

News Release

To all members of the press

December 16, 2008

AUN Consulting, Inc.

Top 10 SEM News Items of 2008 as chosen by AUN Consulting
**No. 1 is “Microsoft proposes, then retracts plan
to acquire Yahoo!”**

AUN Consulting Inc. (head office Chiyoda-ku, Tokyo; President and CEO Akira Shida), provider of consulting services for multilingual (English, Chinese, Japanese) SEM (search engine marketing) for PC & mobile applications, is pleased to announce its selected “Top 10 SEM News Items” for 2008. Relying upon its unique perspective, AUN Consulting has reviewed and selected these top 10 news items from among the year’s newsworthy stories, both Japanese and international. A short list of around 40 news stories was first compiled by a panel of 10 (principally, exclusive consultants) from the internally-circulated summaries of SEM industry-related news regularly gathered by AUN Consulting analysts. Subsequently, the newsworthiness of these was rated by an internal survey. The period of news covered was January 1 to December 1, 2008. Additionally, AUN Consulting is pleased to make this announcement available in Japanese and English.

Top 10 SEM (Search Engine Marketing) related news items for 2008**No. 1 Microsoft proposes, then retracts plan to acquire Yahoo!**

In February 2008, Microsoft (US) announced its intentions to acquire Yahoo! (US). This proposal was aimed at pursuing Google, which is currently far ahead in the search engine market and is increasing its presence in the online advertising market. However, the two companies were unable to reach agreement on the amount for acquisition and after receiving criticism on antitrust legal grounds, Microsoft retracted its proposal for this acquisition in May, announcing that it would not make moves toward a hostile takeover. It is expected that in future, several companies may band together to attempt to oppose Google in some other way. Even the smallest actions of Google & Yahoo! – the two major players in the field – have a massive influence and generate great interest not only for the SEM industry but also among general users. This sequence of events was perhaps an opportunity to promote corporate M&A schemes as well as various technical innovations.

No. 2 NTT Docomo and Google announce collaboration, equip iMenu with Google search

In January 2008, NTT Docomo and Google announced their collaboration on mobile phone Net services by introducing Google search technology and search-linked advertising for the i-mode search service. All Google services are usable from i-mode terminals. In April, NTT Docomo overhauled iMenu entirely. The top page of iMenu, which serves as a portal to the i-mode official site, is now equipped with a Google search field. The top page has also commenced providing news and weather reports. Yahoo! Japan still maintains its overwhelming share of the Japanese PC search market, but Google has now acquired a large share of the mobile search market. The struggle for mobile

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search market share is expected to intensify in days to come, and we can expect to see further development of mobile terminals and services to meet the particular needs of the mobile market.

No. 3 Overture commences provision of Interest Match™ interest-linked advertising service

In July 2008, in addition to standard web content analysis, Yahoo! Japan and Overture commenced provision of Interest Match™, a pay-per-click advertising service capable of searching for users' interests from present and past browsing behavior and then displaying optimized advertising. Display priority is determined through a combination of bid price and degree of user interest. Placement of advertising is based not only on page content, but also user attributes such as sex, age, and region, as well as behaviors such as the type of pages viewed in the past. This raises matching precision. For example, consider a user seeking new employment who frequently views career change-related sites. Under this system, even when viewing second-hand car sites, career change-related advertising will be displayed to that user.

No. 4 Google & Yahoo! break off plans for advertising partnership

In June 2008, Google (US) and Yahoo! (US) agreed to collaborate on an online advertising service. In November, however, this partnership was called off. The proposed partnership involved the display of Google online advertising on Yahoo! search results and some Yahoo! websites in the USA and Canada. It was proposed by Google (US) as a defense measure against the demonstrated willingness of Microsoft (US) to enact a hostile takeover as part of its plan to acquire Yahoo! (US). However, Google (US) judged that this action was not enough to allay concerns among regulatory authorities and some advertisers. On the other hand, Yahoo! (US) believed that the partnership should go ahead, and the partnership was broken off amid reluctance from Yahoo!. The struggle for search services dominance among Google, Yahoo!, and Microsoft is expected to continue.

No. 5 Baidu acquires 60.5% of Chinese search market share, commences Japanese-language services in earnest from January 23

In January 2008, Baidu broke through to occupy 60.5% of the Chinese search market share. In July, it held 12.9% of the world search market share, making it the third largest search engine after Google and Yahoo!. Its first step towards overseas expansion was establishment of a Japanese subsidiary in 2006, which commenced provision of Japanese-language web, image, movie and blog search services in January 2008. Baidu gained great popularity in China by offering services geared to local conditions, such as MP3 searches and message boards demonstrating good understanding of the Chinese language and people. In Japan, it has strengthened localization to meet the particular needs of the Japanese language and people, and is promoting its usage as the "second search engine." In September 2008, the South Korean search engine NAVER hit Japan once more. Further revitalization of the Japanese search engine market, which is virtually dominated by Yahoo! Japan and Google, is expected.

No. 6 Overture's Sponsored Search service for PCs shifts to fluctuating lowest-price model

In August 2008, Overture's PC search-linked advertising service, Sponsored Search, shifted over to a fluctuating lowest-price model. The lowest price is now set to fluctuate, with the previous across-the-board lowest price of 9 yen (alternatively 35 yen) now abolished. After this shift, the lowest price will vary depending on certain variables like



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keyword value/significance, advertising quality, number of bids, and bid price. The lowest price could reach as low as 1 yen, when advertising quality is high. However, it is also possible that lowest prices for lower-quality advertising could rise. For this reason, this system is sure to test advertisers' skills in advertising creativity, keyword selection, ad preparation, and operations management.

No. 7 Chinese mobile phone users reach 600 million: 4.7 times the population of Japan

In the first half of 2008, mobile phone sales within China reached 96.403 million units, with the number of mobile phone users breaking 601 million. This number equates to roughly 4.7 times the estimated population of Japan, which stands around 127.7 million persons (as of November 2008). 28.9% of Chinese Net users used a mobile phone to access the Internet within the past 6 months, with the number of Chinese mobile phone Net users now reaching 73.05 million persons. It is thought that mobile phone Net access is a major factor in the increase of Internet users within China. It seems likely that the increase in mobile phone users will accelerate the mass spread of the Internet in China.

No. 8 Google develops new Flash index algorithm

In June 2008, Google (US) developed a new Adobe Flash index algorithm with performance enhanced by integration with Adobe Flash player technology. With this new technique, Flash textual content such as Flash menus, buttons, and banners can be more handily indexed than previously possible. The algorithm improves crawling and registration of Flash content far beyond conventional means.

No. 9 Google quality score now evaluates landing page read time

In June 2008 Google introduced a new standard incorporating load time for linked pages (landing pages) into its quality score evaluation. Landing pages with faster load times receive higher quality scores, and slower pages receive lower scores.

No. 10 Google commences demographic bidding – AdWords advertising targets both sex and age

In March 2008, Google (US) commenced demographic bidding, whereby all AdWords advertisers can both bid on prices and choose to restrict visibility of advertising depending on factors such as sex, age, and income. The service is available through certain content network providers such as youtube.com, myspace.com, and cnn.com, whose user profiles are grasped by Google.

AUN Consulting, Inc.

[Description of Business] Consulting on multilingual (English, Chinese, Japanese) SEM (Search Engine Marketing) for PCs & mobile applications

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