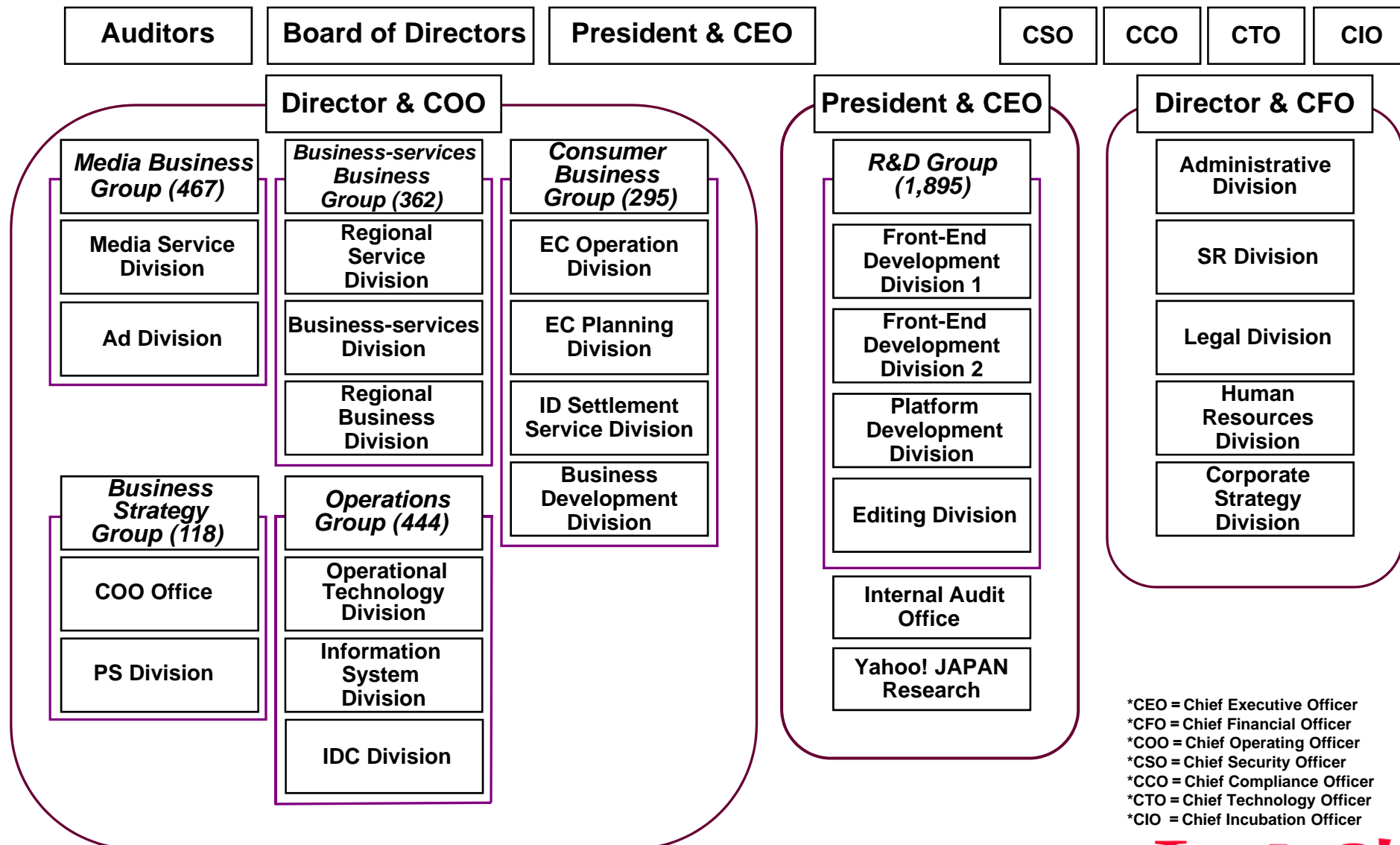
eCommerce transaction value on Yahoo! JAPAN through smartphones



*10/1Q figure is baseline of 100%

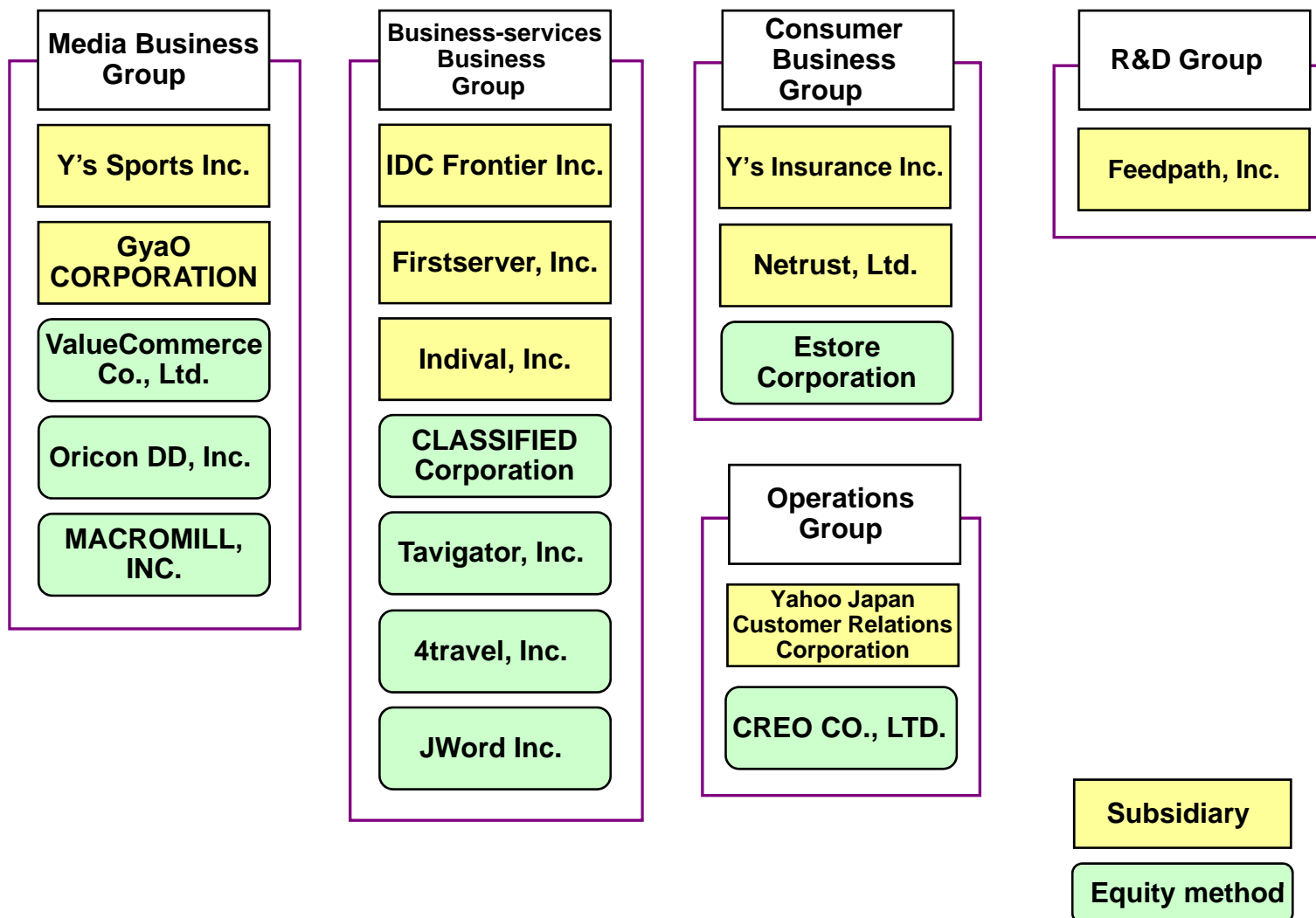


Y! Organization Chart of Yahoo! JAPAN



*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): 3,815
 Number of Employees (consolidated): 5,049
 As of December 31, 2011

Business Segments Breakdown

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/>