

[Translation]



May 8, 2019

To whom it may concern,

Yahoo Japan Corporation  
Kentaro Kawabe, President and CEO  
Stock Code: 4689

**Announcement of Issuance of New Shares Through a Third-Party Allotment, Acquisition of the Shares of the Company by Tender Offer and Changes of Our Parent Company and Largest Shareholder**

We hereby announce that the Company resolved at its board of directors' meeting held today to (i) issue new shares to SoftBank Corp. ("SBKK") through a third-party allotment (the "Third-Party Allotment") and (ii) to effect a repurchase of its shares by means of an issuer self-tender offer (the "Tender Offer," and together with the Third-Party Allotment, the "Transactions") in accordance with Article 156, Paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"), as applicable pursuant to Article 165, Paragraph (3) of the Companies Act, and in accordance with the provisions of the Company's articles of incorporation.

We also hereby announce that the Transactions are expected to result in our current parent Company, SoftBank Group Corp. ("SBG"), ceasing to be our parent company and our largest shareholder, in SoftBank Group Japan Corp. ("SBGJ") ceasing to be our largest shareholder, and in SBKK becoming our new parent company.

Details:

**I. Purpose of the Transactions**

Since 1996, when the Company launched its services, we have worked to broaden the range of our operations and achieve business growth, capturing customer needs and market environments as they continuously change in response to progress in the communications environment, devices and technologies. The Company has also been working on service development in such areas as Yahoo! JAPAN Shopping, Yahoo! JAPAN Auction, and Yahoo! Wallet, as well as Yahoo! News, with the aim of make users' lives convenient. As a result, the Company has secured one of the largest user bases in Japan, according to the *Tops of 2018: Digital in Japan* by Nielsen Digital Co., Ltd ranking, which is based on the number of internet service users.

As announced in our press release dated January 24, 2018 with the title "Notification of New Business Execution Team, Change in Representative Director (scheduled), and Partial Revision to the Articles of Incorporation," the Company has established a goal of becoming "a

data company” under the new management structure started in fiscal year 2018; to grow even larger, we will review growth strategies for services and investment policies, leverage our service portfolio, which is one of the largest in Japan and utilize AI to analyze the enormous amount of data derived from the various services we offer in order to develop an “awareness” that human beings cannot obtain and use this awareness to improve our business and services.

As of the date of this release (May 8, 2019), SBG holds 1,834,377,600 shares (shareholding ratio (Note): 36.08%) of the Company’s common shares (“Common Shares”) through SBGJ, a wholly-owned subsidiary of SBG, and also holds 613,888,900 shares (shareholding ratio: 12.08%) of the Common Shares through SBKK, a consolidated subsidiary of SBG which holds 66.49% of the voting rights through SBGJ. Holding a total of 2,448,266,500 shares (shareholding ratio: 48.16%) of the Common Shares, SBG is treated as the Company’s parent company based on the control approach. SBGJ is categorized as the Company’s parent company and a major, and its largest, shareholder based on control, and SBKK is categorized as a major shareholder of the Company and its second largest shareholder.

(Note) “Shareholding ratio” means a ratio to the number of shares issued as of March 31, 2019 (5,151,629,615 shares) minus the number of treasury shares held by the Company as of March 31, 2019 (67,879,000 shares) as set forth in “Results for the Fiscal Year Ended March 31, 2019 [IFRSs]” released by the Company on April 25, 2019, with any fractions rounded to the second decimal place (5,083,750,615 shares). The same applies to any references to shareholding ratio hereinafter.

SBKK belongs to a corporate group having SBG as the parent company (the “SBG Group”). The SBKK Group consists of SBKK, a listed telecom carrier forming the core of the Group, and its 106 subsidiaries and 41 affiliates, and operates independently inside the SBG Group. Based on the corporate philosophy “Information Revolution -- Happiness for everyone,” SBKK engages in a variety of businesses in the information technology sector centering on the communication business, and strives to maximize its corporate value, with the aim of becoming a corporate group providing the services and technologies required by people around the globe. SBKK has adopted a “Beyond Carrier” strategy, under which it goes beyond a telecom carrier and develops business in a flexible manner to implement its growth strategies by providing innovative services in a wide range of industries, in addition to differentiating itself from other telecom carriers. As part of this strategy, SBKK taps into the various business foundations that it owns as a telecom carrier, and aims to develop cutting-edge technologies, such as AI, IoT and robots, as well as develop new business in collaboration with the SBKK group companies and other major companies in which SBKK invests. SBKK considers strengthening the alliance with our Group as an important part of its efforts to robustly promoting the new business described above.

In September 2001, the Company and SBKK entered into a business alliance agreement for various telecommunication related business such as Yahoo! BB. They also have promoted collaboration mainly in e-commerce, working to expand services for smartphone customers, and through realization of synergy effects, improve overall value of communication and related services and to differentiate their services from those of other telecom carriers. In June 2018, the Company and SBKK established the joint venture PayPay Corporation, endeavoring to expand new business including mobile payment business using barcodes and QR codes (PayPay).

As stated in our press release “Announcement of Opinion Regarding Third Party Tender Offer for the Company’s Shares by SoftBank Corp., a Subsidiary of Our Parent Company, SoftBank Group Corp. and Acquisition of Shares of the Company by way of Self-Tender Offer” issued on July 10, 2018, the Company is aware that there are ample opportunities for collaboration between the Company and SBKK and that under the extremely competitive environment in which the Company and SBKK are placed, it is imperative to make strategic decisions involving technology development quickly and in close cooperation. As such, the Company and SBKK, on August 15, 2018, strengthened their relationship through a capital tie-up by SBKK acquiring a part of the Common Shares (613,888,900 shares (shareholding ratio: 12.08%)).

Backed by their strengthened capital relationship, the Company and SBKK have continued discussions on various measures to enhance both companies’ corporate value. Against this backdrop, SBKK has come to believe that in order to respond to the changes of the competitive environment, it is crucial to maximize synergistic effects, enlarge and enrich both companies’ customer bases and accelerate provision of suitable services for all users by deepening its alliance with our Group.

To this end, SBKK determined that it is essential to first further deepen and expand the collaborative relationship with the Company, and in early February 2019 began considering acquiring additional Common Shares, with a view to making the Company a consolidated subsidiary.

Thereafter in mid-February 2019, SBKK conveyed to the Company its intent to acquire additional Common Shares with a view to making the Company a consolidated subsidiary, and have had continued discussions with the Company regarding such acquisition of additional Common Shares. As a result, SBKK and the Company in late February 2019 shared an understanding that if SBKK acquires additional Common Shares through the Third-Party Allotment and makes the Company a consolidated subsidiary of SBKK, both companies could strengthen the tie between them and promote collaboration in an integrated and active manner, thereby contributing to further growth and development of the Company and SBKK and enhancing their corporate value.

Specifically, the Company and SBKK (i) offer the Company’s media business and commerce business and a range of services which are operated based on SBKK’s communication business, (ii) together own one of Japan’s largest customer bases of both companies, and (iii) hold large and diverse array of multi-big data obtained from those customer bases and IoT. By tapping into those resources, we will provide individual customers with more convenient services tailored to each customer’s lifestyle, and provide corporate customers with innovative solutions which can settle a variety of issues in each industrial sector and support their business growth. To start with, we will work to further strengthen the Fintech sector including PayPay, and accelerate business development in various non-communication business sectors. Going forward, the two companies will make full use of their strong management resources and aim for further growth and development of both companies and improvement of their corporate value.

At the same time, although we implemented a self-tender offer from July 2018 to August 2018 as stated in our press release “Announcement of Opinion Regarding Third Party Tender Offer for the Company’s Shares by SoftBank Corp., a Subsidiary of Our Parent Company,

SoftBank Group Corp. and Acquisition of Shares of the Company by way of Self-Tender Offer” issued on July 10, 2018, in light of share prices and other factors, we have been looking for ways to further enhance returns to shareholders and improve capital efficiency. Taking into consideration the funds that will be necessary to implement our growth strategies, we contemplated methods for increasing shareholder returns, such as the Company’s acquisition of its own shares. If SBKK acquires the Common Shares through the Third-Party Allotment, the SBG Group’s shareholding of the Common Shares will increase and SBG Group’s shareholding ratio will exceed 50%. With a view to maintaining autonomy and independence of the Company as a listed company, in order to reduce the SBG Group’s shareholding of the Common Shares to a certain degree, the Company started considering the acquisition of a larger number of its shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment simultaneously with SBKK’s acquisition of additional Common Shares.

Subsequently, in late February 2019, the Company conveyed to SBG its intent to implement the Third-Party Allotment to SBKK and the Tender Offer, and has continued discussions with SBG. SBG has judged that SBKK’s acquisition of additional Common Shares through the Third-Party Allotment and the Company becoming a consolidated subsidiary of SBKK will lead to enhancement of the entire SBG Group’s corporate value. As for the Tender Offer by the Company, the SBG Group has determined that it is unnecessary to increase the number of Common Shares held by the SBG Group given that the current shareholding ratio is sufficient for the SBG Group to consolidate the Company and to operate the Group business smoothly and is also optimal from a capital efficiency perspective.

In early March 2019, the Company reached a conclusion, and shared with SBG and SBKK an understanding, that executing the Transactions would benefit the Company’s shareholders for the following reasons:

- (i) SBKK’s acquisition of additional Common Shares and the Company becoming a consolidated subsidiary of SBKK are expected to further solidify the alliance between the Company and SBKK, and promote collaboration in an integrated and active manner, thereby contributing to further growth and development of the Company and SBKK and enhancement of their corporate value.
- (ii) It is possible to keep SBG’s shareholding of the Common Shares at around the current level and maintain independence of the Company as a listed company, as well as reinforce the tie between the Company and SBKK, through the Company’s acquisition of its shares from SBGJ simultaneously with SBKK’s acquisition of additional Common Shares.
- (iii) While the Company made a tender offer for its shares from July 11 to August 9, 2018, in light of share prices and other factors, it has been looking for ways to enhance returns to shareholders and improve capital efficiency. As a means to do so, the Company was considering shareholder return measures, including acquisition of a certain number of its shares that would contribute both to improvement of capital efficiency, such as the Company’s basic earnings per share (EPS) and return on equity attributable to owners of the parent (ROE), and to the enhancement of shareholder value.

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- (iv) Acquiring a larger number of its shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment concurrently with the Third-Party Allotment will result in enhancement, rather than dilution, of minority shareholders' shareholder value.
- (v) It is possible to prevent the outflow of corporate assets and also achieve enhancement of shareholder value by making the Tender Offer for its shares at a market price discounted by a certain amount while implementing the Third-Party Allotment at an issuance price based on the market price with a view to respecting the benefit of shareholders who would continue holding Common Shares even after the Tender Offer.
- (vi) Since most of the funds required for acquiring its shares will be sourced through the Third-Party Allotment, the Company will still have sufficient excess cash reserves to acquire its shares even when considering investments that will be necessary to implement its growth strategies.
- (vii) A tender offer will be an appropriate means to acquire its shares from the perspective of equality among shareholders and transparency of transactions.

Although it may be pointed out that the Company can be made a consolidated subsidiary through direct acquisition of the Common Shares by SBKK from SBGJ, by acquiring a larger number of the Company's shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment concurrently with the Third-Party Allotment, we believe that the transaction has an effect that cannot be realized by direct acquisition by SBKK, such as enhancement, rather than dilution, of minority shareholders' shareholder value.

Based on the reasons set forth above, the Company resolved at the Board of Directors' meeting held today to (i) implement the Third-Party Allotment to SBKK and issue 1,511,478,050 shares, and the issue price of the Third-Party Allotment (the "Issue Price") will be 302 yen, which is the closing price of the Common Shares in the First Section of the Tokyo Stock Exchange ("TSE") for the immediately preceding business day of the publication date (May 7, 2019) and (ii) acquire its shares in accordance with Paragraph 1 of Article 156 in the Companies Act, as applicable pursuant to Article 165, Paragraph (3) of the same Act, and in accordance with the provisions of the Company's articles of incorporation, and acquire its shares by way of the Tender Offer. It was also resolved that the tender offer price (the "Tender Offer Price") will be 287 yen, which is equivalent to the amount after discounting 4.97 % from 302 yen, which is the closing price of the Common Shares in the First Section of the TSE for the immediately preceding business day of the publication date (May 7, 2019), and the maximum number of its own stock to be purchased by the Tender Offer was set at 1,834,377,600 shares, the same number as the number of the Shares to be Tendered in Tender Offer (defined below) (36.08% holding ratio). In addition, the Company has stated that it intends to set the maximum number of shares to be purchased by the Tender Offer at 1,834,377,600 shares taking into consideration factors including: (i) the need to limit SBG Group's (including SBKK) shareholding ratio of the Common Shares at a certain level in order to maintain the Company's autonomy as a listed company; and (ii) the amount of surplus cash and deposits that the Company holds from the perspective of soundness and stability of the Company's finances, and the amount expected be financed through the Third Party Allotment.

Funds required for the Tender Offer are to be allocated from the Company’s own capital and the amount (456,466,371,100 yen) paid by SBKK to the Company through the Third-Party Allotment. The Company’s liquidity on hand on a consolidated basis as of March 31, 2019 (“cash and cash equivalents”) is approximately 5,468 hundred million yen, and even after the allocation for the Tender Offer, the Company will still have sufficient liquidity on hand, and as a certain amount of the cash flow from its businesses is expected to be accumulated, the Company believes it can maintain soundness and stability of its business operations and finances going forward. The Company plans to cancel without delay after the termination of the Tender Offer a large portion of the shares it acquires through the Tender Offer. The Company will make an announcement on the cancellation of the Company’s own stock promptly after the details are decided.

As of May 8 2019, the Company executed a total underwriting agreement with SBKK (the “Agreement to Subscribe to the All Shares”) regarding the Third-Party Allotment, setting forth, among other things, that the Company will issue new shares to SBKK and SBKK will assume the total number, and also executed a tender offer agreement with SBGJ, the Company’s parent company (the “Tender Offer Agreement”) setting forth, among other things, that in the event the Tender Offer is implemented by the Company, SBGJ will tender all 1,834,377,600 shares (36.08% holding ratio) of the Common Shares (the “Shares to be Tendered in Tender Offer”), from among the same owned by SBGJ.

## **II. The Third-Party Allotment**

### **1. Overview of the Offering**

|  |  |
|--|--|
| (1) Payment date                               | June 27, 2019  |
| (2) Number of new shares to be issued          | 1,511,478,050 common shares  |
| (3) Issue price                                | 302 yen per share  |
| (4) Amount of funds to be raised               | 456,466,371,100 yen  |
| (5) Method or Offering or Allotment (allottee) | All new shares issued will be allotted by third-party allotment to SBKK.   |
| (6) Others                                     | The Third Party Allotment shall be subject to the following: (i) the securities registration statement filed under the Financial Instruments and Exchange Act have taken effect; and (ii) the tender offer period of the Tender Offer has ended, and the transfer of the Common Shares has been completed. |

### **2. Purpose and reasons for the offering**

As set forth in “I. Purpose of the Transactions” above, the Third-Party Allotment is implemented as part of the Transactions, for the purpose of further strengthening the cooperative relationship between SBKK and the Company, and to maximize synergies generated from joint business operations by the two companies.

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As the Third Party Allotment is being implemented at the same time as the Tender Offer, there is no substantive dilution of the Common Shares. Promotion of collaborative efforts with SBKK contributes to raising the corporate value of our Group in the medium to long term, and ultimately leads to increased benefits for our existing shareholders.

### 3. Amount of funds to be raised, uses and scheduled timing of use of the funds

#### (1) Amount of funds to be raised

|   |  |                     |
|---|--|---------------------|
| ① | Total paid-in amount                       | 456,466,371,100 yen |
| ② | Estimated amount of various issuance costs | 1,620,000,000 yen   |
| ③ | Approximate amount of net proceeds         | 454,846,371,100 yen |

(Note 1) The estimated amount of various issuance costs is exclusive of consumption taxes.

(Note 2) The estimated amount of various issuance costs is scheduled to include registration and license taxes and other registration-related expenses and attorney fees.

#### (2) Specific uses of funds to be raised

| Specific Uses                              | Amount              | Scheduled Timing of Use |
|--|---------------------|-------------------------|
| ① Funds for settlement of the Tender Offer | 454,846,371,100 yen | June 27, 2019           |

(Note) As set forth in “I. Purpose of the Transactions” above, the Company will use all of the funds raised through the Third-Party Allotment for the settlement of the Tender Offer. The payment date of the Third-Party Allotment is June 27, 2019. Under the Agreement to Subscribe to the All Shares, subject to the condition that the securities registration statement submitted by the Company on May 8, 2019 has become effective and that the tender offer period of the Tender Offer has ended, there is a provision to the effect that SBKK will pay the entire amount of the payment amount by June 26, 2019 and the Company expects to use this payment amount to be used as funds for the settlement of the Tender Offer. In addition to this payment amount, the Company expects to use its cash reserves of 70,000,000,000 yen for the settlement of the Tender Offer.

### 4. Reasonableness of the use of funds

As set forth in “I. Purpose of the Transactions” above, the Transactions are intended to further strengthen the cooperative relationship between SBKK and the Company, and to maximize synergies generated from joint business operations by our two groups. Promotion of collaborative efforts with SBKK contributes to raising the corporate value of our Group in the medium to long term, and ultimately leads to increased benefits for our existing shareholders. Therefore, there is reasonableness in the use of the funds raised by the Third-Party Allotment.

### 5. Reasonableness of the issuance terms and conditions, etc.

#### (1) Specific grounds for conclusion that the terms and conditions of the issuance

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**were reasonable, and the particulars thereof**

Issue Price shall be 302 yen, which is the closing price of the Common Shares on the First Section of the Tokyo Stock Exchange (“TSE”) for the most recent business day (May 7, 2019) before the date of resolution on the Third-Party Allotment at the Board of Directors’ meeting (“Board Resolution Date”).

The closing price for the most recent business day before the Board Resolution Date was adopted as the standard in consideration that Japan Securities Dealers Association’s “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” provides that in the case of issuing shares by third-party allotment, in principle, the amount to be paid in shall be decided based on the value on the day immediately before the resolution of the board of directors on the issue of shares, and also, that the closing price immediately before the resolution of the board of directors, which is the closest market price at the time of calculation, is the price that properly reflects the current fair value of the Company's share. After careful discussions and negotiations with SBKK, the Company’s Board of Directors deliberated the implementation of the Third-Party Allocation at the Issue Price and concluded that the Issue Price was reasonable.

The Issue Price (302 yen) is, at a 6.71% (rounded to the third decimal place, same goes for hereafter) premium over 283 yen (rounded to the closest whole number), which is the simple average of the closing price of the Common Shares on the First Section of the TSE for the most recent one month (from April 8, 2019 to May 7, 2019) before the Board Resolution Date, at a 4.86% premium over 288 yen (rounded to the closest whole number), which is the simple average of the closing price of the Common Shares on the First Section of the TSE for the most recent three months (from February 8, 2019 to May 7, 2019) before the Board Resolution Date, and at a 2.37% premium over 295 yen (rounded to the closest whole number), which is the simple average of the closing price for the most recent six months (from December 8, 2018 to May 7, 2019) before the Board Resolution Date.

The Company has determined that the Issue Price does not fall under a particularly favorable payment amount in light of the Japan Securities Dealers Association’s “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.”

The Company’s Audit and Supervisory Committee has issued an opinion, based on its audit pursuant to its duties under the Companies Act, that the directors’ determination that the Issue Price was not particularly favorable is in conformity with the Japan Securities Dealers Association’s “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” and, as such, the Issue Price is not a particularly favorable paid-in amount for the allottee and is thus lawful.

**(2) Grounds for the conclusion that the number of shares to be issued and scale of dilution are reasonable**

The number of voting rights pertaining to the 1,511,478,050 Common Shares to be issued under the Third-Party Allotment is 15,114,780, which is 29.73% of the total voting rights of the Company issued as of March 31, 2019 (50,836,451 shares), causing dilution of 25% or more to existing shareholdings.



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However, the Company has determined that the Third-Party Allotment will further strengthen the capital relationship with SBKK, that the corporate value of our Group will be increased by placing the Company as a consolidated subsidiary of SBKK, and that the foregoing has the potential of increasing benefits for our existing shareholders. Also, by acquiring a larger number of the Company's shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment concurrently with the Third-Party Allotment, it will result in enhancement, rather than dilution, of minority shareholders' shareholder value. Therefore, the scale of dilution of the shares by the Third-Party Allotment is reasonable.

## 6. Reasons for selecting the allottee

### (1) Overview of the allottee

(As of March 31, 2019, unless noted otherwise.)

|  |  |        |
|--|--|--------|
| (1) Company Name                               | SoftBank Corp.   |        |
| (2) Location                                   | 9-1 Higashi-shimbashi 1-chome, Minato-ku, Tokyo  |        |
| (3) Title and Name of Representative           | Ken Miyauchi, President & CEO  |        |
| (4) Description of Business                    | Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and ISP services |        |
| (5) Capital Amount                             | 204,309 million yen  |        |
| (6) Date of Incorporation                      | December 9, 1986   |        |
| (7) Number of shares issued                    | 4,787,145,170 shares   |        |
| (8) Fiscal year end                            | March  |        |
| (9) Number of employees                        | 23,059 Employees (consolidated)  |        |
| (10) Major business partners                   | Japanese and foreign enterprises   |        |
| (11) Main banks                                | Mizuho Bank, Ltd.  |        |
| (12) Major shareholders and shareholding ratio | SoftBank Group Japan Corporation   | 66.49% |
|  | The Master Trust Bank of Japan, Ltd. (trust account)   | 1.00%  |
|  | Japan Trustee Services Bank, Ltd. (trust account)  | 0.70%  |
|  | Japan Trustee Services Bank, Ltd. (trust account No.5)   | 0.64%  |
|  | STATE STREET BANK WEST CLIENT-TREATY 505234  | 0.51%  |
|  | Japan Trustee Services Bank, Ltd. (trust account No. 1)  | 0.43%  |
|  | Japan Trustee Services Bank, Ltd. (trust account No. 2)  | 0.42%  |
|  | Japan Trustee Services Bank, Ltd. (trust account No. 6)  | 0.26%  |
|  | STATE STREET BANK AND TRUST COMPANY 505225   | 0.21%  |
| JP MORGAN CHASE BANK 385771                    | 0.20%  |        |

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| (13) Relationship between the Company and the allottee                                 |   |                                  |                                  |
|--|---|----------------------------------|----------------------------------|
| Capital relationship   | SBKK owns 613,888,900 shares of the Company's share (shareholding ratio: 12.08%). SBG, which is the parent company of SBKK, owns 2,448,266,500 shares (shareholding ratio: 48.16%) (Note 2) of the Common Shares in total through SBG's wholly-owned subsidiary SBGJ and SBGJ's subsidiary SBKK, and the Company is a consolidated company based on SBG having control of the Company.  |                                  |                                  |
| Personal relationship  | As of the date of this release, Masayoshi Son, Ken Miyauchi, Kentaro Kawabe and Kazuko Kimiwada, directors of the Company, concurrently serve as Director and Chairman, as Representative Director, President & Managing Executive Officer and CEO, Director and as Statutory Auditor of the SBKK, respectively.  |                                  |                                  |
| Business relationship  | There are some business relationships between SBKK and the Company, including the payment by SBKK to the Company for the placement of advertisements on the Company's website, the payment by the Company to SBKK for use of the communication services provided by SBKK, and point campaigns paid for by both parties, etc. In addition, the Company does business with the SBG Group, including purchasing servers, which the Company uses to provide its services to customers, and other relationships. |                                  |                                  |
| Whether the Company falls under Related Party  | The Company falls under the definition of a related party to SBKK, as the Company is a consolidated subsidiary of SBG, the parent company of SBKK.  |                                  |                                  |
| (14) Operating results and financial positions for the last three years (consolidated) |   |                                  |                                  |
| (Unit: millions of yen, unless noted otherwise.)                                       |   |                                  |                                  |
| Fiscal year  | Fiscal year ended March 31, 2017  | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
| Shares attributable to owners of the parent  | 1,538,814   | 866,573                          | 1,247,093                        |
| Total Assets   | 4,691,048   | 5,305,567                        | 5,775,045                        |
| Equity per share attributable to owners of the parent (yen)                            | 375.05  | 187.94                           | 260.51                           |
| Revenue  | 3,483,056   | 3,582,635                        | 3,746,305                        |
| Operating income   | 678,659   | 637,933                          | 719,459                          |
| Income before income taxes   | 636,555   | 597,554                          | 631,548                          |
| Net income attributable to owners of parent  | 441,189   | 400,749                          | 430,777                          |
| Basic net income per share attributable to owners of parent                            | 107.53  | 97.64                            | 89.99                            |

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|                           |           |        |       |
|---------------------------|-----------|--------|-------|
| (yen)                     |           |        |       |
| Dividends per share (yen) | 67,527.00 | 181.43 | 37.50 |

- (Note 1) The allottee SBKK is listed on the First Section of the TSE. Upon confirming the basic views on excluding organized crime and the progress of system development described under matters related to internal control systems described in the “Corporate Governance Report” (last updated on December 19, 2018) submitted by SBKK to the TSE, the Company has determined that SBKK and its officers are unrelated to anti-social forces.
- (Note 2) As of the date of this release, of the 2,448,266,500 Common Shares, SBGJ owns 1,834,377,600 shares (shareholding ratio: 36.08%), and SBKK owns 613,888,900 shares (shareholding ratio: 12.08%).
- (Note 3) As of March 26, 2018, SBKK implemented a share split at a ratio of 700 shares of common share to 1 share of common share. Therefore, assuming that the share split was conducted at the beginning of the fiscal year ending March 31, 2017, we have calculated the equity per share attributable to owners of the parent and basic net income per share attributable to owners of parent.
- (Note 4) In the fiscal year ending March 31, 2017, IFRS 15 “Revenue from Contracts with Customers” was not retrospectively applied. Further, the subsidiaries acquired from SBG from April 2018 are not retrospectively restated.

**(2) Reasons for the selection of the allottee**

See “I. Purpose of the Transactions” above for the reasons for the selection of the allottee.

**(3) Holding policy of the allottee**

The Third-Party Allotment is being implemented, as part of the Transactions, for the purpose of further strengthening the cooperative relationship between SBKK and the Company, and to maximize synergies generated from joint business operations by the two companies. The Company has confirmed that SBKK’s policy is for long-term holding of the shares it acquires through the Third-Party Allotment.

The Company intends to obtain a written pledge from SBKK setting forth the following: if SBKK transfers all or part of the Common Shares issued through the Third-Party Allotment within two years from the payment date, it shall provide the Company with a report setting forth the particulars of the transfer to the Company; the Company shall report the contents of such report to TSE; and the contents of such report shall be made available to the public.

**(4) Confirmation of the existence of assets at allottee sufficient for payment**

SBKK has reported to the Company that it has secured funds required for the payment of the total paid-in amount of the Third-Party Allotment. The Company also confirmed the Consolidated Financial Report for the Nine Months Ended December 31, 2018 submitted to the Kanto Local Finance Bureau on February 8, 2019, as well as the master agreement on assignment of claims entered into by and between SBKK and Japan Securitization Corporation Tokyo Branch which is a subsidiary of Mizuho Financial Group, Inc. and other materials related

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to securitization of communication charges claims, and the Company has determined that there will be no impediments with regard to payment.

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## 7. Major shareholders and shareholding ratio after the third-party allotment

| Before the offering (as of March 31, 2019)   |        | After the offering   |        |
|--|--------|--|--------|
| SoftBank Group Japan Corp.   | 36.08% | SoftBank Corp.   | 44.64% |
| SoftBank Corp.   | 12.08% | GOLDMAN, SACHS & CO.REG (Standing proxy: Goldman Sachs Japan Co. Ltd.)   | 3.45%  |
| GOLDMAN, SACHS & CO.REG (Standing proxy: Goldman Sachs Japan Co. Ltd.)   | 3.23%  | Japan Trustee Services Bank, Ltd. (trust account)  | 2.76%  |
| Japan Trustee Services Bank, Ltd. (trust account)  | 2.58%  | The Master Trust Bank of Japan, Ltd. (trust account)   | 2.28%  |
| The Master Trust Bank of Japan, Ltd. (trust account)   | 2.14%  | THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department) | 1.58%  |
| THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department) | 1.48%  | SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)          | 1.42%  |
| SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)          | 1.33%  | BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)   | 1.29%  |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)   | 1.21%  | BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing proxy: MUFG Bank, Ltd.)               | 1.06%  |
| BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing proxy: MUFG Bank, Ltd.)               | 0.99%  | JP MORGAN CHASE BANK 385151 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)                                | 1.04%  |
| JP MORGAN CHASE BANK 385151 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)                                | 0.97%  | JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)                                | 1.03%  |

(Note 1) Based on the register of shareholders as of March 31, 2019, major shareholders and the shareholding ratio before the offering is indicated as a ratio to the number (5,083,750,615 shares) of the total number of outstanding issued shares as of March 31, 2019 (5,151,629,615 shares) less the Company's shares (67,879,000 shares) owned by

[Translation]

the company as of the same day, rounded to the nearest hundredth (0.01) percentage point.

(Note 2) The shares owned by the Company are not included in the list above.

(Note 3) Based on the register of shareholders as of March 31, 2019, shareholding ratio after the offering is indicated as a ratio to the number (4,760,851,065 shares) obtained by adding the total number of shares (1,511,478,050 shares) to be issued by the Third-Party Allotment, to the total number of outstanding issued shares as of March 31, 2019 (5,151,629,615 shares) less the total number of shares Company's shares (67,879,000 shares) owned by the company as of the same day and the total number of the shares (1,834,377,600 shares) to be acquired through the Tender Offer, rounded to the nearest hundredth (0.01) percentage point. The ratio only for the case where SBGJ accepts the Tender Offer is indicated. If the number of shares being tendered in the Tender Offer exceeds the number of shares planned to be purchased, the purchase will be implemented on a *pro rata* basis. As such, depending on the status of tenders made in the Tender Offer, the actual shareholding ratio may not be the same as that set forth above.

## **8. Future Outlook**

The effect of the Transactions on the Company's consolidated performances for the fiscal year ending March 31, 2020 is expected to be minor. However, promotion and enhancement of synergies between our two Groups is expected to contribute to raising the corporate value of the Company in the medium to long term. The Company will make an announcement without delay should a need arise to revise the performance forecast or other matters arise that need to be made public.

## **9. Matters related to procedures required by the corporate code of conduct**

Although the Transactions as a whole will result in enhancement, rather than dilution, of minority shareholders' shareholder value, in consideration that the dilution ratio from the Third-Party Allotment is 29.73%, and that SBKK will become a controlling shareholder as a result of the Third-Party Allotment, the Company has decided to obtain an opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of the Third-Party Allotment pursuant to Rule 432 of the Securities Listing Regulations of the TSE.

The Company sought this opinion regarding the necessity and suitability of the Transactions, including those of the Third-Party Allotment, from Tsuyoshi Nishimoto, attorney-at-law, and Taku Kawamoto, attorney-at-law, (of Hibiya Park Law Offices) who has no prior personal or business relationships with either the Company's management or SBKK, and requested that he report the findings to the Company's Board of Directors. See "3. Outline of the opinion, provided by a party having no conflict of interest with controlling shareholders, on the matter that the Transactions will not constitute disadvantageous treatment to minority shareholders" of "V. Matters concerning transactions with controlling shareholders" for a summary of this opinion.

## **10. Financial results and equity financing for the last three years**

[Translation]

**(1) Financial results for the last three years (consolidated)**

(Unit: millions of yen, unless noted otherwise.)

|   | Fiscal year ended<br>March 31,<br>2017 | Fiscal year ended<br>March 31,<br>2018 | Fiscal year ended<br>March 31,<br>2019 |
|---|--|--|--|
| Revenue   | 853,730                                | 897,185                                | 954,714                                |
| Operating Income  | 192,049                                | 185,810                                | 140,528                                |
| Net income before income taxes                                  | 193,475                                | 193,177                                | 123,370                                |
| Net income  | 132,634                                | 134,412                                | 77,828                                 |
| Net income attributable to owners of the parent                 | 136,589                                | 131,153                                | 78,677                                 |
| Net comprehensive income attributable to owners of the parent   | 138,306                                | 132,912                                | 83,855                                 |
| Net income per share attributable to owners of the parent (yen) | 23.99                                  | 23.04                                  | 14.74                                  |
| Dividends per share (yen)                                       | 8.86                                   | 8.86                                   | 8.86                                   |
| Equity per share attributable to owners of the parent           | 163.51                                 | 177.97                                 | 160.96                                 |

**(2) Current status of the number of issued shares and the number of potential shares (as of March 31, 2019)**

|   | Number of shares     | Percentage to the total number of issued shares |
|---|----------------------|---|
| Number of shares issued   | 5,151,629,615 shares | 100%  |
| Number of potential shares at the conversion price (exercise price) currently in effect | — shares             | —   |
| Number of potential shares at the lower limit conversion price (exercise price)         | — shares             | —   |
| Number of potential shares at the upper limit conversion price (exercise price)         | — shares             | —   |

**(3) Recent stock price movements**

① Movements for the last three years

|               | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|---------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Opening price | 478 yen                             | 514 yen                             | 496 yen                             |
| Highest price | 559 yen                             | 549 yen                             | 503 yen                             |
| Lowest price  | 385 yen                             | 459 yen                             | 250 yen                             |
| Closing price | 514 yen                             | 494 yen                             | 271 yen                             |

② Movements for the last six months

[Translation]

|               | December<br>2018 | January<br>2019 | February | March   | April   | May     |
|---------------|------------------|-----------------|----------|---------|---------|---------|
| Opening price | 334 yen          | 266 yen         | 293 yen  | 300 yen | 275 yen | 310 yen |
| Highest price | 337 yen          | 304 yen         | 333 yen  | 302 yen | 307 yen | 312 yen |
| Lowest price  | 250 yen          | 264 yen         | 288 yen  | 265 yen | 270 yen | 299 yen |
| Closing price | 274 yen          | 293 yen         | 298 yen  | 271 yen | 296 yen | 302 yen |

(Note) As of May 7, 2019 for May 2019.

- ③ Stock prices on the trading day immediately preceding the date of the issuance resolution

|               | May 7, 2019 |
|---------------|-------------|
| Opening price | 310 yen     |
| Highest price | 312 yen     |
| Lowest price  | 299 yen     |
| Closing price | 302 yen     |

- (4) Equity financing in the last three years.

Not applicable.

## 11. Particulars of the Issue

|   |  |
|---|--|
| (1) Class and number of shares being offered  | Common shares  |
| (2) Paid-in amount                            | 302 yen per share  |
| (3) Total paid-in amount                      | 456,466,371,100 yen  |
| (4) Amount of capital to be increased         | 228,233,185,550 yen  |
| (5) Amount of capital reserve to be increased | 228,233,185,550 yen  |
| (6) Method of offering                        | Third-party allotment  |
| (7) Allottee                                  | SoftBank Corp.   |
| (8) Application deadline                      | June 27, 2019  |
| (9) Payment date                              | June 27, 2019  |
| (10) Others                                   | The Third Party Allotment shall be subject to the following: (i) the securities registration statement filed under the Financial Instruments and Exchange Act have taken effect; and (ii) the tender offer period of the Tender Offer has ended, and the transfer of the Common Shares has been completed. |

## III. Tender Offer, etc.

### 1. Purpose of the Purchase

Based on purpose etc. explained in “I. Purpose of the Transactions” above, the Company resolved at the Board of Directors’ meeting held today to acquire its shares in accordance with



Paragraph 1 of Article 156 in the Companies Act, as applicable pursuant to Article 165, Paragraph (3) of the same Act and in accordance with the provisions of the Company’s articles of incorporation, and acquire its shares by way of the Tender Offer. It was also resolved that the Tender offer price (the “Tender Offer Price”) will be 287 yen, which is equivalent to the amount after discounting 4.97% from the closing price of the Common Shares in the First Section of the TSE for the immediately preceding business day of the publication date (May 7, 2019), and the maximum number of its own stock to be purchased by the Tender Offer was set at 1,834,377,600 shares, the same number as the number of the Shares to be Tendered in Tender Offer (defined below) (36.08% holding ratio). In addition, the Company has stated that it intends to set the maximum number of shares to be purchased by the Tender Offer at 1,834,377,600 shares taking into consideration factors including: (i) the need to limit SBG Group’s (including SBKK) shareholding ratio of the Common Shares at a certain level in order to maintain the Company’s autonomy as a listed company; and (ii) the amount of surplus cash and deposits that the Company holds from the perspective of soundness and stability of the Company’s finances, and the amount expected to be financed through the Third-Party Allotment.

Funds required for the Tender Offer are to be allocated from the Company’s own capital and the amount (456,466,371,100 yen) paid by SBKK to the Company through the Third-Party Allotment as described in “(2) Specific uses of funds to be raised” in “3. Amount of funds to be procured, specific uses and scheduled timing of use of the funds” under “II. The Third-Party Allotment.” The Company’s liquidity on hand on a consolidated basis as of March 31, 2019 (“cash and cash equivalents”) is approximately 5,468 hundred million yen, and even after the allocation for the Tender Offer, the Company will still have sufficient liquidity on hand, and as a certain amount of the cash flow from its businesses is expected to be accumulated, the Company believes it can maintain soundness and stability of its business operations and finances going forward. The Company plans to cancel without delay after the termination of the Tender Offer a large portion of the shares it acquires through the Tender Offer. The Company will make an announcement on the cancellation of the Company’s own stock promptly after the details are decided.

The Company executed the “Tender Offer Agreement” with SBGJ, the Company’s parent company, dated May 8, 2019.

**2. Contents, etc. of the resolution regarding the acquisition of the shares at the Board of Directors’ meeting**

**(1) Contents of the resolution**

| Types of Share Certificates | Aggregate number (shares) | Aggregate purchase amount |
|-----------------------------|---------------------------|---------------------------|
| Common Shares               | 1,834,377,700 (maximum)   | 526,466,399,900 (maximum) |

(Note 1) Total number of issued shares 5,151, 629,615 (as of May 7, 2019) (excluding the number of shares issued through the exercise of stock acquisition rights by the Company during the period from April 11, 2019 to May 7, 2019)

(Note 2) The ratio of the aggregate number of shares to be purchased to the total number of issued shares is 35.61%

(Note 3) Period during which the shares may be acquired is from May 9, 2019 (Thursday) to

[Translation]

June 28, 2019 (Friday)

[Translation]

**(2) Listed share certificates, etc. pertaining to shares that were already acquired based on said resolution**

Not applicable.

**3. Outline of Third Party Tender Offer, etc.**

**(1) Timeline etc.**

|  |  |
|--|--|
| a. The resolution at the Board of Directors' meeting                     | May 8, 2019 (Wednesday)  |
| b. Date of Public Notice of commencement of Third Party Tender Offer     | May 9, 2019 (Thursday)<br>Public notice will be made electronically, as well as in a notice to be published in the Nihon Keizai Shimbun.<br>(The URL of the website on which the electronic public notice: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> ) |
| c. Date of submission of Third Party Tender Offer Registration Statement | May 9, 2019 (Thursday)   |
| d. Period of Third Party Tender Offer, etc.                              | From May 9, 2019 (Thursday) to June 5, 2019 (Wednesday) (20 business days)   |

**(2) Price of Third Party Tender Offer, etc.**

287 yen per common share

**(3) Basis for calculation etc. of Price of Third Party Tender Offer, etc.**

As stated in "I. Purpose of Transaction" above..

**(4) Number of Share Certificates, etc. Planned to be Purchased**

| Types of Listed Share Certificates | Number of Shares Planned to be Purchased | Number of Shares Planned to Exceed | Total                  |
|------------------------------------|--|------------------------------------|------------------------|
| Common Shares                      | 1,834,377,600 (shares)                   | — (shares)                         | 1,834,377,600 (shares) |

(Note 1) Unless the total number of the Share Certificates, etc. Offered to Sell in the Third Party Tender Offer exceeds the number of shares planned to be purchased (1,834,377,600 shares), all of the Share Certificates, etc. Offered to Sell will be purchased. If the total number of the Share Certificates, etc. Offered to Sell in the Third Party Tender Offer exceeds the number of shares planned to be purchased (1,834,377,600 shares), purchase, etc. of all or part of shares exceeding such number will not be made, and the Tender Offeror will implement the delivery and other settlement for purchase, etc. the Share Certificates, etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Law applied mutatis mutandis pursuant to Article 27-22-2, Paragraph 2 of the Law and Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ministry of Finance Japan Ordinance No. 95 of

1993, as amended).

(Note 2) Shares less than one unit are also subject to the Tender Offer. In cases where holders of shares less than one unit demand that the Company purchase their shares less than one unit pursuant to the Companies Act, the Company may purchase its shares during the period of the purchase, etc. of the Tender Offer according to the procedures of the relevant laws.

(Note 3) There is possibility that the stock acquisition rights of the Company is exercised by the end of the period of the purchase, etc. of the Tender Offer, and the Common Shares issued due to such exercise shall also be subject to the Tender Offer.

**(5) Funds Required for Purchase, etc.**

526,609,871,200 yen

(Note) It is the sum of the estimated amount of the payment for purchase in case the total number of shares planned to be purchased in the Self-Tender Offer (1,834,377,600 shares) is purchased, commissions and other fees and expenses (fees and expenses for public notice, the printing of the tender offer statement and other necessary documents regarding the Tender Offer plus and the purchase price per share (Funds Required for Purchase, etc.)

**(6) Method of Settlement**

① Name and Address of Head Offices of Financial Instruments Business Operator and Banks, etc. responsible for Settlement of Purchase, etc.

(Tender Offer Agent)  
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
2-5-2 Marunouchi, Chiyoda-ku, Tokyo

② Commencement Date of Settlement

June 27, 2019 (Thursday)

③ Method of Settlement

A notice of purchase, etc. through the Tender Offer shall be mailed to the addresses of persons who accept the Company's offer to tender or who make an offer to sell, etc. Share Certificates, etc. for which the Tender Offer is made (the "Accepting Shareholder, etc.") the Accepting Shareholders, etc. (or the addresses or locations of their standing proxies in the case of Non-Resident Shareholders) without delay after the expiry of the tender offer period.

Payment for the purchase will be made in cash. Under the instructions of the Accepting Shareholders, etc. (their standing proxies in the case of non-resident shareholders), the Tender Offer Agent will remit payment for the Share Certificates, etc. to be purchased after deducting applicable withholding taxes into the location instructed by the Accepting Shareholders, etc. (or the standing proxies in the case of non-resident shareholders, etc.) without delay on or after the

commencement date of settlement.

- (i) Tax treatment for the Accepting Shareholder, etc. who is an individual shareholder is as follows: (Note)
  - (A) For the Accepting Shareholder, etc. that is residents of Japan and non-resident having permanent establishment in Japan

If the proceeds received through the acceptance of the Tender Offer exceeds the amount of the portion corresponding to the shares of the capital, etc. (individual capital, etc. for corporations subject to consolidation) of the Company which are the cause of delivery (in the case in which the purchase price per share exceeds the capital, etc. per share of the Company), such excess amount shall be deemed to be dividend and taxed as such. In addition, the amount after deducting the deemed dividend from the proceeds received through the acceptance of the Tender Offer shall, in principle, be treated as income from transfer of shares, etc. If there is no deemed dividend (in the case in which the purchase price per share is at or less than the capital, etc. per share of the Company), the entire proceeds received shall be treated as income from transfer.

The withholding tax amount calculated by multiplying the deemed dividend amount by 20.315% (15.315% for income tax and special income tax for reconstruction under “the Special Measures Concerning the Securing of the Necessary Sources of Revenue to Implement Measures for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) (the “Special Income Tax for Reconstruction”) and 5% for residents tax) shall be imposed on the deemed dividend (the residents tax at 5% shall not be imposed for the non-resident having permanent establishment in Japan). However, if the Accepting Shareholder, etc. falls under major shareholders (the “Major Shareholder(s)”), as prescribed in Article 4-6-2, Paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Government Ordinance No. 43 of 1957, as amended), the withholding tax amount calculated by multiplying the deemed dividend amount by 20.42% (income tax and Special Income Tax for Reconstruction only) shall be imposed. In addition, the amount after deducting expenses associated with the purchase of said shares from the income earned from the proceeds through the transfer of shares shall, in principle, shall be subject to separate self-assessment taxation.

In case of applying for a tax exemption account for stock, etc. in the Tender Offer, as prescribed in Article 37-14 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (i.e., tax exemption for capital gains pertaining to a small balance for listed stock in a tax exemption account (the “Tax Exemption Account”), if the financial instruments business operator where said tax exemption account is placed is Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the income arising

[Translation]

from the transfer of shares through the Tender Offer shall be treated as tax exempt. If such Tax Exemption Account is placed in financial instruments business operators other than Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the aforementioned treatment may not apply.

(B) For the Accepting Shareholder, etc. that is non-resident having no permanent establishment in Japan

The withholding tax amount calculated by multiplying the deemed dividend amount by 15.315% (income tax and Special Income Tax for Reconstruction only) shall be imposed on the deemed dividend. If the Accepting Shareholder, etc. is a Major Shareholder, the withholding tax amount calculated by multiplying the deemed dividend amount by 20.42% (income tax and Special Income Tax for Reconstruction only) shall be imposed. In general, any income arising from said transfer of shares shall not be subject to taxation in Japan.

- (ii) In the case in which the Accepting Shareholder, etc. is a corporate shareholder, if the proceeds received through the acceptance of the Tender Offer exceeds the amount of the portion corresponding to the shares of the capital, etc. of the Company which are the cause of the delivery (in the case in which the purchase price per share exceeds the capital, etc. per share of the Company), such excess amount shall be deemed to be dividend and the withholding tax amount (income tax and Special Income Tax for Reconstruction only) calculated by multiplying such excess amount by 15.315% shall be imposed. (Note)
- (iii) Of foreign shareholders, etc. (meaning shareholders that reside in countries prescribed in the applicable tax treaties (including corporate shareholders); the same shall apply hereinafter), those shareholders who desire to be subject to the reduction or exemption of the income tax and Special Income Tax for Reconstruction on said deemed dividend in accordance with the applicable tax treaty are requested to notify the Tender Offer Agent that he/she intends to submit a notification regarding the tax treaty by no later than June 5, 2019 and submit to the Tender Offer Agent said notification by no later than the business day immediately preceding the commencement date of settlement (June 26, 2019). (Note)

(Note) With regard to taxation on shares purchased through Tender Offer Each shareholder should consult his or her own licensed tax accountant or other expert with respect to any specific questions regarding tax consequences and is responsible for his or her own decisions.

## **(7) Others**

The Company has entered into the Tender Offer Agreement with SBGJ as of May 8, 2019. For details, please see “1. Purpose of the Transactions” above.

#### **IV. Changes of the Parent Company and Largest Shareholder**

##### **1. Scheduled Date of Change**

June 27, 2019 (payment date of Third-Party Allotment)

##### **2. Background of the Change**

At the time of the Tender Offer, SBGJ is planning to execute a Tender Agreement for the Tender Offer and offer (1,834,377,600) Shares to be Tendered in Tender Offer in the Tender Offer. If the Tender Offer is made, all or part of the Shares to be Tendered in Tender Offer is expected to be purchased, and as a result, SBGJ is expected to cease to be the Company's largest shareholder.

The Company will also allocate to SBKK all of the 1,511,478,050 new shares issued through the Third-Party Allotment. As a result, the number of shares held by SBKK after the Transactions will be 2,125,366,950 shares, and in addition, by dispatching officers to the Company from SBKK etc., SBKK is expected to become the Company's parent company and largest and major shareholder.

Further, as SBG is the parent company of SBKK which holds 66.49% of SBKK's shares through SBGJ, and SBGJ is the parent company of SBKK, SBG and SBGJ will remain the Company's parent company even after the Transactions.

##### **3. Overview of Changing Shareholders**

###### **(1) SBGJ (shareholders who will cease to be the Company's other associated company and largest shareholder)**

An overview of SBGJ is as follows.

(As of March 31, 2019, unless noted otherwise.)

|      |   |  |  |
|------|---|--|--|
| (1)  | Company Name                              | SoftBank Group Japan Corporation                 |  |
| (2)  | Location                                  | 9-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo |  |
| (3)  | Title and Name of Representative          | Masayoshi Son, Representative Director           |  |
| (4)  | Description of Business                   | Holding company                                  |  |
| (5)  | Capital Amount                            | JPY 24.95 million                                |  |
| (6)  | Date of Incorporation                     | January 26, 2001                                 |  |
| (7)  | Consolidated Net Assets                   | JPY 3,637 million (as of December 31, 2018)      |  |
| (8)  | Consolidated Total Assets                 | JPY 3,959 million (as of December 31, 2018)      |  |
| (9)  | Major Shareholders and Shareholding Ratio | SoftBank Group Japan Corporation                 | 100%   |
| (10) | Relationship between Listed Company and   | Capital relationship                             | As of the date of this release, SBGJ owns 1,834,377,600 shares of the Common |

[Translation]

|  |                  |                        |   |
|--|------------------|------------------------|---|
|  | the Shareholders |                        | Shares (shareholding ratio: 36.08%) and owns 2,448,266,500 shares (shareholding ratio: 48.16%) of the Common Shares in total through its subsidiary SBKK, and the Company is a consolidated company based on SBG having control of the Company. |
|  |                  | Personnel relationship | As of the date of this release, the director of the Company, Masayoshi Son, concurrently serves as SBGJ's representative director.  |
|  |                  | Business relationship  | Nothing   |

**(2) SBKK (shareholder becoming the new parent company and largest and major shareholder)**

See “(1) Overview of the allottee” of “6. Reasons for selecting the allottee” under “II. The Third-Party Allotment” above for an overview of SBKK.

**4. Number of voting rights held by such shareholders (number of held shares) and ratio to the number of voting rights held by all shareholders prior to and after the change**

**(1) SBGJ**

|                                      | Category                               | Number of voting rights (ratio of voting rights held) (Note) |                                |                               | Major shareholder rank |
|--------------------------------------|--|--|--------------------------------|-------------------------------|------------------------|
|                                      |  | Number directly held   | Number subject to total amount | Total                         |                        |
| Pre-change<br>(As of March 31, 2019) | Parent company and largest shareholder | 18,343,776 shares<br>(36.08%)                                | 6,138,889 shares<br>(12.08%)   | 24,482,665 shares<br>(48.16%) | 1st                    |
| Post-change                          | Parent company                         | —  | 21,253,669 shares<br>(44.64%)  | 21,253,669 shares<br>(44.64%) | —                      |

(Note 1) The calculation of “ratio of voting rights held” is rounded to two decimal places.

(Note 2) Pre-change of “ratio of voting rights held” is calculated based on the total number of voting rights (50, 836, 451) of the Company as of March 31, 2019.

(Note 3) Pre-change of “ratio of voting rights held” is calculated based on the total voting rights of 47,607,455 which is the total number of voting rights (50,836,451) of the Company as of March 31, 2019 less the number of voting rights (18,343,776) which will be reduced by the Tender Offer, plus the number of voting rights (15,114,780) to be



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increased by the Third-Party Allotment. Further, for the purpose of this calculation, post-change is indicated only for the case where SBGJ accepts the Tender Offer. If the number of shares being tendered in the Tender Offer exceeds the number of shares planned to be purchased, the purchase will be implemented on a *pro rata* basis. As such, depending on the status of tenders made in the Tender Offer, SBGJ may continue to directly hold a portion of the Common Shares post-change.

**(2) SBKK**

|   | Category                               | Number of voting rights (ratio of voting rights held) (Note) |                                |                                  | Major shareholder rank |
|---|--|--|--------------------------------|----------------------------------|------------------------|
|   |  | Number directly held   | Number subject to total amount | Total                            |                        |
| Pre-change<br>(As of<br>March 31, 2019) | Major shareholder                      | 6,138,889<br>shares<br>(12.08%)                              | —                              | 6,138,889<br>shares<br>(12.08%)  | 2nd                    |
| Post-change                             | Parent company and largest shareholder | 21,253,669<br>shares<br>(44.64%)                             | —                              | 21,253,669<br>shares<br>(44.64%) | 1st                    |

(Note 1) The calculation of “ratio of voting rights held” is rounded to two decimal places.

(Note 2) Pre-change of “ratio of voting rights held” is calculated based on the total number of voting rights (50, 836, 451) of the Company as of March 31, 2019.

(Note 3) Pre-change of “ratio of voting rights held” is calculated based on the total voting rights of 47,607,455 which is the total number of voting rights (50, 836, 451) of the Company as of March 31, 2019 less the number of voting rights (18, 343, 776) which will be reduced by the Tender Offer, plus the number of voting rights (15,114,780) to be increased by the Third-Party Allotment. Further, for the purpose of this calculation,

**5. Future Prospects**

See “8. Future prospects” under “II. The Third-Party Allotment” above for future prospects.

**V. Matters Concerning Transactions with Controlling Shareholders****1. Applicability of transactions with controlling shareholders and status of conformance with the policy on measures to protect minority shareholders**

Since SBG owns a total of 2,448,266,500 shares (shareholding ratio: 48.16%) of the Common Shares through its subsidiary and is deemed to be the parent company based on SBG having control of the Company, and SBGJ owns a total of 2,448,266,500 shares (shareholding ratio: 48.16%) of the Common Shares through its subsidiary and is deemed to be the parent company based on SBGJ having control of the Company, and SBKK is a subsidiary of SBG and SBGJ, (i) issuance of new shares through the Third-Party Allotment to SBKK, and (ii) acquisition of its shares from SBGJ to be conducted conditioned on the Tender Offer fall under transactions with controlling shareholders as set forth in the Securities Listing Regulations of Tokyo Stock Exchange, Inc., respectively.

The Company formulated “Rules regarding proper practices in transactions and business between the Company and its parent company, subsidiaries, and affiliates.” The Company has

clearly stipulated that it prohibits transactions with the parent company, etc. that are inappropriately advantageous or disadvantageous to either side in comparison with third-party transactions or similar transactions. The Company also prohibits transactions for which the sole purpose is to transfer profit, loss or risk. The Company has made efforts to maintain fair and appropriate transactions.

In (i) issuing new shares through the Third-Party Allotment to SBKK and (ii) acquiring its shares from SBGJ through the Tender Offer, the Company determines that it has taken the measures set forth in “2. Measures to ensure the fairness of the Tender Offer and avoid conflicts of interest” below from the perspective of protection of minority shareholders, and decided said acquisition, through fair and appropriate procedures, conforms to the aforementioned rules.

## **2. Measures to ensure the fairness of the Self-Tender Offer and avoid conflicts of interest**

In conducting the examination of the Transactions, the Company appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. its outside financial advisor, to advise the Company from a financial viewpoint. In order to ensure transparency and fairness in the decision-making process, etc. with regard to the Transactions, the Company also appointed Mori Hamada & Matsumoto, its outside legal counsel, and Takai & Partners, an independent legal advisor with no conflicts of interest with either the SBG Group or the Company, who have been providing legal advice on the method and process of decision-making with respect of the Transactions, and other points to be noted in making decision on matters related to the Transactions.

Also, because Masayoshi Son, Ken Miyauchi and Kazuko Kimiwada concurrently serve as executive officers of SBG, SBGJ, SBKK, and other SBG Group companies, they have not participated in any discussions and resolutions with regard to the Transactions, in other words, to preserve the integrity of deliberations or decisions for the Third-party Allotment or considering the Tender Offer, they have not participated in deliberations or decisions by the board of directors of the Company relating to the Transactions, nor have they participated in any discussion or negotiations with SBG, SBGJ, or SBKK, thereby preserving the independence of the Company’s decision. On the other hand, Kentaro Kawashima, a representative director of the Company, concurrently serves as a director of SBKK, but has not participated in the deliberation or decisions by SBKK's board of directors regarding the Third-Party Allotment, nor has participated in discussions or negotiations with the Company.

The Company passed unanimously the resolution of the implementation of the Transactions at a meeting of the board of directors held today (May 8, 2019), in which all four directors (including directors who are Audit and Supervisory Committee members) participated, other than Masayoshi Son, Ken Miyauchi and Kazuko Kimiwada, who have not participated in discussions and resolutions relating to the Transactions, for the aforementioned reason. In addition, as described in “3. Outline of the opinion, provided by the party having no conflict of interest with controlling shareholders, on the matter that the Transactions, etc. will not constitute disadvantageous treatment to minority shareholders” below, in order to ensure the fairness of the Transactions, on May 8, 2019, the Company obtained from Tsuyoshi Nishimoto, attorney-at-law,

and Taku Kawamoto, attorney-at-law, of Hibiya Park Law Offices, as an outside professional who does not have any conflicts of interest with the SBG Group and the Company nor could have conflicts of interest with minority shareholders, the opinion to the effect that he determined that the Transactions do not constitute disadvantageous treatment to minority shareholders.

**3. Outline of the opinion, provided by a party having no conflict of interest with controlling shareholders, on the matter that the Transactions will not constitute disadvantageous treatment to minority shareholders**

The Company consulted with Tsuyoshi Nishimoto, attorney-at-law, and Taku Kawamoto, attorney-at-law, of Hibiya Park Law Offices, as outside professionals who do not have any conflicts of interest with both the SBG Group and the Company nor have conflicts of interest with minority shareholders, as to whether or not a decision to enter into the Transactions would treat minority shareholders (which means the shareholders of the Company other than SBG and its subsidiaries) disadvantageously, taking into account ① the necessity and suitability of the Transactions including the Third-Party Allotment; and ②(i) the legitimacy of the purposes of the Transactions, (ii) the adequacy of the procedures for the Transactions; (iii) the validity of the terms and conditions of the Transactions (including the Issue Price and the Tender Offer Price).

These attorneys examined these issues after receiving from the Company explanations on the purpose and history of the Transactions, method for determining the Issue Price and the Tender Offer Price and other terms and conditions, adequacy and fairness, etc. of the decision-making process of the Company on the Transactions.

As a result, the Company obtained the opinion which the outline is stated as below from the aforementioned attorneys on May 8, 2019.

①(i) Necessity of the Transactions

It is considered necessary for SBKK to make the Company a consolidated subsidiary of SBKK in light of the fact that it is essential to strengthen the capital relationship between the Company and SBKK in order for the Company to make strategic decisions quickly and in close cooperation, and accelerate provision of suitable services for all users. At the same time, it is also considered necessary for SBKK to implement the Tender Offer concurrently with making the Company a consolidated subsidiary of SBKK in order to maintain independence of the Company as a listed company and prevent the dilution of shareholder value of the Company's minority shareholders. As such, the Transactions including the Third-Party Allotment are considered necessary.

①(ii) Suitability of the Transactions

The Issue Price does not make it an issuance on favorable terms, and is considered fair in light of the process of the negotiations over the Transactions and the measures taken to avoid conflict of interest. The purchase price for the Tender Offer is also considered fair in light of the process of the negotiations over the Transactions and the measures taken to avoid conflict of interest. In addition, with respect to terms and conditions other than price, no circumstances have been found that harm the suitability of the terms and conditions other than price, as among

[Translation]

other things, in the Tender Offer, it is planned to acquire a larger number of the Company's shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment, which will result in enhancement, rather than dilution, of minority shareholders' shareholder value. Therefore, the terms and conditions of the Transactions are considered suitable.

Furthermore, the procedures for the Transactions are considered suitable in light of the fact that the lawfulness of the procedures are ensured, that appropriate measures have been taken to avoid conflict of interest. In addition, at first glance, it may be considered that by SBKK making a tender offer and acquiring Common Shares from SBGJ, is the same outcome of making the Company a consolidated subsidiary, can be realized, for example, by acquiring a larger number of the Company's shares from SBGJ than the number of new shares to be issued through the Third-Party Allotment concurrently with the Third-Party Allotment, we believe that the Transaction has an effect that cannot be realized by direct acquisition by SBKK, such as enhancement, rather than dilution, of minority shareholders' shareholder value.

As such, the Transactions including the Third-Party Allotment are considered suitable.

②(i) Legitimacy of the purposes of the Transactions

The purpose of the Transactions is to improve the Company's business competitiveness, enhance the Company's corporate value and to provide a benefit to the Company's minority shareholders, and therefore is considered legitimate.

②(ii) Adequacy of the procedures for the Transactions

The procedures for the Transactions are considered legitimate in light of what is discussed in the second half of ①(ii) above.

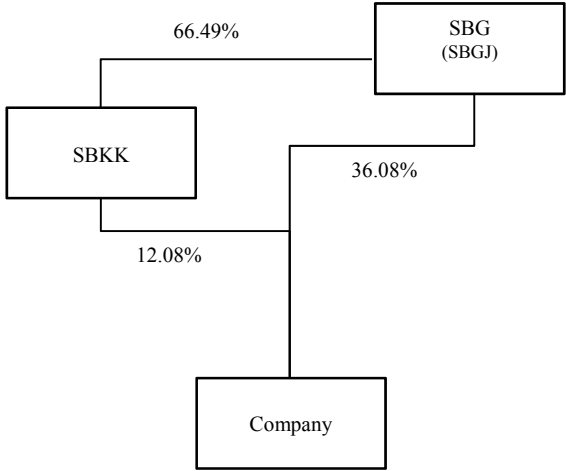
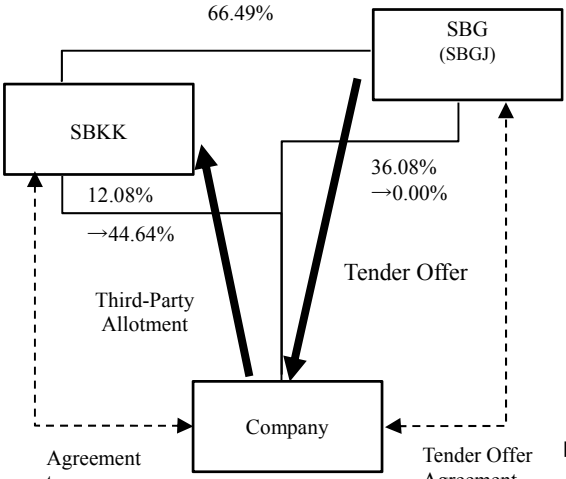
②(iii) Validity of the terms and conditions of the Transactions

The terms and conditions of the Transactions are considered valid in light of what is discussed in the first half of ①(ii) above.

②(iv) Whether or not the decision to enter into the Transactions would treat minority shareholders disadvantageously.

It is believed that the decision to enter into the Transactions would not treat minority shareholders disadvantageously in light of the fact that, as mentioned above, the purpose of the Transactions is considered legitimate, that the adequacy of the procedures for the Transactions is ensured and that the terms and conditions of the Transactions are considered valid.

<Scheme of the Transactions >

|                        |  |
|------------------------|--|
| <p>Current</p>         |  <ul style="list-style-type: none"> <li>■ As of May 8, 2018, SBG indirectly owns 1,834,377,600 shares of the Common Share (shareholding ratio: 36.08%) through SBGJ, while SBKK owns 613,888,900 shares (shareholding ratio: 12.08%). SBG holds SBKK shares which is equivalent to 66.49% of SBKK's total voting rights through SBGJ.</li> </ul>  |
| <p>The Transaction</p> |  <ul style="list-style-type: none"> <li>■ The Company acquires Common Shares from SBGJ through the Tender Offer at the purchase price of 287 yen per share. (The shareholding ratio of each company is based on the assumption that no other shareholders tender their shares and the Company acquires all of the Shares to be Tended in Tender Offer.) The Company and SBGJ entered into an agreement (Tender Offer Agreement) under which SBGJ tenders its shares in response to the Tender Offer.</li> <li>■ SBKK acquires 1,511,478,050 shares of the Common Shares through the Third-Party Allotment for which 302 yen per share will be paid in. The Company and SBKK entered into an agreement (Agreement to Subscribe to the All Shares) under which new shares are issued to SBKK through the Third-Party Allotment.</li> </ul> |

(Note) In the chart above, the figures specified in the “Current” row denote the shareholding ratio defined in “I. Purpose of the Transactions” above.

This press release does not constitute an offer to purchase securities or a solicitation of an offer to sell any securities or an offer to sell or the solicitation of an offer to purchase any new securities, nor does it constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is unlawful.

Yahoo Japan Corporation (the “Tender Offeror”) is making the Tender Offer only by, and pursuant to, the terms of the Tender Offer Explanatory Statement for the Tender Offer. Stockholders must make their own decision as to whether to tender their shares and, if so, in what amount to tender. In any jurisdiction in which the blue sky or other laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer will be deemed to be made on behalf of Yahoo Japan Inc. by the dealer manager, or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

Although the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act, these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release may not necessarily be comparable to the financial statements of U.S. companies. Also, it may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror is incorporated outside the United States and its directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliated companies to subject themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer shall be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

This press release contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Known or unknown risks, uncertainties and other factors could cause actual results to differ substantially from the projections and other matters expressly or impliedly set forth herein as “forward-looking statements.” Neither the Tender Offeror, nor any of its affiliates, assures that such express or implied projections set forth herein as “forward-looking statements” will eventually prove to be correct. The “forward-looking statements” contained in this press release have been prepared based on the information held by the Tender Offeror as of the date hereof and, unless otherwise required under applicable laws and regulations, neither the Tender Offeror, nor any of its affiliates, assumes any obligation to update or revise this press release to reflect any future events or circumstances.