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To whom it may concern

Yahoo Japan Corporation
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Stock code: 4689

**Strategic Alliance with SMBC Group
in Internet Financial Services Business**

Yahoo Japan Corporation (the “Company”), The Japan Net Bank, Limited (“Japan Net Bank”), and Sumitomo Mitsui Banking Corporation (“SMBC”) today announced they had reached a fundamental agreement on a strategic business and capital alliance to create and develop a new Internet financial services business by combining the Internet portal service of the Company and the Internet banking service of Japan Net Bank. Details are as follows.

1. Purpose of Alliance

The Company and Japan Net Bank will become strategic partners in creating a new Internet financial services business that links up their portal site and Internet banking businesses. The new services will cater to the wide-ranging needs of Internet users.

2. Outline of Business Alliance

Blending their brand power, customer bases, know how, and experience, the Company and Japan Net Bank will jointly develop and offer new products and services. The collaboration enables the Company to provide its customers with advanced and convenient settlement and other financial services closely tied up with its existing services and “Yahoo! JAPAN ID,” and Japan Net Bank to provide Internet settlement services that more closely match users’ consumption patterns thereby improving user convenience and increasing its customer base.

3. Outline of Capital Alliance

Contingent on the approval of the related authorities, the Company, Japan Net Bank, and SMBC will form a capital alliance.

(1) Establishment of a bank holding company

SMBC will establish a bank holding company to operate Japan Net Bank. To start with, the bank holding company will acquire a 57% stake in the Japan Net Bank, and will consider holding up to 75% to 80% in the future.

(2) Capital participation by the Company

The Company will acquire 14.9% of the shares of the bank holding company from SMBC, and expand its stake up to a maximum of 50% through participation in capital increases by the bank holding company. The Company and SMBC will jointly manage the bank holding company.

(3) Capital increase by Japan Net Bank

To strengthen its capital base and prepare for future risk factors, Japan Net Bank will consider increasing capital by ¥30 billion to ¥40 billion.

4. Schedule (Planned)

First half of FY2006: Establishment of the bank holding company
(The Company will acquire 14.9%)

By the end of 2006: Start of new settlement services
Capital increase by the bank holding company
Capital increase by Japan Net Bank

5. Outline of Japan Net Bank

- (1) Company name: The Japan Net Bank, Limited
- (2) Main business: Banking services
- (3) Established: September 19, 2000
- (4) Location: 2-1-1, Nishi-shinjuku, Shinjuku-ku, Tokyo
- (5) Representative: Shuichi Fujimori, President
- (6) Paid-in capital: ¥20,000 million (as of September 30, 2005)
- (7) Number of employees: 80 (as of September 30, 2005)
- (8) Major shareholders and stake (as of September 30, 2005):
- | | |
|-------------------------------------|-------|
| Sumitomo Mitsui Banking Corporation | 57.0% |
| Fujitsu Limited | 10.0% |

Nippon Life Insurance Company 10.0%

(9) Relationship with the Company:

None in particular

6. Outline of SMBC

- (1) Company name: Sumitomo Mitsui Banking Corporation
(2) Main business: Banking services
(3) Established: June 6, 1996
(4) Location: 1-1-2, Yurakucho, Chiyoda-ku, Tokyo
(5) Representative: Masayuki Oku, President
(6) Paid-in capital: ¥664,986 million (as of September 30, 2005)
(7) Number of employees: 16,806 (as of September 30, 2005)
(8) Major shareholders and stake (as of September 30, 2005):
Sumitomo Mitsui Financial Group, Inc. 100.0%

(9) Relationship with the Company:

None in particular

7. Perspectives

Although the Company expects its services to be upgraded and its earnings to expand as a result of this agreement, it has no concrete plans at this time. Therefore, it cannot provide any estimates. The agreement will have no impact on the Company's business performance for the fiscal year ending March 31, 2006.