

February 21, 2007

To whom it may concern

Yahoo Japan Corporation  
Masahiro Inoue, President & CEO  
Stock code: 4689

**Notification of Acquisition of Shares of  
YUME NO MACHI SOUZOU IINKAI CO.,LTD through a Tender Offer**

In a meeting of the board of directors held today, Yahoo Japan Corporation (hereinafter referred to as the "Company") decided to make a tender offer for common shares of YUME NO MACHI SOUZOU IINKAI CO.,LTD, (Hercules; stock code, 2484; hereinafter referred to as "YUME NO MACHI SOUZOU IINKAI" or the "Target Company"). Details are as follows.

**I . Purpose of tender offer**

Yahoo Japan Corporation plans to aggressively enter business areas other than online food delivery services, such as take-out reservations and food supply deliveries, utilizing the technology and know-how of YUME NO MACHI SOUZOU IINKAI that has allowed that company to maintain a dominant position in the online food delivery service market and the comprehensive capabilities of the Company's Yahoo! Gourmet services. To that end, the Company has made a friendly tender offer for YUME NO MACHI SOUZOU IINKAI that has been approved by that company. The purpose of the offer is to further strengthen the stable and ongoing collaboration between the two companies.

Yahoo Japan Corporation formed a capital alliance with YUME NO MACHI SOUZOU IINKAI in October 2004, acquiring 4,000 shares (23.24% of issued shares) and becoming the largest shareholder in the company. Through this tender offer, the Company will increase its stake to 7,200 shares (41.84% of issued shares). However, even after the tender offer is completed, YUME NO MACHI SOUZOU IINKAI will remain an affiliate accounted for by the equity method, and the Company will continue to respect the opinions of the current

management of YUME NO MACHI SOUZOU IINKAI. Yahoo Japan Corporation plans to enter the take-out reservation and other markets by achieving a high degree of synergy in its development of strategies utilizing and sharing the know-how, infrastructure, and resources of the two companies. Yahoo Japan Corporation has no plans to make further purchases of shares following the current tender offer. Furthermore, the tender offer has an upper limit on the number of shares to be purchased, and plans to call for the shares of YUME NO MACHI SOUZOU IINKAI to continue to be listed on the Hercules after the completion of the tender offer.

YUME NO MACHI SOUZOU IINKAI's core business is the operation of the comprehensive courier and home delivery service site (<http://demaecan.com>; hereinafter referred to as "Demaecan"). However, the company also operates an advertising agency business using the know-how it has developed through operating Demae-can and its network of affiliate stores and a personal emergency help service site (<http://kaketsukecan.com>; hereinafter referred to as "Kaketsuke-can").

Demaecan is a virtual shopping mall specializing in delivery services. It is mainly populated by pizza, sushi, bento (lunchbox), and other take-out food stores via personal computers and mobile phones. Consumers access the site, select the store and menu that suits their needs, and order. The basic method of distributing these orders is through an original system developed by YUME NO MACHI SOUZOU IINKAI. Following the reception of an order, the system processes it, and transmits it by facsimile to the specified store.

Based on this system, YUME NO MACHI SOUZOU IINKAI has captured an overwhelming share of the online food delivery market and forged strong ties with pizza and other major home delivery food chains as well as developing a facsimile machine infrastructure linking its Internet system to real (non-virtual) stores. For this reason, YUME NO MACHI SOUZOU IINKAI is an extremely important partner for the Company's Yahoo! Gourmet service.

Through its additional investment in YUME NO MACHI SOUZOU IINKAI, the Company will pursue greater personnel exchange, build a stronger and more stable relationship, and create a sense of better synchronized speed in their collaborative operations. Utilizing these attributes, the Company will

respond to the diversifying needs of customers and expand its services with the goal of becoming the overwhelming leader in the field. In future, the Company will work with YUME NO MACHI SOUZOU IINKAI to build an Internet service that provides convenient and easy-to-use services that are closely connected to daily life and are available “anytime, anywhere.” To achieve this goal, the companies will develop a business model that offers advantages for clients and users alike by shifting to success-compensation-based merchandise, introducing point back and affiliate sales systems, and other measures. They will also expand their online reservation services, such as take-out reservations and strengthen their food materials, alcoholic beverages, and other supplies delivery services. Moreover, they will make it possible for customers to order online using their mobile phones as well as personal computers.

Yahoo Japan Corporation has received an indication from YUME NO MACHI SOUZOU IINKAI’s business partner and second largest shareholder, Index Holdings, that it will agree to tender its 3,200 shares of YUME NO MACHI SOUZOU IINKAI in the current tender offering.

Moreover, in a meeting of the board of directors held on February 21, 2007, YUME NO MACHI SOUZOU IINKAI decided to announce its approval of the tender offer.

## II . Outline of tender offer

### 1. Outline of Target Company

(1) Company name	YUME NO MACHI SOUZOU IINKAI CO.,LTD
(2) Main business	Operating of comprehensive delivery site Demae-can, advertising agency services, utilizing delivery channels, and operation and commissioning services for personal emergency solution services site Kaketsuke-can.
(3) Establishment	September 9, 1999
(4) Head office address	4-2, Kita Kyuhoji-cho 4-chome, Chuo-ku, Osaka
(5) Representative	Rie Nakamura, President and CEO

(6) Paid-in capital	¥1,044 million (as of August 31, 2006)	
(7) Major shareholders and stake (as of August 31, 2006) (See notes 1, 2)	Yahoo Japan Corporation	23.24%
	Index Holdings	23.24%
	Rie Nakamura	6.62%
	Japan Trustee Services Bank, Ltd. (Trust account).	4.00%
	Osaka Securities Finance Co., Ltd.	1.47%
(8) Target Company Relationship with Yahoo Japan Corporation	Capital ties	Yahoo Japan Corporation holds 23.24% of issued shares (4,000 shares) of YUME NO MACHI SOUZOU IINKAI.
	Personnel ties	The Company has placed one director on the board of directors of YUME NO MACHI SOUZOU IINKAI.
	Business ties	Regarding supplies, etc., Yahoo Japan Corporation mainly pays a business commission fee to YUME NO MACHI SOUZOU IINKAI involving the operation of the Company's services. Regarding sales, etc., the Company receives income from information listing services.
	Relationship of two parties	YUME NO MACHI SOUZOU IINKAI is an affiliate of the Company accounted for by the equity method.

Notes: 1. Data has been derived from YUME NO MACHI SOUZOU IINKAI's Securities Report for its 7<sup>th</sup> Term, submitted November 30, 2006.

2. For the period from September 1, 2006 to February 20, 2007, the following change occurred in ownership proportions according to the publicly announced Major Shareholders Report and Changes in

## Shareholdings Report.

The ownership ratio of Index Holdings became 19.87% on August 31, 2006.

### 2. Duration of tender offer

#### A. Original submitted tender offer period

22 business days from March 1, 2007 (Thursday) through April 2, 2007 (Monday).

#### B. Extension possible on request by Target Company

In accordance with the provisions of Article 27-10, Paragraph 3 of the Securities and Exchange Law (Law 25 of 1948 including all following revisions; hereinafter referred to as the "Law"), In the case that YUME NO MACHI SOUZOU IINKAI submits an opinion in writing indicating a request for an extension of the tender offer period, said period will be extended to 30 business days, ending on April 12, 2007 (Thursday).

### 3. Purchase price

¥401,190 per share

### 4. Calculation method for purchase price

#### A. Fundamental calculation

Utilizing the technology and know-how of YUME NO MACHI SOUZOU IINKAI that has allowed that company to maintain a dominant position in the online food delivery service market and the comprehensive capabilities of the Company's Yahoo! Gourmet services will allow the Company to aggressively enter business areas other than online food delivery services, such as take-out reservations and food supply deliveries. The Company has determined that pursuing further strengthening of the stable and ongoing collaboration with YUME NO MACHI SOUZOU IINKAI has the potential to increase future profits and business value mutually. Based on an agreement between the Company and Index Holdings, a major shareholder of YUME NO MACHI SOUZOU IINKAI, the Company has determined that the market price of the shares of YUME NO MACHI SOUZOU IINKAI is the most objective and rational value for

the shares. This was decided as a result of the consideration of the financial position, assets, and business conditions of YUME NO MACHI SOUZOU IINKAI as well as future profits, stock market price, and trading volume on the stock market. Taking into consideration daily fluctuations in stock prices, the Company set the tender offer purchase price at ¥401,190, the average closing price of YUME NO MACHI SOUZOU IINKAI's shares on the Hercules during the period from January 22, 2007 to February 20, 2007. The purchase price represents an approximately 4.9% discount from the closing price of YUME NO MACHI SOUZOU IINKAI's shares on the Hercules on February 20, 2007.

#### B. Background to calculation

Having decided that utilizing the technology and know-how of YUME NO MACHI SOUZOU IINKAI that has allowed that company to maintain a dominant position in the online food delivery service market and the comprehensive capabilities of the Company's Yahoo! Gourmet services would allow Yahoo Japan Corporation to aggressively enter business areas other than online food delivery services, such as take-out reservations and food supply deliveries, the Company began discussions and negotiations with Index Holdings, a major shareholder of YUME NO MACHI SOUZOU IINKAI, regarding the acquisition of shares of YUME NO MACHI SOUZOU IINKAI and related matters in December 2006. In early February of this year, the Company informed Index Holdings that, after an overall consideration of the financial position, assets, and business conditions of YUME NO MACHI SOUZOU IINKAI, the Company had decided to set the tender offer purchase price at the average price of the shares of YUME NO MACHI SOUZOU IINKAI during the past month. Index Holdings replied to the effect that it would tender 3,200 shares of its holdings in YUME NO MACHI SOUZOU IINKAI in the offer. Based on that agreement and in consideration of the results of investigations into the benefits of synergies from the Company's joint operations with YUME NO MACHI SOUZOU IINKAI, the Company set the tender offer purchase price at ¥401,190 in a board of directors meeting held on February 21, 2007. In setting this purchase price, no third parties were consulted.

### C. Relationship with institutions performing calculations

Not applicable

#### 5. Total scheduled number of shares to be purchased

Type of shares, etc.	(a) Scheduled purchase in terms of shares	Scheduled excess in terms of shares
Shares	3,200 shares	--
New share subscription rights	--	--
Bonds with new share subscription rights	--	--
Shares, etc., beneficiary certificates ( )	--	--
Total	3,200 shares	--

Notes: 1. Should the total number of shares tendered by persons that have accepted an offer to purchase shares, etc. or made an application to sell shares, etc. under the tender offer (hereinafter referred to as the "Applicants") be less than the scheduled number of shares to be acquired (3,200), the Company will not acquire any of the tendered shares.

2. Should the total number of shares tendered by the Applicants exceed the scheduled number of shares to be acquired (3,200 shares; hereinafter referred to as the "Total Scheduled Purchase Amount"), the Company will not acquire all or part of the excess shares tendered. In accordance with the provisions of Article 32 of the cabinet ordinance regarding disclosure of tender offers for shares, etc. by entities other than issuers (Ministry of Finance Ordinance No. 38, 1990; hereinafter referred to as the "Ordinance") and the provisions of Article 27-13, Item 5 of the Law, the Company will determine the purchase of shares, etc. based on the proportional distribution (pro rata) method and handle other settlement matters.

#### 6. Change in share ownership due to tender offer

Number of voting rights represented by shares, etc. held before tender offer	4,000 units	(20.86% of issued shares before tender offer)
Number of voting rights represented by shares, etc. held by special relationship entity before tender offer	3,529 units	(18.40% of issued shares before tender offer)
Number of voting rights represented by shares, etc. scheduled to be purchased	3,200 units	(37.54% of issued shares before tender offer)
Total number of voting rights of Target Company	17, 210 units	

- Notes:
1. "Number of voting rights represented by shares, etc. scheduled to be purchased" is the number of voting rights represented by the shares scheduled to be purchased in the tender offer.
  2. "Total number of voting rights of Target Company" is the number of voting rights of all shareholders as entered in YUME NO MACHI SOUZOU IINKAI's Securities Report for its 7<sup>th</sup> Term, submitted November 30, 2006.
  3. There are no voting rights included in the number of voting rights represented by shares, etc. held before tender offer that are related to potential shares, etc., held by Yahoo Japan Corporation.
  4. There are 1,970 voting rights included in the number of voting rights represented by shares, etc. held by special relationship entity before tender offer that are related to potential shares, etc., held by the special relationship entity.
  5. In calculating the percentages of issued shares before and after tender offer, the number of potential voting rights of Yahoo Japan

Corporation and the special relationship entity have been added to the “Total number of voting rights of Target Company” to produce the denominator (19,180).

6. The figures used for the percentages of issued shares before and after tender offer have been rounded up to the second decimal place.

7. Value of tender offer

¥1,283 million

8. Settlement procedures

A. Name and location of securities companies, banks, etc. handling settlement of tender offer

Daiwa Securities SMBC Co., Ltd.; 8-1, Marunouchi, 1-chome, Chiyoda-ku, Tokyo  
Daiwa Securities Co., Ltd.: 6-4, Otemachi, 2-chome, Chiyoda-ku, Tokyo

B. Date of start of settlement

April 10, 2007 (Tuesday)

In the case that YUME NO MACHI SOUZOU IINKAI submits an opinion in writing indicating a request for an extension of the tender offer period, the date of start of settlement will be April 20, 2007 (Friday).

C. Settlement method

Promptly following the end to the tender offering period, notification of purchase under the tender offering will be sent by post to the domicile of the Applicants (In the case of foreign shareholders, to the domicile of the standing proxy).

Purchase will be made on a cash basis. The payment for the purchased shares will be sent promptly by the tender offer lead manager or manager after the start of settlement date in accordance with the instructions of Applicants to locations designated by Applicants or paid at the head offices or nationwide branch offices of the tender offer lead manager or manager that received applications.

9. Other conditions and methods regarding the acquisition, etc.

A. Conditions set out in Article 27-13, Paragraph 4 of the Law and details

Should the total number of shares tendered by the Applicants be less than the scheduled number of shares to be acquired (3,200), the Company will not acquire any of the tendered shares.

Should the total number of shares tendered by the Applicants exceed the Total Scheduled Purchase Amount, the Company will not acquire all or part of the excess shares tendered. In accordance with the provisions of Article 32 of the Ordinance and the provisions of Article 27-13, Paragraph 5 of the Law, the Company will determine the purchase of shares, etc. based on the proportional distribution (pro rata) method and handle other settlement matters.

When the total number of tendered shares calculated using the proportional distribution method and rounding up amounts less than one share is less than the scheduled number of shares to be acquired, until the scheduled number of shares to be acquired is reached or exceeded, the Company will purchase one share from each of the tendering shareholders in order of those shareholders who have the most shares for which fractional amounts have not been rounded up; provided that if the use of this method with multiple shareholders with the same amount of shares for which fractional amounts have not been rounded up results in the number of shares to be acquired exceeding the scheduled number of shares to be acquired, then the shareholders from which shares are to be purchased shall be determined by lottery among said shareholders in such a way as the number of shares to be acquired does not fall below the scheduled number of shares to be acquired.

When the total number of tendered shares calculated using the proportional distribution method and rounding up amounts less than one share exceeds the scheduled number of shares to be acquired, until the scheduled number of share to be acquired is reached, the Company will reduce the amount of shares being purchased from each of the tendering shareholders by one share in order of those shareholders who have the most shares for which fractional amounts have not been rounded up; provided that if the use of this method with multiple shareholders with the same amount of shares for which fractional amounts have not been rounded up results in the number of shares to be acquired falling below the scheduled number of shares to be acquired, then

the shareholders from which shares purchases are to be reduced shall be determined by lottery among said shareholders in such a way as the number of shares to be acquired does not fall below the scheduled number of shares to be acquired.

#### B. Conditions for terminating tender offer and details and method of disclosing termination

If any of the conditions given in Article 14, Paragraph 1, Item 1 (i) to (ix) and (xii) to (xviii); Article 14, Paragraph 1, Item 3 (i) to (viii); and Article 14, Paragraph 2, Items 3 to 6 of the Enforcement Regulations for the Securities and Exchange Law (Law No. 321, 1965; hereinafter referred to as the “Regulations”) should arise, the tender offer shall be terminated.

In the case that the tender offer is terminated, notification will be made electronically, with a notice to that effect also placed in the Nihon Keizai Shimbun. However, should it be difficult to make such public notification by the final day of the tender offer period, a public announcement may be made using the method provided for in Article 20 of the Ordinance, with the public notification to follow immediately.

#### C. Conditions for a reduction in the purchase price, details, and method of disclosure of reduction

As provided for in Article 27-6, Paragraph 1, Item 1 of the Law, should YUME NO MACHI SOUZOU IINKAI undertake a stock split or some other action stipulated in Article 13, Paragraph 1 of the Regulations, the purchase price may be reduced in accordance with the standards given in Article 19, Paragraph 1 of the Ordinance.

If the purchase price is reduced, notification will be made electronically, with a notice to that effect also placed in the Nihon Keizai Shimbun. However, should it be difficult to make such public notification by the final day of the tender offer period, a public announcement may be made using the method provided for in Article 20 of the Ordinance, with the public notification to follow immediately.

#### D. Matters regarding the right of Applicants to cancel an agreement

Throughout the tender offer period, Applicants have the right to cancel their agreement regarding the tender offer at any time. To cancel the agreement, the Applicant must deliver or send a notice of cancellation in writing (Document stating that the applicant is canceling the tender offer application and related agreement regarding the tender offer) to the head office or nationwide branch of the Lead Manager of the tender offer that received the application (in the case that the application was made to the Manager of the tender offer, to the head office or nationwide branch of the Manager) by 16:00 on the final day of the tender offer period; provided that in the case of sending rather than delivering said document, it must arrive by 16:00 on the final day of the tender offer period.

Yahoo Japan Corporation may not demand compensation or breach of contract payments from Applicants due to the cancellation of said agreement. Moreover, the cost of returning the stock certificates and other materials to the applicant shall be borne by Yahoo Japan Corporation. When a cancellation is requested, the stock certificates and other materials shall be returned to the Applicant promptly following the completion of procedures using the methods given below.

- (i) In the case that stock certificates and other materials were submitted to the Lead Manager or Manager of the tender offer at the time of application, the unpurchased stock certificates and other materials shall be delivered to the Applicant or send by post to the applicant's domicile (In the case of a foreign shareholder, to the domicile of the standing proxy).
- (ii) In the case that the application for the tender offer was made for shares held in custody by the Lead Manager or Manager of the tender offer (Or the Japan Securities Depository Center, Inc. through the Lead Manager or Manager of the tender offer), the status of the unpurchased shares shall be returned to the same status as before the application was made.

#### E. Method of disclosure of changes in the conditions of purchase

If changes are made in the conditions of purchase, notification will be made

electronically, with a notice to that effect also placed in the Nihon Keizai Shimbun. However, should it be difficult to make such public notification by the final day of the tender offer period, a public announcement may be made using the method provided for in Article 20 of the Ordinance, with the public notification to follow immediately. Shares for which applications were received before the notification of changes in conditions of purchase will also be purchased under the new conditions.

#### F. Method of disclosing revised documentation

When revised documentation is submitted to the Director General of the Kanto Finance Bureau, a public announcement will be made promptly of the details of the revised documentation that affect the content of the original notification of the start of the tender offer using the method stipulated in Article 20 of the Ordinance. In addition, the tender offer explanatory document will be promptly revised and the revised version shall be delivered to Applicants that had previously received the tender offer explanatory document. However, if the revisions are minor, a document giving the reasons for the revisions and listing the revised items and the revised content shall be prepared and delivered to the Applicants.

#### G. Method of disclosing the results of the tender offer

The results of the tender offer shall be made public on the day following the end of the tender offer period using the method stipulated in Article 9-4 of the Regulations and Article 30-2 of the Ordinance.

#### H. Others

This tender offer is not being made directly or indirectly in or into the United States. The U.S. postal service or other U.S. interstate or international sales methods or measures (including but not limited to facsimile, e-mail, Internet communications, telex, and telephones) are not being utilized in making the tender offer. Moreover, the tender offer is not being made through the facilities of any securities exchanges in the United States. Application regarding the tender offer cannot be made by said methods or measures or

through said facilities or from the United States. In addition, the tender offer documentation or related purchase documentation is not being delivered or distributed by postal service or other methods in, to or from the United States and any requests for such deliveries or distributions will not be honored. Applications regarding the tender offer that are in violation of any previously mentioned restrictions will not be accepted.

Shareholders (in the case of foreign shareholders, their standing proxy) will be required to provide declarations and guarantees of the following conditions.

At either the time of making application or sending the application document, the applicant is not resident in the United States, has not received or delivered information or documents regarding the tender offer in, to or from the United States, has not directly or indirectly used the U.S. postal service or other U.S. interstate or international sales methods or measures (including but not limited to facsimile, e-mail, Internet communications, telex, and telephones) to deliver or submit a signed application to buy or tender shares, and has not used the facilities of a securities exchange in the United States. In addition, the applicant is not a proxy without discretionary powers or a person acting as a trustee or mandatary (excluding cases where said applicant submits all instructions regarding the purchase of shares from outside the United States).

10. Date of start of tender offer

March 1, 2007 (Thursday)

11. Tender offer arrangement

Lead Manager: Daiwa Securities SMBC Co., Ltd.

Manager: Daiwa Securities Co., Ltd.

**III. Others**

1. Applicability of agreements between Yahoo Japan Corporation and Target Company and directors and details

In a meeting of the board of directors held on February 21, 2007, YUME NO

MACHI SOUZOU IINKAI decided to announce its approval of the tender offer.

2. Other information deemed necessary for investors to decide whether or not to participate in the tender offer

On January 12, 2007, YUME NO MACHI SOUZOU IINKAI reported its financial position and business performance for the 1<sup>st</sup> quarter of the fiscal year ending August 2007 to the Osaka Securities Exchange. The following tables indicate the profitability of YUME NO MACHI SOUZOU IINKAI for the 1<sup>st</sup> quarter based on that announcement.

A. Profitability (thousands of yen)

	1Q of FY2007/8	Reference: FY2006/8
Net sales	183,427	649,446
Cost of sales	47,221	130,915
SG&A	93,660	348,367
Nonoperating income	2,429	4,263
Nonoperating expenses	117	24,554
Net income	34,560	152,432

B. Per share data (yen)

	1Q of FY2007/8	Reference: FY2006/8
Earnings per share	2,007.70	9,951.40
Net assets per share	106,076.13	104,072.19

C. Impact of tender offer on Yahoo Japan Corporation's business performance

The tender offering will only have a minor impact on the consolidated and non-consolidated performance of the Company.