



Yahoo Japan Corporation
FY2011-1Q Business Results
(April-June 2011)

July 22, 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 June 30, 2011.”

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FY2011-1Q Highlights – Financial Data

Although the earthquake disaster continued to have an impact, revenues and profits both rose year on year, helped particularly by stronger listing advertising revenue.

* The transfer of the research business to MACROMILL, INC., and the sale of shares of NewsWatch, Inc., resulted in an approximately ¥1.2 billion decrease in quarterly revenue compared with a year earlier. However, this decline in revenue had only a minor effect on profits.

(¥100M)

| | 2010-1Q | 2011-1Q | YOY Change |
|-----------------------------|---------|---------|---------------|
| Revenue | 705 | 718 | 1.9% |
| Operating Income | 376 | 388 | 3.3% |
| Ordinary Income | 375 | 392 | 4.6% |
| Quarterly Net Income | 216 | 233 | 7.6% |

FY2011-1Q Highlights – Media Business

Listing advertising through advertising agencies

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

- Revenue from the financial sector declined under the impact of the earthquake disaster and other factors, but advertising from fashion and accessory and Internet information services companies increased. Although the revenue growth rate decreased, revenue rose compared with the same quarter last year.

Display advertising

- Revenues were almost flat compared with the first quarter last year. Advertising revenue from Internet-related companies and from the cosmetic and other sectors were firm. However, this growth was offset by declines in revenue from the automobile-related, entertainment software, and beverages and cigarettes sectors.

* The transfer of the research business to MACROMILL, INC. resulted in an approximately ¥1.1 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 | 2010-1Q | 2011-1Q | YOY Change |
|------------------|---------|---------|------------|
| Revenue | 256 | 251 | -1.9% |
| Operating Income | 130 | 137 | 5.2% |

FY2011-1Q Highlights – Business-services Business

Listing advertising through online order

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

- Revenue increased year on year and from the previous quarter, supported by the Internet information-related revenue growth.

Data center-related revenues

- Cloud computing-related revenues of IDC Frontier Inc. increased.
- Because demand for data center services, including cloud computing, rose sharply following the major earthquake, we are planning to expand our facilities.

Information listing revenues

- We launched Yahoo! Local, one of Japan's largest location-based information service sites.
- Information listing-related revenues of Yahoo! Real Estate and Yahoo! Rikunabi grew on a year-on-year basis.

(¥100M)

| Business-services Business | 2010-1Q | 2011-1Q | YOY Change |
|-------------------------------|---------|---------|------------|
| Revenue | 184 | 198 | 7.6% |
| Operating Income | 88 | 99 | 12.2% |

FY2011-1Q 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 compared with the previous quarter.
- On Yahoo! Shopping, transaction values for food, ladies fashions, and other categories dropped following the major earthquake. On the other hand, the transaction value of the household electronics category increased because of the rush to buy TVs before the full conversion to digital terrestrial TV broadcasting in Japan and because of the demand for products that contribute to electric power savings.
As a result, overall transaction value increased year on year.
- The continued decline in Yahoo! Auctions transaction value halted, supported by firm automobile and household electronics category transactions.
- Smartphone transaction value rose substantially on both Yahoo! Auctions and Yahoo! Shopping.
- Because of the active sales promotion activities for Yahoo! Auctions and Yahoo! Shopping, operating income of the Consumer Business segment decreased slightly compared with a year earlier.

Membership services revenues

- As of June 30, 2011, Yahoo! Premium membership IDs totaled 7.72 million IDs.
- Yahoo! Partner and Yahoo! Matchmaking performed well.

(¥100M)

| Consumer Business | 2010-1Q | 2011-1Q | YOY Change |
|--------------------------|----------------|----------------|-------------------|
| Revenue | 262 | 268 | 2.0% |
| Operating Income | 176 | 175 | -0.8% |

Review of FY2011-1Q Business Outlook

Listing advertising and game-related revenues rose substantially year on year. However, because display advertising revenues were flat, partially because of the impact of the major earthquake, overall revenues were almost the mid-point of our sales forecast range.

On the other hand, profit exceeded the mid-point of our forecast range. Although we promoted the use of our search service on Yahoo! Toolbar and other services and conducted sales promotions that awarded Yahoo! Points, the final totals of business commission and sales promotion costs fell below forecasts.

(¥ 100M)

| | Actual | Forecast (As of Apr. 22, 2011) |
|-----------------------------|---------------|------------------------------------------|
| Revenue | 718 | 704-739 |
| Operating Income | 388 | 373-396 |
| Ordinary Income | 392 | 377-400 |
| Quarterly Net Income | 233 | 222-236 |

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FY2011-2Q Business Outlook

We will aim to expand sales, particularly in our advertising, shopping-related, and pay digital content businesses.

* The fiscal 2010 transfer of the research business to MACROMILL, INC., and the sale of shares of NewsWatch, Inc., are expected to cause an approximately ¥0.5 billion decrease in revenue compared with the same quarter in the previous fiscal year.

We plan to continue to actively spend funds on sales promotions to expand e-commerce and pay digital content-related transaction value.

(¥ 100M)

| | 2010-2Q (Actual) | 2011-1Q (Actual) | 2011-2Q (Forecast) |
|-----------------------------|---------------------|---------------------|-----------------------|
| Revenue | 711 | 718 | 714-749 |
| Operating Income | 384 | 388 | 380-402 |
| Ordinary Income | 385 | 392 | 384-406 |
| Quarterly Net Income | 214 | 233 | 227-240 |

■ 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.

FY2011-1Q Financial Results

•Major Consolidated subsidiaries at the end of FY2011-1Q

- ◆ Cirius Technologies, Inc.
- ◆ Feedpath, Inc. **NEW!**
- ◆ 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 FY2011-1Q

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



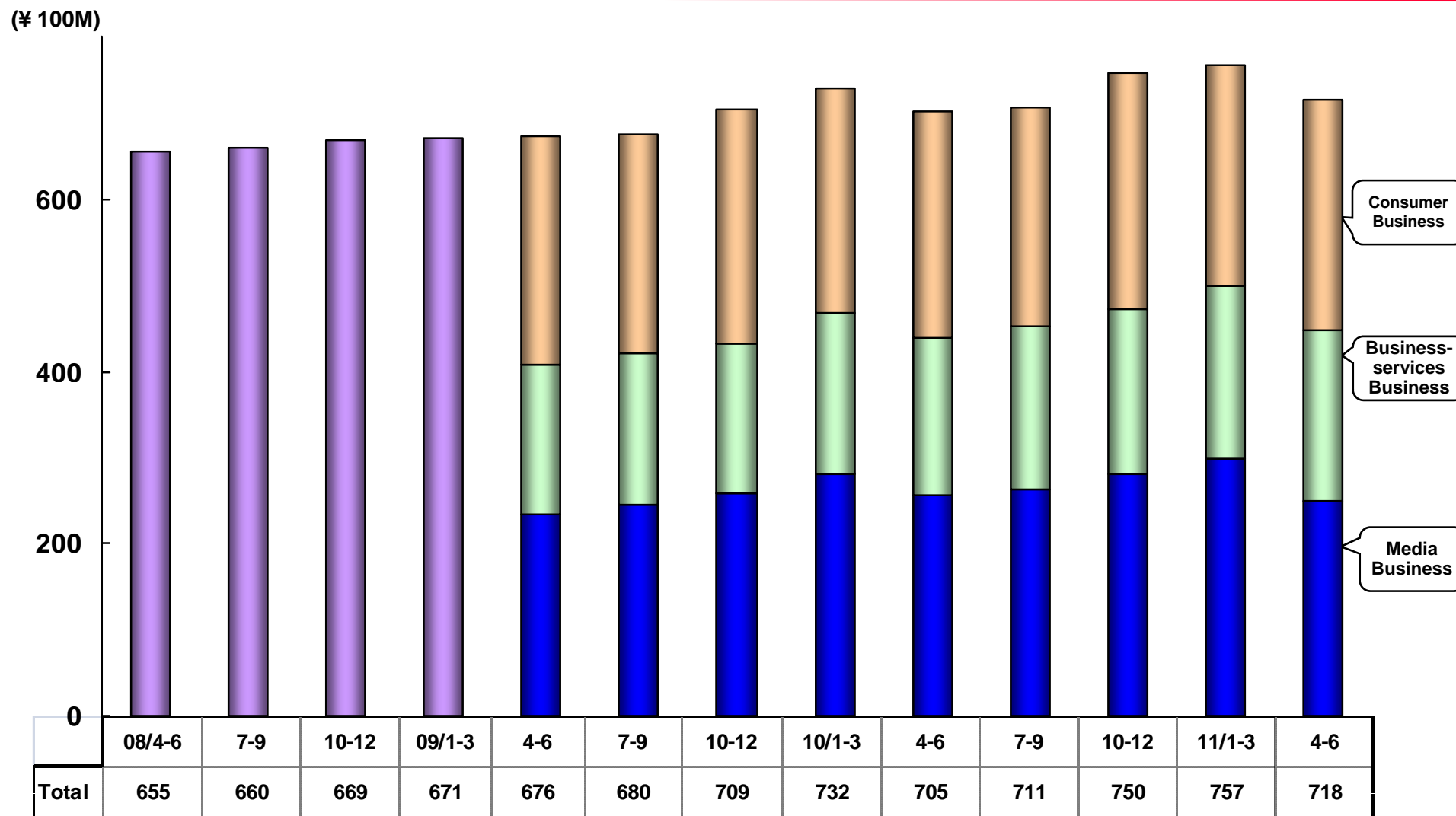
FY2011-1Q Statements of Income

| | 2010-1Q | 2011-1Q | YOY Change |
|-------------------------------------------------------------------|---------|---------|------------|
| Revenue (¥100M) | 705 | 718 | 1.9 % |
| Cost of Sales (¥100M) | 76 | 67 | -11.0 % |
| Gross Profit (¥100M) | 628 | 650 | 3.5 % |
| SG&A (¥100M) | 252 | 262 | 3.9 % |
| Operating Income (¥100M) | 376 | 388 | 3.3 % |
| Ordinary Income (¥100M) | 375 | 392 | 4.6 % |
| Quarterly Net Income (¥100M) | 216 | 233 | 7.6 % |
| Fully Diluted EPS (¥) | 372 | 401 | 7.7 % |
| Number of Shares Assuming Full Dilution (10 thousand) * | 5,806 | 5,800 | -0.1 % |

Notes:

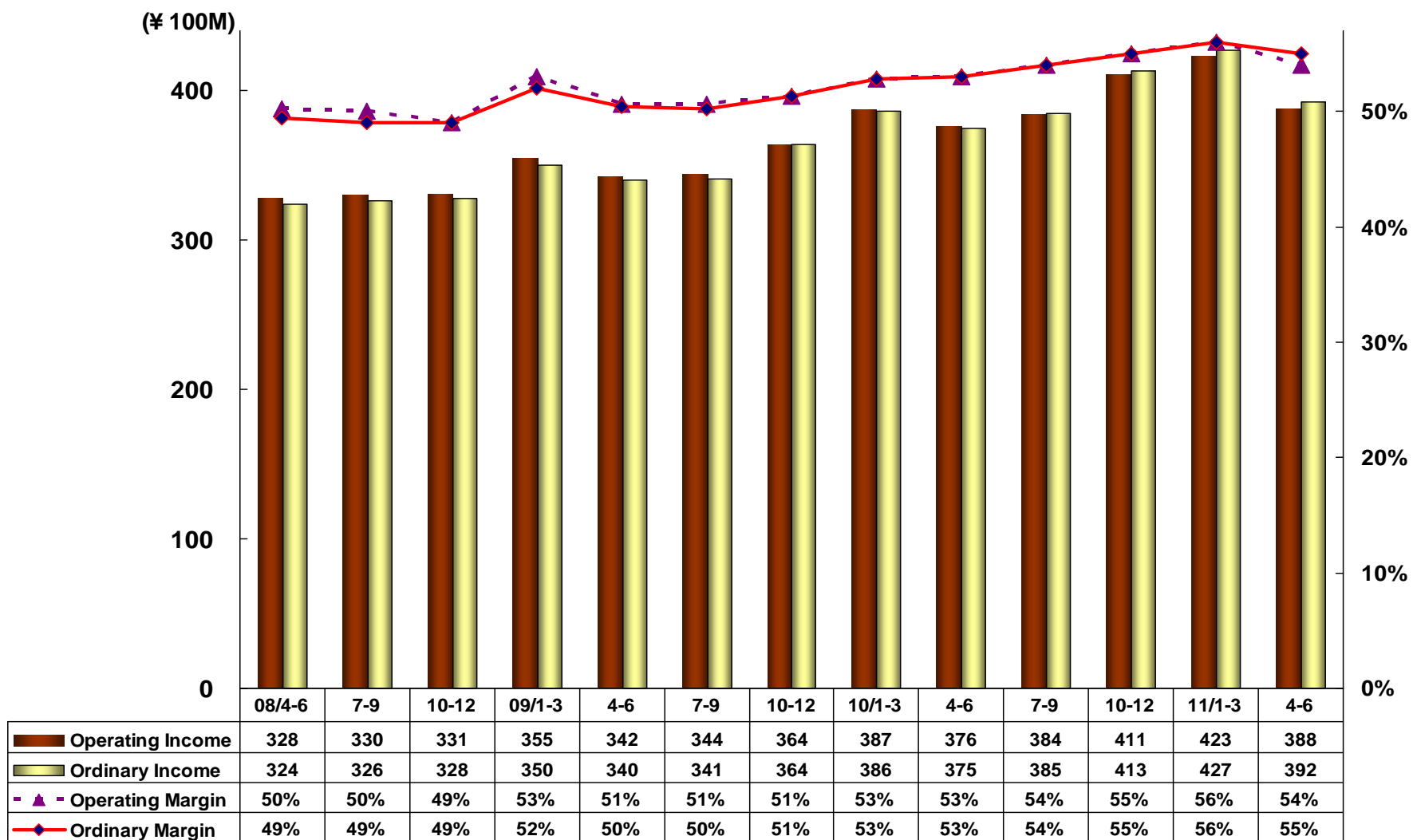
Number of Shares Assuming Full Dilution excludes treasury stocks.

Y! Quarterly Revenue



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

Y! Quarterly Profits



FY2011-1Q 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 | 251 | Advertising Others | 97% 3% | 24 | 88 | 137 | 138 | 54.9% | 55.1% |
| Business-services Business | 198 | Advertising Corporate Services Information Listing Services | 65% 23% 12% | 38 | 60 | 99 | 100 | 50.3% | 50.7% |
| Consumer Business | 268 | e-Commerce Related Membership Services Advertising Others | 57% 35% 3% 5% | 4 | 88 | 175 | 174 | 65.3% | 65.2% |

*Please see P. 26 for the product items involved in the revenue of each segment.

Y! Quarterly SG&A Breakdown

(¥ 100M)

| | 10/1Q | 10/4Q | 11/1Q | % | QoQ Change | YoY Change |
|-----------------------------------------|------------|------------|------------|---------------|-------------|-------------|
| Personnel Expenses | 79 | 75 | 84 | 32.2% | 12.3% | 5.8% |
| Business Commissions | 32 | 35 | 35 | 13.7% | 1.1% | 11.0% |
| Sales Promotion Costs | 15 | 23 | 25 | 9.8% | 7.5% | 65.7% |
| Royalties | 20 | 21 | 20 | 7.9% | -5.2% | 1.4% |
| Depreciation Expenses | 19 | 23 | 20 | 7.7% | -12.3% | 4.1% |
| Lease and Utility Expenses | 15 | 15 | 16 | 6.3% | 4.6% | 5.2% |
| Content Provider Fees | 16 | 14 | 14 | 5.5% | -2.6% | -11.7% |
| Communication Charges | 22 | 18 | 14 | 5.4% | -25.0% | -37.8% |
| Sales Commissions | 10 | 12 | 11 | 4.2% | -12.3% | 5.1% |
| Administrative and Maintenance Expenses | 5 | 5 | 5 | 2.1% | 6.3% | 6.4% |
| Advertising Costs | 2 | 11 | 4 | 1.5% | -66.2% | 62.9% |
| Taxes and Public Dues | 3 | 3 | 2 | 1.1% | -24.0% | -16.6% |
| Fixtures and Fittings | 0 | 0 | 1 | 0.6% | 75.1% | 148.5% |
| Compensation | 1 | 0 | 1 | 0.5% | 44.2% | 13.4% |
| Others | 6 | -4 | 3 | 1.4% | n.a. | -41.8% |
| SG&A Total | 252 | 260 | 262 | 100.0% | 0.9% | 3.9% |

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! FY2011-1Q Balance Sheets

| Major Items | As of 2010/6/30 | As of 2011/6/30 | Increase/ Decrease | Major Factors for Increase/Decrease | (¥ 100M) |
|-------------------------------------------------|--------------------|--------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------|
| < Assets > | | | | | |
| Current Assets | 1,879 | 2,375 | 496 | Increase in cash from operating activities | |
| Cash and Deposits | 1,032 | 1,752 | 720 | | |
| Other Current Assets | 474 | 265 | -208 | Accounts Receivable-Others down due to payment by SOFTBANK CORP., related to last fiscal year's revised income tax assessment | |
| Fixed Assets | 2,168 | 2,205 | 36 | | |
| Tangible Fixed Assets | 278 | 300 | 21 | | |
| Intangible Fixed Assets | 143 | 113 | -30 | Downward revision of goodwill of IDC Frontier in accordance with the revised income tax assessment. | |
| Investment Securities | 1,607 | 424 | -1,183 | | |
| Long-term Receivable - Other | - | 1,226 | 1,226 | Sales of shares of B.B. Mobile Corp., to SOFTBANK CORP. | |
| Total Assets | 4,048 | 4,580 | 532 | | |
| < Liabilities > | | | | | |
| Current Liabilities | 857 | 654 | -203 | | |
| Accounts Payable-Other | 121 | 139 | 17 | | |
| Accrued Income Taxes | 376 | 133 | -242 | Additional tax payment made for a revised tax assessment related to the merger with SOFTBANK IDC Solutions Corp. (IDC) in fiscal 2010. | |
| Long-term Liabilities | 24 | 26 | 2 | | |
| Total Liabilities | 881 | 680 | -200 | | |
| <Net Assets> | | | | | |
| Shareholders' Equity | 3,125 | 3,861 | 736 | | |
| Common Stock | 75 | 79 | 4 | | |
| Capital Surplus | 26 | 30 | 4 | | |
| Retained Earnings | 3,054 | 3,807 | 753 | | |
| Accumulated Other Comprehensive Income | 12 | 8 | -3 | | |
| Minority Interests in Consolidated Subsidiaries | 23 | 22 | -0 | | |
| Total Net Assets | 3,166 | 3,899 | 733 | | |
| Total Liabilities and Net Assets | 4,048 | 4,580 | 532 | | |

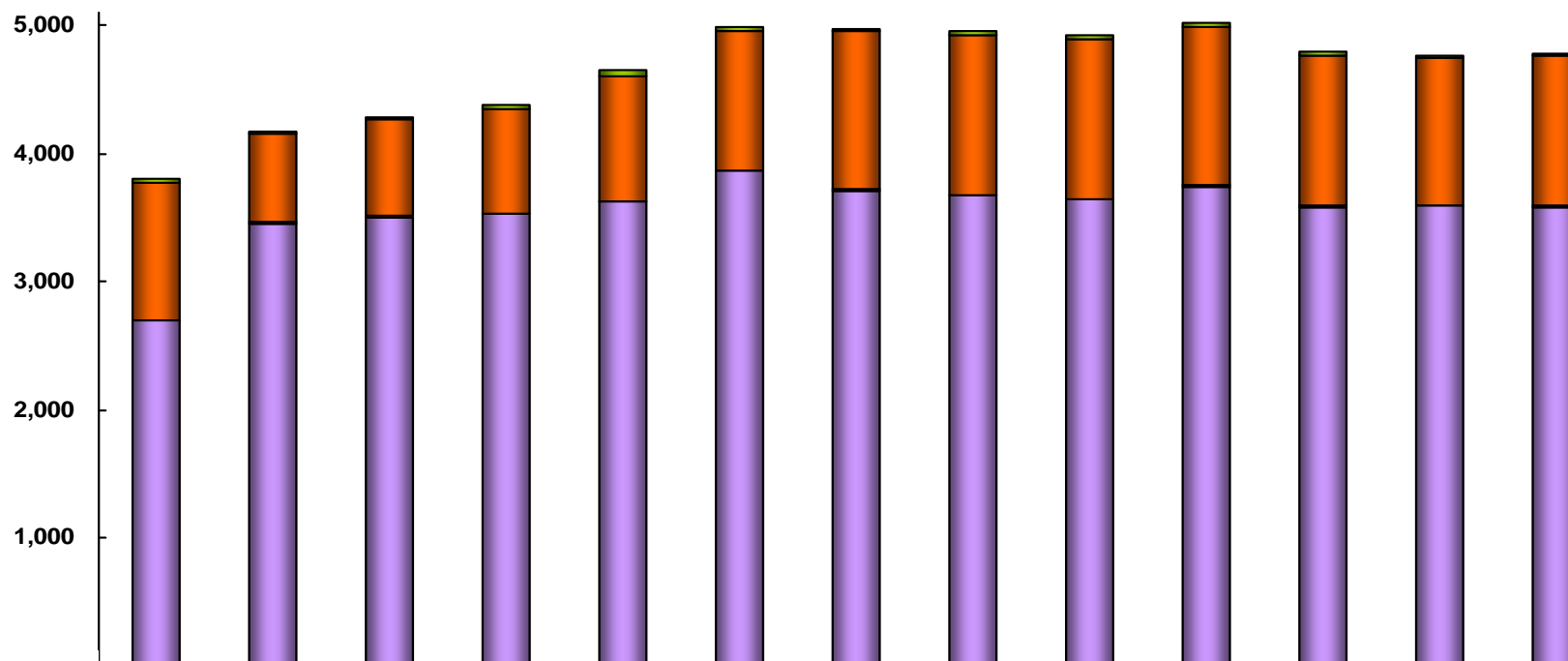
FY2011-1Q Cash Flow Statements

| Major Items | FY2011-1Q (Apr.-Jun. 2011) | Major Factors for Changes (¥ 100M) |
|------------------------------------------|-------------------------------|------------------------------------------------------|
| <u>Operating Activities</u> | <u>80</u> | |
| Quarterly Net Income before Income Taxes | 392 | Increase in quarterly net income before income taxes |
| Depreciation Expenses | 23 | |
| Accounts Receivable-Trade | 34 | |
| Other Current Assets/Liabilities | -33 | |
| Payment of Income Taxes | -332 | |
| <u>Investing Activities</u> | <u>-30</u> | |
| Acquisition of Tangible Fixed Assets | -25 | Acquisition of servers |
| Acquisition of Intangible Fixed Assets | -5 | |
| <u>Financing Activities</u> | <u>-184</u> | |
| Dividends Paid | -184 | |
| <u>Net Change in Cash Flows</u> | <u>-134</u> | |

Y! Number of Directors and Employees

(Number of People)

(at the End of Quarter)



| | 08/6 | 9 | 12 | 09/3 | 6 | 9 | 12 | 10/3 | 6 | 9 | 12 | 11/3 | 6 |
|----------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Directors and Auditors of Subsidiaries | 26 | 25 | 24 | 39 | 31 | 32 | 30 | 30 | 24 | 24 | 17 | 17 | 18 |
| Employees of Subsidiaries | 685 | 747 | 814 | 977 | 1,082 | 1,228 | 1,249 | 1,238 | 1,238 | 1,177 | 1,142 | 1,164 | 1,176 |
| Directors and Auditors of Yahoo! JAPAN | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Employees of Yahoo! JAPAN | 3,459 | 3,508 | 3,532 | 3,622 | 3,863 | 3,712 | 3,670 | 3,644 | 3,743 | 3,586 | 3,591 | 3,584 | 3,876 |
| Total | 4,179 | 4,289 | 4,379 | 4,647 | 4,985 | 4,981 | 4,958 | 4,921 | 5,014 | 4,796 | 4,759 | 4,774 | 5,079 |

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
- Information Processing/Software/Internet Information Service
- Interior/Gardening/Reform/DIY

Industries with large year on year decrease

- Finance/Insurance/Securities

| | 10/1Q | 2Q | 3Q | 4Q | 11/1Q |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Finance/Insurance/Securities | 12.6% | 11.4% | 10.6% | 10.7% | 10.4% |
| Transportation/Leisure | 8.0% | 10.5% | 8.2% | 8.2% | 7.9% |
| Department Stores/Mail Order/Shopping Malls | 7.4% | 6.1% | 7.4% | 6.8% | 7.3% |
| Cosmetics/Toiletries/Health Foods and Appliances | 6.9% | 7.1% | 7.1% | 6.3% | 7.1% |
| Medical, Welfare, Health and Beauty | 7.0% | 6.9% | 6.2% | 6.3% | 6.9% |
| Real Estate/Household Equipment | 6.1% | 6.2% | 6.0% | 8.0% | 6.1% |
| Information Processing/Software/Internet Information Service | 5.1% | 4.2% | 6.1% | 5.9% | 5.6% |
| Education/University | 6.1% | 6.2% | 5.1% | 6.1% | 5.5% |
| Fashion/Accessories | 3.9% | 4.6% | 5.0% | 4.7% | 5.1% |
| Interior/Gardening/Reform/DIY | 3.1% | 3.0% | 2.9% | 2.9% | 3.6% |
| Recruitment Services | 3.0% | 3.3% | 3.1% | 4.2% | 3.6% |
| Autos (Transportation Equipment) | 2.7% | 2.8% | 2.9% | 3.3% | 2.9% |
| Others | 28.1% | 27.7% | 29.4% | 26.6% | 28.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Display Advertising Revenue by Industry

Industries with large year on year increase

- Internet Information Service/Email Service
- Cosmetics/Toiletries
- Foodstuffs

Industries with large year on year decrease

- Autos (Transport Equipment)
- Entertainment Related Software
- Beverages/Cigarettes

| | 10/1Q | 2Q | 3Q | 4Q | 11/1Q |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Finance/Insurance/Securities | 14.9% | 16.8% | 15.3% | 16.1% | 14.9% |
| Cosmetics/Toiletries | 8.8% | 9.3% | 7.9% | 6.7% | 12.0% |
| Real Estate/Construction | 9.6% | 9.3% | 8.0% | 11.8% | 10.3% |
| Autos (Transport Equipment) | 14.0% | 13.3% | 12.6% | 12.8% | 9.1% |
| Transportation/Leisure | 8.1% | 7.2% | 7.4% | 7.6% | 7.0% |
| Internet Information Service/Email Service | 3.0% | 3.7% | 5.3% | 5.0% | 7.0% |
| Foodstuffs | 5.2% | 4.5% | 5.2% | 4.8% | 6.9% |
| Fashion/Accessories | 3.8% | 3.6% | 4.8% | 2.8% | 4.4% |
| Beverages/Cigarettes | 5.3% | 4.1% | 3.7% | 4.0% | 4.2% |
| Mobile Communications Service | 3.4% | 3.1% | 4.7% | 5.7% | 3.1% |
| Home Electronics/AV Equipment | 1.6% | 1.4% | 3.4% | 1.2% | 2.5% |
| Computers/Office Equipment | 1.6% | 2.9% | 2.7% | 2.8% | 2.0% |
| Others | 20.7% | 20.8% | 19.0% | 18.7% | 16.6% |
| 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) | FY2010-1Q | FY2011-1Q |
|----------------------------------------------------------------|-----------|-----------|
| Number of Yahoo! JAPAN total monthly page views (millions) | 48,043 | 52,160 |
| Number of monthly mobile phone page views (millions) | 7,804 | 10,115 |
| Number of Yahoo! JAPAN monthly unique browsers (millions)(*1) | 217.56 | 243.90 |
| Number of Yahoo! JAPAN monthly active users IDs (millions)(*2) | 24.11 | 25.72 |
| Number of Yahoo! Premium member IDs (quarter-end)(millions) | 7.60 | 7.72 |

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

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



Quarterly Business Data (2)

| Indicator (Quarterly average) | FY2010-1Q | FY2011-1Q |
|---------------------------------------------------------------------|-----------|-----------|
| <u>Yahoo! Auctions</u> | | |
| Number of monthly unique browsers (millions) | 36.37 | 39.57 |
| Number of stores (quarter-end) | 17,233 | 17,341 |
| Transaction value (quarterly total)(100 millions of yen) | 1,655 | 1,700 |
| Unit price of winning bid (yen) | 4,697 | 4,879 |
| Winning bid ratio (%) | 15 | 13 |
| <u>Shopping Related</u> | | |
| Number of monthly unique browsers (millions) | 35.19 | 39.26 |
| Number of stores (quarter-end) | 17,537 | 20,355 |
| Transaction value (quarterly total)(100 millions of yen)(*1) | 659 | 717 |
| <u>Yahoo! Auctions + Shopping</u> | | |
| Transaction value (quarterly total)(100 millions of yen) | 2,315 | 2,417 |
| Mobile transaction value (quarterly total)(100 millions of yen)(*2) | 409 | 561 |

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

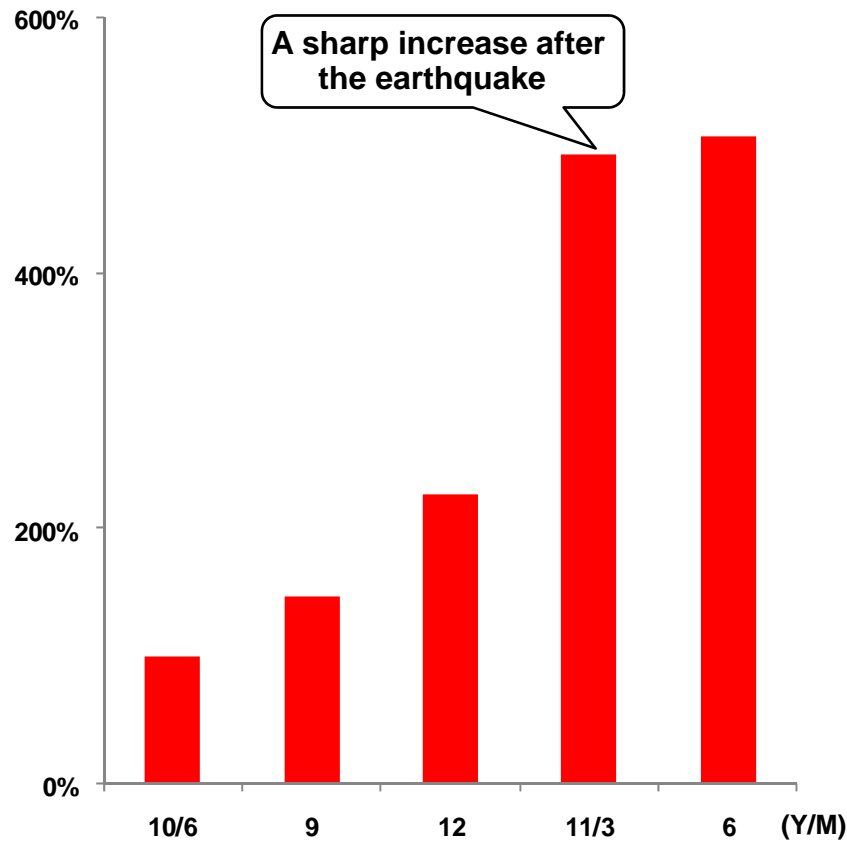
(*2) Previously, transactions were only counted in Yahoo! Auctions mobile transaction value if a final bid was made through a mobile device. However, as of January 1, 2011, the definition was changed to include all bids through mobile devices.

22 Past data has not been retroactively adjusted.



Expanding Usage of Smartphone Services of Yahoo! JAPAN

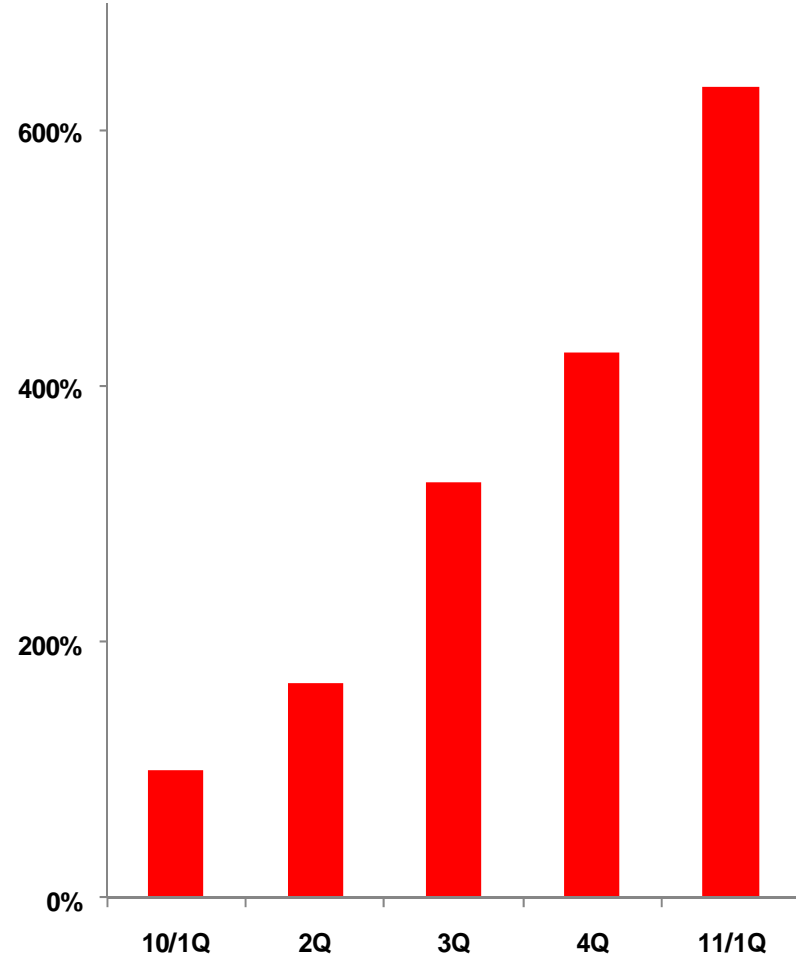
Page views of smartphone version of Yahoo! JAPAN start page



A sharp increase after the earthquake

* June 2010 figure is baseline of 100%
* Some access through Apps not counted

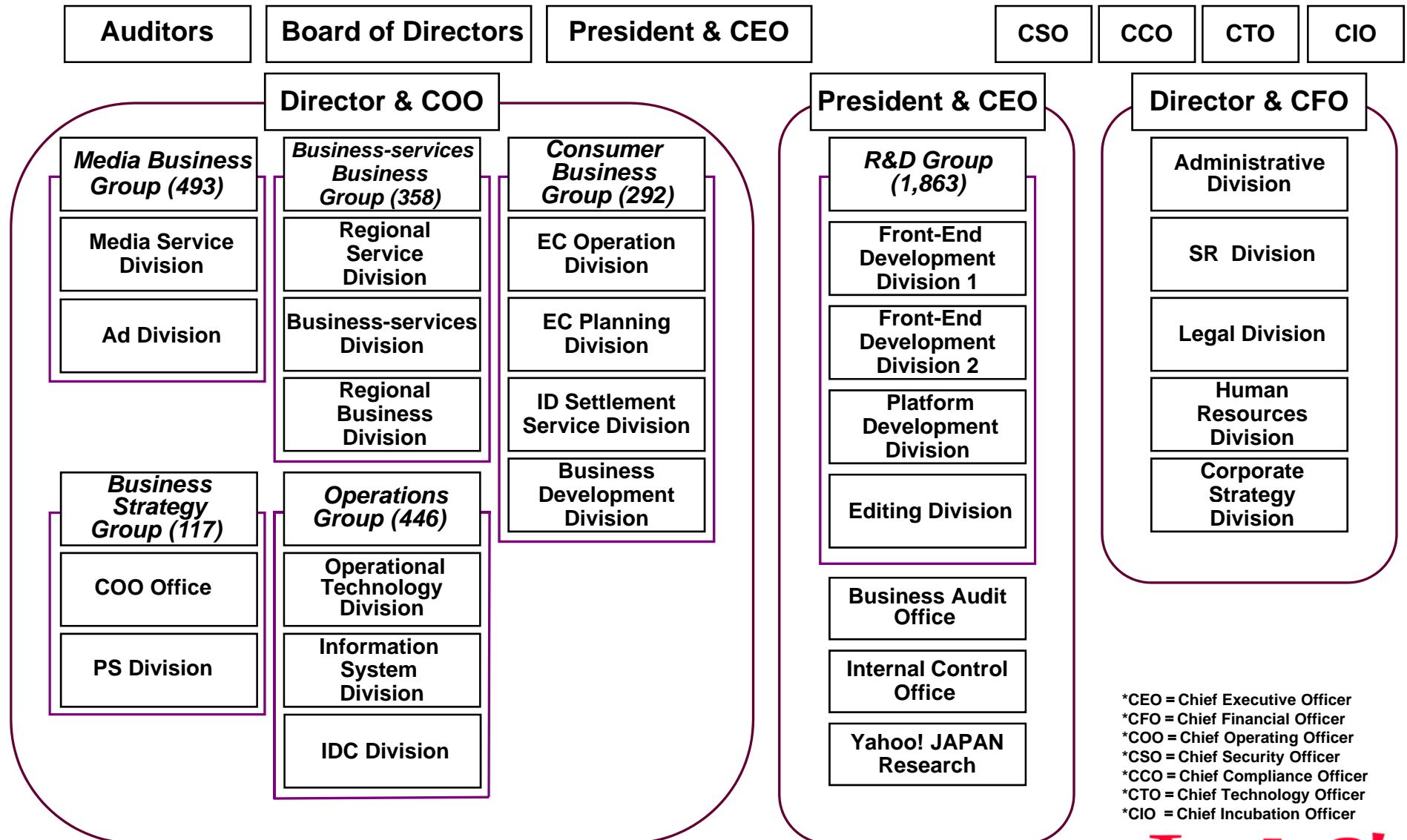
eCommerce transaction value on Yahoo! JAPAN through smartphones



*10/1Q figure is baseline of 100%

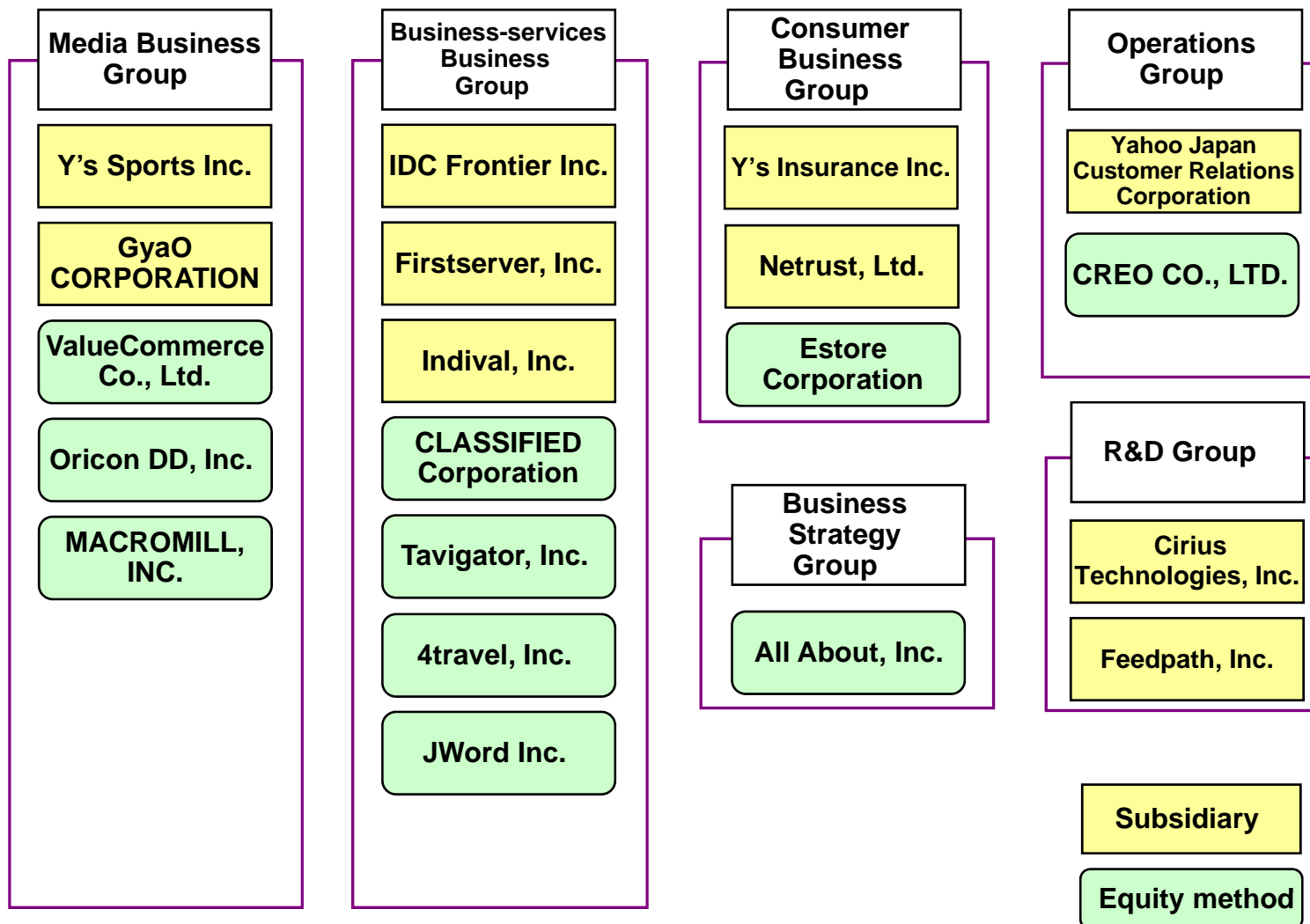


Y! Organization Chart of Yahoo! JAPAN



*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): 3,876
 Number of Employees (consolidated): 5,052
 As of June 30, 2011

Business Segments Breakdown

Main Components

Media Business

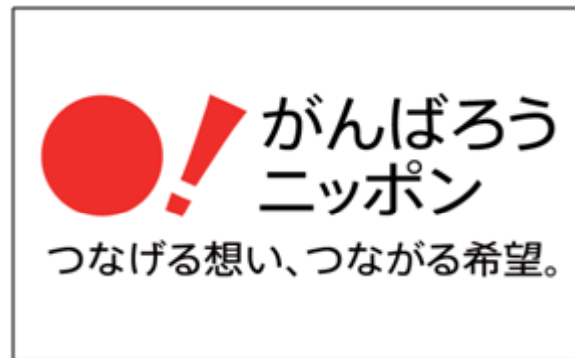
- Advertising: Listing advertising through advertising agencies
Display advertising (banner, text, email, and video advertising)

Business-services Business

- Advertising: Listing advertising through online order
- Corporate services: Data center related revenues / Yahoo! WebHosting / Yahoo! Travel
- 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/>