

April 24, 2014

To whom it may concern

Yahoo Japan Corporation
Manabu Miyasaka, President and CEO
Stock code: 4689

**Notification Regarding Capital and Business Alliance with
BOOKOFF CORPORATION LIMITED**

In a Board of Directors Meeting held on April 24, Yahoo Japan Corporation (hereinafter the Company) decided to conclude a capital and business alliance with BOOKOFF CORPORATION LIMITED (Head office: Sagamihara, Kanagawa Prefecture; President and CEO: Nobuyuki Matsushita, hereinafter BOOKOFF). Details are as follows.

1. Reasons for Business and Capital Alliance

Since commencing its Yahoo! Auction service in 1999 (now YAHUOKU!), the company has been driving growth in Japan's e-commerce market, by creating a secondhand market newly on the Internet, as one of the country's largest Internet auction websites. Recently, under the slogan of "Anytime, Anywhere—the Excitement of Re-Use for Everyone," the Company has been actively promoting a "Produce→Buy→Re-Use" recycling society through its YAHUOKU! operations.

BOOKOFF opened its first secondhand bookstore, BOOKOFF in Sagamihara, Kanagawa Prefecture in 1990. As a pioneer of the offline, secondhand market, it has approximately 1,000 outlets in its nationwide network in various re-use businesses, including franchise stores. BOOKOFF's corporate mission is to be "BOOKOFF for people who don't let things go to waste." With the goal of providing "infrastructure for a waste-free lifestyle for people who don't want to toss things away," it buys and sells not only used books/CDs/video games, but apparel, sporting goods, baby products, sundry goods, mobile phones, and various other recycled goods.

The two companies have been cooperating since last July, when they collaborated on receiving no longer needed clothing and other items at the Fukuoka YAHUOKU! Dome and selling them at YAHUOKU! and BOOKOFF SUPER BAZAARs (large-size combined stores for re-use). Through this new alliance, the partners will pursue further new business

potential by strengthening their collaboration with the goal of building a world where re-use is “only natural.” To that end, the two partners are concluding a capital and business alliance agreement, under which the Company will take a stake in BOOKOFF.

2. Details of Business Alliance

(1) YAHUOKU! to be a marketplace for all stores of the BOOKOFF chain

“Closer and Easier Buying” by enabling used goods bought by BOOKOFF to be sold through YAHUOKU!. The first goal of the partners will be to offer 10 million used books.

BOOKOFF has a nationwide network of 1,000 actual stores, making it one of the largest store chains in the non-virtual re-use market. Currently, it has succeeded in establishing its brand with the catch-phrase, “Sell Your Books at BOOKOFF” and is enjoying overwhelming support from customers as a reliable, easily accessible selling place. However, there is a limit to the development of the market based on “bricks and mortar” stores. Hence, BOOKOFF faces such issues as lost sales opportunities and unsold goods. To address those issues, BOOKOFF is forming a capital and business alliance with the Company to further expand its sales channels. It will begin selling goods purchased from customers by BOOKOFF on YAHUOKU!. Based on this scheme, consumers will be able to purchase goods from BOOKOFF through YAHUOKU!, anytime, anywhere.

To start with, the Company will begin selling used books from BOOKOFF stores also on YAHUOKU!. Currently, the auction site handles about 2 million used books, but by fiscal 2016, the partners aim to increase this volume by five times to 10 million used books. This will expand the selection of used books in YAHUOKU! to one of the biggest lineups for online bookstores in Japan, making it even easier to purchase used books. In future, the partners also plan to sell BOOKOFF goods other than used books, such as used CDs, DVDs and video game software, on YAHUOKU!.

(2) Using all stores of the BOOKOFF chain as outlets for YAHUOKU!

“Closer and Easier Selling” by setting up “general purchasing desks” in all stores.

Even YAHUOKU!, one of the largest Internet re-use markets, faces several hurdles in developing the market. One difficulty is that there are still many people who consider the process of posting items on the Internet market itself to be troublesome as well as the

packaging and sending of items once they have been sold. The Company realized that to solve these user issues and get more people to participate in the market, thereby vitalizing it, it would be necessary to implement new measures.

BOOKOFF's convenience lets customers who want to sell goods casually bring the item to an actual store. One of the special features of BOOKOFF's method is the reduction of the burden on such customers because such an item is evaluated and purchased on-site. The Company decided to conclude this capital and business alliance because a tie-up with BOOKOFF and its nationwide network of stores would allow the Company to solve the problem of the inconvenience of listing items and other issues for users and enable the circulation of many re-use goods to YAHUOKU!, aiming at expanding the re-use market in one stroke.

Specifically, in July 2014, "general purchasing desks" will be set up at BOOKOFF stores. BOOKOFF has purchased only used books, CDs, video game software, mobile phones, and others which it sells at its stores (except at BOOKOFF SUPER BAZAARs, its large-size combined stores for re-use, and at BOOKOFF PLUSes, its mid-size combined stores). By expanding the lineup of goods to be purchased to hobby goods, apparel, brand-name products, sundry goods, etc., by means of the general purchasing desk service, the Company will aim to improve customer convenience. Those purchased items will be listed in YAHUOKU!, leading to further upgrading its selection.

Along with the service, purchase of mobile phones at BOOKOFF stores, which was started last year, will be strengthened. Currently, the entire BOOKOFF chain is buying approximately 150,000 mobile phones annually. The Company plans to prepare a constant selection of one million mobile phones. These mobile phones will be also sold on YAHUOKU!.

(3) Opening One of Japan's Largest Re-Use Centers (Planned)

A distribution facility for listing a large volume of used merchandise at YAHUOKU! will be indispensable to implementing measures planned under the alliance. Consequently, the Company and BOOKOFF are planning to open what will be one of Japan's largest re-use centers sometime during fiscal 2015. Some of the merchandise bought from customers at BOOKOFF stores for sale on YAHUOKU! will be collected at this center to provide long-term, stable support for the scheme of channeling re-use goods through non-virtual stores to

YAHUOKU!

Going forward, the Company intends to explore new frontiers in Japan's secondhand market, such as e-commerce fulfillment services and developing a presence in the B-to-B market.

Utilizing their individual strengths in the real and Internet markets to pursue the creation of an environment that makes re-use of goods easy, the Company and BOOKOFF will aim to further expand the re-use market and achieve 100% penetration of Japan's population in terms of experience with re-use of goods.

3.Details of Capital Alliance(Purchase price of newly acquired shares or other interest of BOOKOFF)

BOOKOFF is scheduled to issue the Company 3,100,000 common shares through a third-party allotment, giving the Company a post-allotment stake of 15.02% of BOOKOFF's voting shares. BOOKOFF also plans to issue bonds with a total of 77 new share subscription rights to the company in a private placement (After the above third-party allotment of shares and the execution of all of the subscription rights attached to the bonds, the Company will have a stake of 43.22% of BOOKOFF's voting shares). As a basis for proceeding with the capital and business alliance, the Company will acquire all of the new shares in the third-party allotment and the bonds with new share subscription rights. The Company will be, after the above third-party allotment of shares, an affiliate of BOOKOFF.

Number of shares acquired, purchase price, and ownership stake before and after common share purchase and execution of subscription rights for the Company

I .Common Shares

- i) Shares held before purchase: 0 shares (Ownership stake: 0%)
(Number of votes: 0)
- ii) Number of shares purchased: 3,100,000 shares (Price: ¥2,176.2 million)
(Number of votes: 31,000)
- iii) Shares held after purchase: 3,100,000 (Ownership stake: 13.73%)
(Number of votes: 31,000)

II .Private Placement of Bonds with New Share Subscription Rights

- i)New share subscription rights held before allotment: 0
- ii)New share subscription rights held after allotment: 77 (Price: ¥7.7 billion)
(Number of votes after execution of subscription rights: 102,529)

* The conditions stipulated for exercising the new share subscription rights and exercisable ratio are the following:

- (a) In case of any BOOKOFF's annual operating income between the fiscal year ending March 2015 and the fiscal year ending March 2018 exceeding 2.2 billion yen, exercisable ratio shall be 45%.
- (b) In case of any BOOKOFF's annual operating income between the fiscal year ending March 2015 and the fiscal year ending March 2018 exceeding 2.7 billion yen, exercisable ratio shall be 100%.

4.Outline of Capital and Business Alliance Counterparty

(1) Name	BOOKOFF CORPORATION LIMITED	
(2) Head office	2-14-20 Kobuchi, Minami-ku, Sagamihara, Kanagawa Pref.	
(3) Representative	Nobuyuki Matsushita, President and CEO	
(4) Main business	Development of used books store chain and development, operation, and franchise management guidance for new types of used goods businesses.	
(5) Paid-in capital	¥2,564 million (at December 31, 2013)	
(6) Establishment	August 1, 1991	
(7) Major shareholders and shareholding ratio	HARD OFF CORPORATION Co., Ltd.:7.19% Dai Nippon Printing Co., Ltd.: 6.58% Maruzen Company, Limited: 6.07% Culture Convenience Club Co., Ltd.: 5.88% Kodansha Company Ltd.:4.27% SHUEISHA Inc.: 4.27% Shogakukan Inc.: 4.27% (at September 30, 2013)	
(8) BOOKOFF's relationship with Yahoo Japan Corporation	Capital ties	There are no capital ties that should be noted between the Company and BOOKOFF. In addition, there are no capital ties that should be noted between the Company and its related companies and BOOKOFF and its related companies.

	Personnel ties	There are no personnel ties that should be noted between the Company and BOOKOFF. In addition, there are no personnel ties that should be noted between the Company and its related companies and BOOKOFF and its related companies.
	Business ties	BOOKOFF has business ties with the Company such as opening a store in the Company's shopping site and auction site.
	Relationship of two parties	There are no corporate relationships between the Company and BOOKOFF. In addition, there are no corporate relationships between the Company and its related companies and BOOKOFF and its related companies.

(9) BOOKOFF's Consolidated Performance and Financial Position in the Past Three Years
(yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Consolidated net assets	12,738 million	14,386 million	15,249 million
Consolidated total assets	39,107 million	37,983 million	39,455 million
Consolidated net assets per share	703.19	784.19	820.64
Consolidated net sales	73,345 million	75,716 million	76,670 million
Consolidated operating income	2,748 million	3,432 million	1,914 million
Consolidated ordinary income	3,157 million	3,803 million	2,366 million
Consolidated net income	568 million	1,867 million	1,058 million
Consolidated net income per share	31.57	102.41	57.30
Dividends per share	22.00	25.00	25.00

5. Schedule

Signing of capital and business alliance agreement: April 24, 2014

Settlement date: May 15, 2014

6.Outlook

This agreement is expected to further expand and improve services and increase revenues. However, since no detailed plan exists at present, no estimates can be calculated.

Reference: Company's Consolidated Performance Forecast for the Current Fiscal Year (Announced January 29, 2014) and Actual Consolidated Performance in the Previous Fiscal Year (millions of yen)

	Revenue	Operating Income	Ordinary Income	Net Income
Performance forecast (Year ending March 31, 2014)	387,141	196,054	196,829	125,962
Actual performance (Year ended March 31, 2013)	342,989	186,351	188,645	115,035