

June 25, 2014

To whom it may concern

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

**Notification of Purchase of Shares of KC Co., Ltd.
(Conversion to Consolidated Subsidiary)**

Yahoo Japan Corporation (hereinafter the Company) has decided to purchase shares of KC Co., Ltd. (Head office: Fukuoka, Fukuoka Prefecture; Representative Director: Satoshi Ando, hereinafter KC) and convert the company into a consolidated subsidiary. Details are as follows.

KC is a yet to be established company scheduled to be set up by KC Card Co., Ltd. (Head office: Fukuoka, Fukuoka Prefecture; President and Representative Director: Satoshi Ando, hereinafter KC Card). KC Card is a consolidated subsidiary of J Trust Co., Ltd. (Head office: Minato-ku, Tokyo; President and CEO: Nobuyoshi Fujisawa; stock code 8508). Through an absorption-type corporate split, KC Card will spin out a portion of its operations related mainly to the brand name of KC Card, which will be absorbed by KC, as the succeeding company.

I. Reasons for Purchase of Shares

Since introducing its new e-commerce business strategy in October 2013, the Company has steadily expanded its e-commerce transaction values for Yahoo! Shopping, YAHUOKU!, and other e-commerce businesses. Now the Company has decided to develop the settlement finance domain, an area that promises to offer various synergies with the Company's assets and know-how, into its next core business by purchasing the shares of KC, which will principally operate a credit card business, and convert it into a consolidated subsidiary. This step is also being taken to improve the convenience of the Company's e-commerce services and to further accelerate growth in transaction values.

Acquiring management control through the conversion of KC into a consolidated subsidiary, the Company will provide both cardholders of KC and affiliated stores with high-value-added services. To do so, the Company will utilize its accumulated technological competence and strengthen the collaboration between its more than 100 services and

T-Point, Japan's largest shared point service.

Moreover, to acquire more cardholders of KC through the SoftBank stores, KC plans to accept an investment by SoftBank Payment Service Corp., the company responsible for the SoftBank group companies' settlement services. The joint investment in KC by Yahoo Japan Corporation, a company having e-commerce as one of its core businesses, and SoftBank Payment Service Corp., a company that can utilize the SoftBank group's powerful channel for acquiring new cardholders, means the two investing companies will be strongly committed to the development of KC's business.

The Company plans to announce the details of the services to be offered by KC following the completion of the conversion of KC to a consolidated subsidiary through the transfer of shares and when the new services are launched.

II. Outline of Subsidiary (KC) to Be Transferred (Planned)

(1) Name	KC Co., Ltd.	
(2) Head office	3-4-2 Hakata-Ekimae, Hakata-ku, Fukuoka, Fukuoka Prefecture	
(3) Representative	Satoshi Ando, Representative Director	
(4) Main business	Credit card, card loan, credit guarantee, credit loan businesses	
(5) Paid-in capital	¥100 million	
(6) Establishment	July 31, 2014	
(7) Major shareholder and shareholding ratio	KC Card Co., Ltd.: 100.00%	
(8) KC's relationship with Yahoo Japan Corporation	Capital ties	There are no capital ties that should be noted between the Company and KC.
	Personnel ties	There are no personnel ties that should be noted between the Company and KC.
	Business ties	There are no business ties that should be noted between the Company and KC.

(9) KC Performance and Financial Position in the Past Three Years (See Note 1)

(Millions of yen)

	Fiscal year ended	Fiscal year ended	Fiscal year ended
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	December 31, 2011	December 31, 2012	December 31, 2013
Net assets	38,411	44,717	47,852
Total assets	81,229	66,036	66,230
Net assets per share (yen)	26,002.84	30,914.21	34,016.21
Operating revenue	47,176	12,312	9,707
Operating income	1,118	6,333	3,649
Ordinary income	1,221	6,393	3,888
Net income	5,836	6,395	3,847
Net income per share (yen)	4,525.94	4,961.19	2,987.37
Dividends per share (yen)	Common shares ¥50 Class B Preferred shares ¥2,000	Common shares ¥150 Class B Preferred shares ¥2,000	Common shares ¥230 Class B Preferred shares ¥2,000

Note 1: Since the targeted subsidiary is not yet established, the performance and financial position of KC Card have been listed.

III. Outline of Seller of Shares

(As of December 31, 2013)

(1) Name	KC Card Co., Ltd.
(2) Head office	3-4-2 Hakata-Ekimae, Hakata-ku, Fukuoka, Fukuoka Prefecture
(3) Representative	Satoshi Ando, President and Representative Director
(4) Main business	Credit card, card loan, credit guarantee, credit loan businesses
(5) Paid-in capital	¥3,055 million
(6) Establishment	April 26, 1963
(7) Net assets	¥47,852 million
(8) Total assets	¥66,230 million
(9) Major shareholders and shareholding ratio (See Note 2)	(Common shares) J Trust Co., Ltd.: 98.54% (Class B preferred shares) J Trust Co., Ltd.: 100.00%

(10) KC Card's relationship with Yahoo Japan Corporation	Capital ties	There are no capital ties that should be noted between the Company and KC Card.
	Personnel ties	There are no personnel ties that should be noted between the Company and KC Card.
	Business ties	There are no business ties that should be noted between the Company and KC Card.
	Corporate relationship	KC Card has no corporate relationship with Yahoo Japan Corporation.

Note 2: Shareholding ratio is calculated by excluding the treasury stock(common shares of 10,158 shares, Class B preferred shares of 1,250 shares) from the shares outstanding.

IV. Number of Shares Held, Purchase Amount, and Share Ownership Before and After Purchase

(1) Shares held before purchase	0 shares (Number of voting rights: 0) (Shares of voting rights: 0.0%)
(2) Shares purchased	1,300 shares (Number of voting rights: 1,300)
(3) Purchase amount	Common shares of KC: ¥22,715 million Advisory fees, etc. (estimate): ¥70 million Total (estimate): ¥22,785 million
(4) Shares held after purchase	1,300 shares (Number of voting rights: 1,300) (Share of voting rights: 65.0%)

* SoftBank Payment Service Corp. is scheduled to purchase 700 shares (Number of voting rights: 700; Share of voting rights: 35.0%).

V. Schedule

(1) Signing of share purchase agreement	June 25, 2014
(2) Transfer of shares	January 5, 2015 (Planned)

VI. Outlook

The impact of the consolidation of KC on the Company's consolidated and non-consolidated performances for the fiscal year ending March 2015 is expected to be minor.

Reference: The Company's Second Quarter Cumulative Consolidated Performance Forecast for the Current Fiscal Year (Announced May 19, 2014) and Actual Second Quarter Cumulative Consolidated Performance in the Previous Fiscal Year (Millions of yen)

	Revenue	Operating income
2Q cumulative performance forecast (Year ending March 31, 2015)	211,900	93,400
Actual 2Q cumulative performance (Year ended March 31, 2014)	188,040	97,880

* International Financial Reporting Standards (IFRS) were adopted for the second quarter cumulative consolidated performance forecast of the current fiscal year. However, the actual second quarter cumulative consolidated performance figures for the prior fiscal year were prepared using generally accepted Japanese accounting principles.

The Company's Actual Consolidated Performance for the Full Year in FY 2013 (April 1, 2013 – March 31, 2014) (Millions of yen)

	Revenue	Operating income	Ordinary income	Net income
Actual performance (Year ended March 31, 2014)	386,284	197,416	197,634	125,116

* The actual performance figures for the full year in FY 2013 were prepared using generally accepted Japanese accounting principles.