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Document to be submitted: Report regarding Expression of Opinion on Tender Offer (the “Report”)

Submitted to: The Director-General of Kanto Local Finance Bureau

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Name of Filing Party: Yahoo Japan Corporation

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Place of Public Inspection: Yahoo Japan Corporation
(1-3, Kioicho, Chiyoda-ku, Tokyo)
Tokyo Stock Exchange, Inc.
(2-1, Nihonbashikabutocho, Chuo-ku, Tokyo)

(Note 1) In this Report, the “Company” means Yahoo Japan Corporation.

(Note 2) In this Report, the “Tender Offeror” means SoftBank Corp.

(Note 3) Where the figures in this Statement have been rounded up or down, the amount reflected in the total column may not always coincide with the actual sum of the relevant figures.

(Note 4) In this Report, the “Act” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

(Note 5) In this Report, the “TOB Order” means the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ministry of Finance Japan Ordinance No. 38 of 1994, as amended).

(Note 6) Unless otherwise described in this Report, any reference to the number of days or the date and time shall mean the number of days or the date and time in Japan.

(Note 7) In this Report, the “Share Certificates, etc.” means rights to shares.

(Note 8) In this Report, a “Business Day” means a day other than days listed in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

- (Note 9) Although the tender offer subject to this Report (the “Third Party Tender Offer”) and the Self-Tender Offer (as defined in “(i) Outline of the Third Party Tender Offer” of “(b) Grounds of the Opinions on the Third Party Tender Offer” of “3. Contents of and Ground for the Opinions on the Third Party Tender Offer” below, together with the Third Party Tender Offer, the “Tender Offers”) will be conducted in compliance with the procedures and disclosure standards prescribed in the Financial Instruments and Exchange Act, such procedures and standards are not necessarily identical to those applicable in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended) and the rules promulgated thereunder do not apply to the Third Party Tender Offer, and the Third Party Tender Offer is not intended to comply with the procedures or standards set forth in any such provisions. In addition, both of the Tender Offeror and the Company (collectively, the “Tender Offeror, etc.”) are legal entities established outside the United States, and they may become difficult to exercise rights or requests which can be claimed under the U.S. securities laws. Furthermore, in the event of a violation of the U.S. securities laws, the Company may be unable to commence a legal action against legal entities outside the U.S. before courts outside the United States. Furthermore, U.S. courts do not necessarily have jurisdiction over legal entities and their respective subsidiaries and affiliates outside the United States.
- (Note 10) Unless otherwise described in this Report, all procedures required for the Tender Offers will be conducted in the Japanese language. All or parts of the documents related to the Tender Offers are prepared in the English language. If there are any discrepancies between such English version and the Japanese version, the Japanese version shall prevail.
- (Note 11) This Report includes “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. Actual results may differ substantially from future expectations or other express or implicit forward-looking statements due to known or unknown risks, uncertainties, or other factors. Neither the Tender Offeror, etc., nor any of their affiliates promise that the projections, etc. expressed or implied as forward-looking Reports will ultimately be accurate. The forward-looking statements in this Report have been prepared based on information available to the Tender Offeror, etc. as of the date hereof, and neither the Tender Offeror, etc., nor any of their affiliates will be responsible for updating or otherwise revising any such forward-looking statements to reflect any future event or circumstances unless required by law or regulation.
- (Note 12) Financial advisors of the Tender Offeror, etc., etc. and their respective affiliates may, within the scope of their ordinary business, purchase, or conduct any act toward the purchase of, the common stock of shares of the Company not through the Self-Tender Offer on their own account or accounts of their customers prior to the launch of the Tender Offers or during the purchase period of the Tender Offers pursuant to the requirements under Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 to the extent permissible under the financial instruments and exchange law system in Japan. If any information regarding such purchase is disclosed in Japan, the disclosure will be made in the United States by a similar method.

1. **Name and Address or Location of the Tender Offeror**

Name: SoftBank Corp.

Location: 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo

2. **Class of Share Certificates, etc. to Be Purchased, etc. by the Tender Offeror**

Common shares

3. **Contents of and Ground for the Opinions on the Third Party Tender Offer**

(a) **Contents of the Opinion on the Third Party Tender Offer**

The Company passed at a meeting of the board of directors held on July 10, 2018, the resolutions that, based on the grounds set forth in “(b) Grounds of the Opinions on the Third Party Tender Offer” below, the Company will express its opinion to support the Third Party Tender Offer against the common shares of the Company (the “Company Shares”) by the Tender Offeror and take a neutral position with regard to whether or not shareholders of the Company will accept the Third Party Tender Offer, and the decision regarding whether or not to accept the Third Party Tender Offer shall be left to each of the shareholders.

(b) **Grounds of the Opinions on the Third Party Tender Offer**

(i) **Outline of the Third Party Tender Offer**

The Tender Offeror has provided the following explanation regarding the outline of the Third Party Tender Offer.

As of the date of submission of this Report, the Tender Offeror is a subsidiary of SoftBank Group Corp. (“SBG”) in which SBG indirectly holds 99.99% of the voting rights through its wholly-owned subsidiary SoftBank Group Japan Corporation (former trade name: SoftBank Group International GK) (“SBGJ”). As of the date of submission of this Report, SBG owns a total of 2,445,487,300 Company Shares (shareholding ratio (Note 1): 42.95%) (Note 2) that are listed on the First Section of the Tokyo Stock Exchange, Inc. (“TSE”) through SBGJ and SBBM Corporation (“SBBM”). The Company is a consolidated subsidiary of SBG based on controlling power criteria. As of the date of submission of this Report, the Tender Offeror does not own any Company Shares.

Ken Miyauchi, President & CEO of the Tender Offeror, who had been entrusted with the sole discretion to decide as to whether to implement the acquisition, pursuant to a resolution at Tender Offeror’s meeting of board of directors held on July 9, 2018, decided as of July 10, 2018, that the Tender Offeror will acquire a part of the Company Shares owned by Altaba Inc. (“ALT”), the second largest shareholder of the Company, and to make the Third Party Tender Offer for the purpose of solidifying the businesses of both the Tender Offeror and the Company with the aim of ensuring their enduring growth.

[Translation]

(Note 1) “Shareholding ratio” is the ratio of the shares owned by an entity against the number of outstanding shares (5,694,069,615 shares), obtained by subtracting the number of treasury stock held by the Company as of June 18, 2018 (2,835,585 shares) (excluding the number of shares obtained through the purchase of shares less than one unit by the Company during the period from June 1, 2018, to June 18, 2018), from the total number of shares outstanding as of June 18, 2018 (5,696,905,200 shares), as disclosed in the Company’s “Annual Securities Report for the 23rd fiscal year (April 1, 2017 through March 31, 2018)” submitted on June 18, 2018 (excluding the number of shares issued through the exercise of stock acquisition rights by the Company during the period from June 1, 2018, to June 18, 2018), rounded to the nearest hundredth (0.01) percentage point. The same applies wherever the shareholding ratio is indicated.

(Note 2) As of the date of submission of this Report, of the 2,445,487,300 Company Shares, SBGJ owns 2,071,926,400 shares (shareholding ratio: 36.39%), and SBBM owns 373,560,900 shares (shareholding ratio: 6.56%).

In making the Third Party Tender Offer, the Tender Offeror executed a Tender Offer Agreement dated July 10 with ALT (number of shares held: 1,977,282,200 shares; shareholding ratio: 34.73%) (the “Third Party Tender Offer Agreement”), pursuant to which ALT has agreed to participate in the Third Party Tender Offer and tender a portion of the Company Shares owned by ALT (613,888,888 shares; shareholding ratio: 10.78%) (the “Shares to be Tendered by ALT”). For an overview of the Tender Offer Agreement, please refer to “(g) Matters Related to Important Agreements Concerning the Third Party Tender Offer” below.

According to SBG, in executing the Third Party Tender Offer Agreement, pursuant to the TERMINATION AGREEMENT dated July 10, 2018 (the “Termination Agreement”), SBG, SBGJ, and SBBM, on the one hand, and ALT, on the other hand, agreed to terminate the joint venture agreement (the “Shareholders Agreement”) executed by and among such parties, which provides for terms relating to a right of first refusal regarding the Company Shares (in the event that one of the parties transfers the Company Shares to a third party (including share transfers on the market), if any other party wishes, such right of first refusal regarding the Company Shares entitles such other party to demand a transfer of the Company Shares to itself on the same terms as those of the transfer of the Company Shares from the party intending to transfer those Company Shares to such third party) and the appointment of directors to the Company’s board.

The Third Party Tender Offer is being made on the condition that ALT will tender part of the Company Shares it owns. The Third Party Tender Offer is

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not being made with the intent of delisting the Company Shares, and the Tender Offeror plans to maintain the listing of the Company Shares after the Third Party Tender Offer is consummated. For this reason, the Tender Offeror has set the maximum number of shares to be purchased at 613,888,888 shares (shareholding ratio: 10.78%), the same number as the number of the Shares to be Tendered by ALT. If the number of Share Certificates, etc. being tendered in the Third Party Tender Offer (the “Tendered Share Certificates, etc.”; the same shall apply hereinafter) exceeds the maximum number of shares to be purchased, the Tender Offeror has agreed not to purchase all or any part of that excess amount and will implement the delivery or other settlement procedure for purchasing the Tendered Share Certificates, etc. on a *pro rata* basis as provided for in Article 27-13, Paragraph 5 of the Act, and Article 32 of the TOB Order. If the total number of the Tendered Share Certificates, etc. is less than the minimum number of shares to be purchased (613,888,888 shares), the Tender Offeror will not purchase any Tendered Share Certificates, etc.

As the Company has announced in the “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” on July 10, 2018 (the “Company’s Press Release”), the Company resolved at a meeting of the board of directors held on the same date, to acquire Company’s own stock by way of a self-tender offer (the “Self-Tender Offer”) at the same time as the Third Party Tender Offer in accordance with the provisions of Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”), which is applied *mutatis mutandis* pursuant to Paragraph 3 of Article 165 of the Companies Act and the provisions of the Company’s Articles of Incorporation. It was also resolved that the purchase price for the Self-Tender Offer (the “Self-Tender Offer Price”) will be 360 yen, the closing price of the Company shares on the First Section of the TSE on July 9, 2018, one Business Day before the July 10, 2018 announcement of the Third Party Tender Offer, and that, based on Company’s financial soundness and stability, the maximum number of shares to be purchased by the Self-Tender Offer will be 611,111,111 shares (10.73 % of outstanding shares), which is equal to the number of the Shares to be Tendered (as defined below). In addition, the Company has stated that it intends to set the maximum number of shares to be purchased by the Self-Tender Offer at 611,111,111 shares taking into consideration factors including: (i) the need to limit the shareholding ratio of the Company Shares of SBG group 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 held by the Company.

The Company executed a tender offer agreement with SBGJ, the Company’s shareholder, dated July 10, 2018 (the “Self-Tender Offer Agreement”) setting forth, inter alia, that in the event the Company conducts the Self-Tender Offer, SBGJ will tender 611,111,111 shares of the Company Shares

(the “Shares to be Tendered”), equivalent to 10.73% of the Company’s issued and outstanding shares. The Self-Tender Offer Agreement stipulates that (i) it is a condition precedent to the Self-Tender Offer that the Third Party Tender Offer which will be made on the same day as the Self-Tender Offer is consummated and, (ii) in the event that the Tender Offer Period is extended, the Tender Offer Period will be extended to the following Business Day of the last day of the extended Tender Offer Period.

(ii) **Decision-making Process and Reasons of the Tender Offeror for the Decision to Implement the Third Party Tender Offer and Management Policy after the Implementation of the Third Party Tender Offer**

(1) **Decision-making Process and Reasons for the Third Party Tender Offer**

The Tender Offeror is a member of the group of companies in which SBG is the parent company (“SBG group”). Tender Offeror is comprised of the Tender Offeror, 67 subsidiaries, and 24 affiliates. The Tender Offeror mainly engages in “consumer” (provision of mobile communications, broadband services, and ancillary services thereto to general public individuals), “corporate” (provision of telecommunications services and solutions to corporate customers), “distribution” (wholesale and retail sales of IT merchandise, mobile phone accessories, etc.), and other businesses (cloud businesses, collection agent businesses and other businesses in segments not covered in the foregoing). Under the corporate philosophy of “Information Revolution – Happiness for everyone”, SBG group aims to maximize its corporate value while striving to provide the technologies and services most needed by people around the globe. As such, SBG group is engaged in various businesses in the information and technology sectors. The Tender Offeror possesses sophisticated sales and marketing know-how developed in the telecommunications industry as well as a solid customer base. The Tender Offeror aims to utilize its position as a member of the SBG group, and the knowledge of cutting-edge technologies that comes with it, to further expand its customer base and establish new revenue streams while providing benefits not only to existing customers but also to society as a whole.

The Company was established in January 1996 as a joint venture between SoftBank Corp. (currently SBG) and Yahoo! Inc. (currently ALT), the second largest shareholder of the Company, for the purpose of providing online search engine services in Japan. Currently, the Company provides search engine-related advertisements (advertisements displayed according to key words searched), display advertisements (advertisements displayed using images or videos), and other related advertisement services. The Company also participates in the e-commerce sector through “YAHUOKU!”, one of Japan’s largest on-line auction services,

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“Yahoo! Shopping”, an on-line shopping site, ASKUL, and other related businesses. In addition, the Company provides “Yahoo! Premium” and other membership services as well as credit card settlement-related services.

The Tender Offeror has executed a business alliance agreement with the Company regarding various communication services businesses, including “Yahoo! BB”, strengthened collaboration between the two companies with an emphasis on e-commerce, expanded its smartphone customer-targeted services, and raised the overall value of quality of its telecommunications services in order to further differentiate itself from other communications operators. Specific current efforts designed to maximize the use of both companies’ services include the provision of the Company’s “Yahoo! Premium” membership services, a membership service provided by the Company for a monthly fee of 462 yen a month, to the Tender Offeror’s smartphone customers for free and the limited-time award of additional reward points to Tender Offeror’s smartphone customers who use “Yahoo! Shopping”, the Company’s e-commerce services. The business relationship between the Tender Offeror and the Company continues to strengthen through such efforts. Continuing forward, the Tender Offeror is confident that, by expanding the scope of collaboration between the two companies, including the contents and sharing businesses and beyond, both the Tender Offeror and the Company will enjoy strengthened competitiveness.

In light of this deepening relationship between the two companies, the Tender Offeror has begun preparation for its initial public offering as laid out in SBG’s “SoftBank Group Corp. and SoftBank Corp. Commence Preparations to List SoftBank Corp. Shares,” announced on February 7, 2018. As part of these preparations and in order to achieve successful corporate management as an independent public entity, the Tender Offeror aims to further strengthen its collaboration with the Company as a key partner in its efforts to increase corporate value. In order to more fully develop its partnership with the Company, the Tender Offeror began considering direct ownership of the Company’s shares as a method by which to achieve deeper connections at the capital level. Such considerations provided the background against which ALT announced on February 27, 2018, its intention to sell its shares of the Company.

Meanwhile, the Shareholders Agreement executed by and between SBG, SBGJ, and SBBM, on the one hand, and ALT, on the other hand, provides that two of the Company’s directors were to be designated by ALT, but after said announcement of intent of sale, these two directors appointed by ALT have not been able to attend the Company’s board meetings, as insider trading regulations put them in a position of not being able to receive material non-public

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information (as defined in Article 166, Paragraph 2 of the Act). Due to the fact that ALT was no longer a long-term business partner of the Company, and ALT's appointment of two directors to the board of the Company could have the effect of inhibiting the Company and the Tender Offeror from smoothly advancing their business collaboration, the Tender Offeror came to view the termination of the Shareholders Agreement as a material issue requiring resolution. The Tender Offeror thus started to consider in detail the acquisition of a part of the Company Shares owned by ALT, as well as the aforementioned termination of the Shareholders Agreement, and consulted with SBG, a party to the Shareholders Agreement and holder of the right of first refusal under the Shareholders Agreement with regard to the Company Shares, on the matter of the Tender Offeror's acquisition of the Company Shares owned by ALT. According to SBG, with SBG holding a right of first refusal under the Shareholders Agreement for sales of the Company's shares by ALT, ALT and SBG had been unable to agree to a sale of the Company Shares on terms agreeable to both parties. However, SBG then expressed an opinion that it would cooperate with the Tender Offeror's acquisition of the Company's shares, as such an acquisition would lead to an increase in the corporate value of the SBG group, as a whole.

Thereafter, in early June 2018, the Tender Offeror conveyed its intent to acquire a part of the Company Shares that ALT had announced it would sell. At the same time and in cooperation with SBG, the Tender Offeror engaged in a series of discussions with ALT with regard to the termination of the Shareholders Agreement.

From SBG's perspective, the termination of the Shareholders Agreement would facilitate collaboration between the Tender Offeror and the Company, and thus the termination was in the best interests of the SBG group. As such, in late June 2018, SBG negotiated for the termination of the Shareholders Agreement with ALT to occur simultaneously with the execution of the Third Party Tender Offer Agreement, and ALT agreed to the same.

The Tender Offeror also conveyed to the Company in early June 2018 its intent to acquire part of the Company Shares and has been engaged in mutual discussions with the Company. As a result, in late June 2018, the Tender Offeror and the Company came to share the understanding that the alliance between the two companies would be strengthened through the Tender Offeror's purchase of a part of the Company Shares owned by ALT, and that more actively pursuing collaboration between the two companies will contribute to the further growth and development of both the Tender Offeror and the Company, leading to an increase in their respective corporate values going forward. Specifically, the Tender Offeror and the Company are already implementing campaigns for the Tender Offeror's

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smartphone users and the Company's premium members and otherwise creating an overlap of the two companies' customer base and taking measures incentivizing maximum usage. Going forward, measures to improve user-friendliness for the Tender Offeror's smartphone users and the Company's premium members, and promote continuous long-term usage are being planned. Furthermore, with regard to the Tender Offeror, strengthening the alliance with the Company is an important key to realizing differentiation with other telecommunication carriers and realizing a growth strategy that would take the Tender Offeror beyond being a telecommunication carrier under the slogan of "Beyond Carrier." The Tender Offeror is aware that there are a wide range of opportunities to collaborate with the Company in such sectors as digital contents, sharing business, and fintech, and that, on the other hand, under the extremely competitive environment in which the Tender Offeror and the Company are placed, it is imperative to make strategic decisions quickly and in close cooperation. As such, the Tender Offeror came to aim to further strengthen its relationship with the Company through capital alliance.

Subsequently, beginning in late June 2018, the Tender Offeror negotiated with ALT regarding both the number of shares tendered and the purchase price for the Third Party Tender Offer (the "Third Party Tender Offer Price"). Ultimately, the Tender Offeror reached an agreement with ALT to accept the Shares to be Tendered by ALT through the Third Party Tender Offer by the Tender Offeror, and that the Third Party Tender Offer Price would be based on the closing price of the Company's Shares in the First Section of the TSE on July 9, 2018 which is one business day before the July 10, 2018, announcement of the Third Party Tender Offer and executed the Third Party Tender Offer Agreement on July 10, 2018. According to SBG, the Termination Agreement was executed between SBG, SBGJ, and SBBM and ALT, and the Shareholders Agreement was terminated at the same time. Pursuant to the Termination Agreement, Arthur Chong and Alexi Wellman, the directors that had been appointed by ALT, resigned as directors of the Company as of July 10, 2018.

After the discussions and negotiations set forth above, the Tender Offeror caused Ken Miyauchi, President & CEO of the Company, who had been entrusted with the sole discretion to decide as to whether to implement the acquisition, pursuant to the resolution at its board of directors' meeting held on July 9, 2018, to decide as of July 10, 2018 that the Tender Offeror will implement the Third Party Tender Offer.

(2) **Management Policy after the Implementation of the Third Party Tender Offer**

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The Tender Offeror believes that promoting further cooperation between the Tender Offeror and the Company by keeping the Company Shares listed on the First Section of the TSE and retaining the Company's independent management as a listed company will be effective in increasing the corporate values of both the Tender Offeror and the Company. For this reason, the Tender Offeror is not planning to make any material changes to the Company's management policy after the Third Party Tender Offer is consummated.

Furthermore, the Tender Offeror is not planning to exercise the voting rights of the Company jointly with SBG, SBGJ, or SBBM after the implementation of the Self-Tender Offer and the Third Party Tender Offer but rather plans to independently exercise its voting rights.

(iii) **Decision-making Process and Reasons of the Company for the Decision to Implement the Third Party Tender Offer**

Given ALT's announcement of its plan to sell the Company Shares as explained above on February 2018, the Company has been discussing the action plan in response to the decrease in liquidity of the Company Shares in the event the Company Shares owned by ALT were sold into the market and to mitigate the downward pressure on the market price of these shares regarding the policy of the Third Party Tender Offer regarding this announcement.

The Company also has been in discussions with the Tender Offeror in response to the Tender Offeror's intent to acquire the Company Shares in early June, 2018, as explained on "(ii) Decision-making Process and Reasons of the Tender Offeror for the Decision to Implement the Third Party Tender Offer and Management Policy after the Implementation of the Third Party Tender Offer" above.

During such discussions, as explained in "(ii) Decision-making Process and Reasons of the Tender Offeror for the Decision to Implement the Third Party Tender Offer and Management Policy after the Implementation of the Third Party Tender Offer" above, in late June 2018, based on the Tender Offeror's intent to acquire part of the Company Shares ALT owns, SBG agreed with ALT that the Shareholders Agreement should be terminated on the day of the Third Party Tender Offer. Additionally, according to SBG, there was no need to increase the number of Company Shares owned by it because the Company is a consolidated subsidiary of SBG based on controlling power criteria, and SBG is smoothly operating its group business, as well as in light of its current capital efficiency as a group.

In late June 2018, the Company came to a consensus with SBG and the Tender Offeror, that it would be reasonable to implement the Self-Tender Offer simultaneously with the Third Party Tender Offer on the following

grounds: (i) the Company had for some time been considering an acquisition of its own stock as one method of strengthening shareholder returns and improving capital efficiency, and when ALT announced its plan to sell the Company Shares as described above, the Company needed to take action to respond to the decrease in liquidity of the Company Shares in the event the Company Shares owned by ALT were sold into the market and to mitigate the downward pressure on the market price of these Company Shares; (ii) the termination of the Shareholders Agreement between SBG, SBGJ and SBBM and ALT, and Tender Offeror's acquisition of a part of the Company Shares owned by ALT would further strengthen the alliance between the Company and Tender Offeror, and result in a more active pursuit of collaboration between the two companies, which is expected to contribute to further growth and development of both Tender Offeror and the Company, and increase their respective corporate values going forward, (iii) by acquiring its own shares from SBGJ concurrently with SBKK's acquisition of the Company Shares from ALT, the Company would be able to maintain SBG's shareholding ratio of the Company Shares at a certain level and maintain the Company's autonomy as a listed company while strengthening its alliance with SBKK; (iv) the Company has sufficient surplus cash and deposits to implement the Self-Tender Offer, even taking into consideration investments, etc. that might become necessary when implementing its growth strategy; and (v) the Self-Tender Offer is a reasonable method for the Company to acquire its own shares from SBGJ from the standpoint of equality among shareholders and transaction transparency.

After that, regarding the Self-Tender Offer, through consultations with SBGJ after late June 2018, the Company reached an agreement with the Company's shareholder, SBGJ to the effect that the Self-Tender Offer Price and the Third Party Tender Offer Price will be the same and will be equal to the closing price of the Company Shares on the First Section of the TSE on July 9, 2018, one Business Day before the July 10, 2018, announcement of the Third Party Tender Offer, taking into consideration: (i) in addition to background of the objective of strengthening the alliance between the Company and the Tender Offeror through the Tender Offeror's acquisition of the Company Shares from ALT and, at the same time, implementing the Self-Tender Offer to keep the SBG group's shareholding ratio of the Company Shares at a certain level through the Company's acquisition of its own shares from SBGJ; and (ii) avoiding unnecessary confusion among the Company's shareholders by ensuring the two tender offers are set at the same price. The Company determined that the acquisition of up to 611,111,111 shares of its own stock through the Self-Tender Offer at the Self-Tender Offer Price would contribute to accretions in earnings per share (EPS), return on equity (ROE), and other capital efficiency, and it would also lead to profit returns to Company shareholders who continue to hold Company Shares without participating in the Third Party Tender Offer. By setting the Self-Tender Offer Price by applying a discount to the simple average price of the closing prices of the last one (1), three (3), and six (6) months before the above date of announcement of the Self-Tender Offer (please refer to "(c) Calculation"

below for details on the discount rate of the Tender Offer Price from the average market prices over the past period), the Company is reducing the outflow of its assets for the number of treasury stock it acquires, and it also believes the Self-Tender Offer is reasonable from the standpoint of respecting the interests of those shareholder who continue to hold the Company Shares.

In addition, as stated above, the acquisition of its own shares by the Company from SBGJ is made on the condition that the Tender Offeror acquires the Company Shares from ALT through the Third Party Tender Offer. As such, the Company and SBGJ reached an agreement that (i) SBGJ's tender into the Self-Tender Offer is subject to consummation of the Third Party Tender Offer; and (ii) the last day of the tender offer period, etc. for the Self-Tender Offer will be set one business day after the last day of the tender offer period of the Third Party Tender Offer (the "Third Party Tender Offer Period").

To prepare for the opinion regarding the Self-Tender Offer and Third Party Tender Offer, the Company took measures described below in "(f) Measures to Ensure the Fairness of the Third Party Tender Offer and Avoid Conflicts of Interest" and appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its outside financial advisor and the law offices of Nakamura, Tsunoda & Matsumoto as its outside legal counsel, both of which are independent from the SBG group and the Company, in order to ensure transparency and fairness in the decision-making process, etc. of the Company's board of directors with regard to the announcement of its opinion in respect of the Third Party Tender Offer and the Self-Tender Offer (the "Transactions"). The Company consulted Tsuyoshi Nishimoto, attorney-at-law, and Taku Kawamoto, attorney-at-law, of Hibiya Park Law Offices, as outside counsel possessing no conflicts of interest with SBG, the Company or other SBG group company, or ALT, nor any conflicts of interest with general shareholders. The attorneys as a third party provided an opinion on July 9, 2018, that this transaction will not disadvantage minority shareholders (defined as shareholders of the Company other than SBG, its subsidiaries, or ALT; the same shall apply hereinafter). See "(iii) Obtaining third party's opinion" of "(f) Measures to Ensure the Fairness of the Third Party Tender Offer and Avoid Conflicts of Interest" below for the contents of the third party opinion.

Of the Company's nine directors, all (four) directors that possess no conflicts of interest participated in discussions and resolutions at a meeting of the board of directors held on July 10, 2018, and the Company unanimously passed a resolution that expresses an opinion to the effect that it supports the Third Party Tender Offer.

Furthermore, at the aforementioned meeting of the board of directors, the Company also passed resolutions that the Company will accept the Third Party Tender Offer, and the decision regarding whether to accept the Third Party Tender Offer will be left to each of the shareholders of the Company, based on the fact that (i) since the Company and the Tender Offeror have acknowledged that the listing of the Company Shares will be maintained after

the Third Party Tender Offer of the Company, and because the maximum number of shares to be purchased has been set, it is reasonable for the shareholders of the Company to choose to continue to hold the Company Shares after the Third Party Tender Offer; (ii) the Tender Offer Price is a price decided by agreement between the Tender Offeror and ALT; and (iii) the Company Share price had been in a downward trend after ALT announced on February 27, 2018, that it planned to sell the Company Shares it owned, and the Tender Offer Price is set at the closing price as of one Business Day before the date of announcement of the Third Party Tender Offer, which is at a discount compared to the simple averages of the closing prices for the one, three, and six-month periods up to the same day.

(c) **Calculation**

The Company, in declaring its opinion on the Third Party Tender Offer, did not obtain a valuation report from a third party valuation firm, in view of the fact that (i) the Third Party Tender Offer Price is a price determined by agreement between the Tender Offeror and ALT; (ii) the shares sold in this Third Party Tender Offer have an upper limit, and, as described in “(d) Prospect of and Reasons for Delisting,” the Company Shares will remain listed; and (iii) while the Company Share price had been in a downward trend after ALT announced on February 27, 2018, that it planned to sell the Company Shares it owned, the Third Party Tender Offer Price is set at the closing price as of one Business Day before the date of announcement of the Third Party Tender Offer, at a discount when compared to the simple averages of the closing prices for the one (1), three (3), and six-(6) month periods up to the same day.

Considering the fact that the primary purpose of the Third Party Tender Offer is to strengthen the business alliance between the Tender Offeror and the Company, and that the Third Party Tender Offer is consummated by acquiring the Shares to be Tendered by ALT, the Tender Offeror has determined that the Third Party Tender Offer Price will be a price that is acceptable for both the Tender Offeror and ALT. Under such determination, the Tender Offeror has actively consulted and negotiated with ALT. As a result, we agreed to set the Third Party Tender Offer Price at the closing price of the Company Shares in the First Section of the TSE as of one Business Day before the date of announcement of the Third Party Tender Offer, and the Tender Offeror has finalized the Third Party Tender Offer Price per share to be 360 yen on July 10, 2018. The Company has not obtained a valuation report from a third party valuation firm.

The Third Party Tender Offer Price of 360 yen is the same as the closing price of the Company Shares of 360 yen in the First Section of the TSE as of July 9, 2018, one Business Day before the date of announcement of the Third Party Tender Offer and is the price obtained by applying: (i) a discount of 2.44 % (any figures with greater than two decimal places are rounded; hereinafter, the same applies to the calculation of discount rate), to 369 yen, which is the simple average of the closing prices of the last one (1) month, including July 9 (any figures less than the first decimal are rounded; hereinafter, the same applies to the calculation of average share price); (ii) a discount of 10.00% to 400 yen, which is the simple average of the closing prices of the last

three (3) months, including July 9; and (iii) a discount of 21.23% to 457 yen, which is the simple average of the closing prices of the last six (6) months including July 9.

(d) **Prospect of and Reasons for Delisting**

The Company Shares are listed on the First Section of the TSE as of the date of filing of this Report, but the Third Party Tender Offer does not contemplate the delisting thereof, and it is the plan of the Tender Offeror to maintain the listing of the Company Shares after consummation of the Third Party Tender Offer. Since the maximum number of Company Shares to be purchased is 613,888,888 shares, the number of the Company Shares to be owned by the Tender Offeror is expected to be a maximum of 613,888,888 shares (shareholding ratio: 10.78%), and the number of the Company Shares to be owned by the Tender Offeror, SBGJ, and SBBM is expected to be a maximum of 3,059,376,188 shares (shareholding ratio: 53.73%) after the Third Party Tender Offer is completed. Accordingly, the Company Shares are expected to remain listed after consummation of the Third Party Tender Offer.

(e) **Plans to Acquire Additional Share Certificates, etc. of the Company after the Third Party Tender Offer**

Since the Third Party Tender Offer mainly aims to acquire the Shares to be Tendered by ALT, the Tender Offeror does not plan to acquire additional Company Shares after the Third Party Tender Offer is completed as of the date hereof. Even if ALT cannot sell all of the Shares to be Tendered by ALT to the Tender Offeror through the Third Party Tender Offer as a result of the total number of Tendered Share Certificates, etc. exceeding the maximum number of shares to be purchased (613,888,888 shares), and the delivery and other settlement for purchasing the share certificates, etc. are implemented on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act, and Article 32 of the TOB Order, the Tender Offeror has no plans to acquire additional Company Shares as of the date hereof.

(f) **Measures to Ensure the Fairness of the Third Party Tender Offer and Avoid Conflicts of Interest**

Taking into consideration that, as of the date of submission of this Report, SBG, the effective parent company of the Company, owns a total of 2,445,487,300 shares (shareholding ratio: 42.95%) of the Company through SBGJ and SBBM, that the Company is a consolidated subsidiary of SBG, and that employees of SBG sit as directors on the Company's board, the Company has implemented the following measures in order to ensure fairness and avoid conflicts of interest that could arise as part of the Third Party Tender Offer. While the tender offer period for the Third Party Tender Offer has been set at 20 Business Days, the Company has stated its intention not to request any extension of this tender offer period for the Third Party Tender Offer given that the Company views, as explained in detail in the above "(iii) Decision-making Process and Reasons of the Company for the Decision to Implement the Third Party Tender Offer" of "(b) Grounds of the Opinions on the Third Party Tender Offer", the prompt execution of the Transactions, including the Third Party Tender Offer, would contribute to the growth, development, and increased corporate value of the Company.

(i) **Advice received from the Financial Advisor and Legal Counsel of the Company**

The Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its outside financial advisor and the law offices of Nakamura, Tsunoda & Matsumoto as its outside legal counsel, both of which are independent from the SBG group and the Company, in order to ensure transparency and fairness in the decision-making process, etc. of the Company's board of directors with regard to the announcement of its opinion in respect of the Transactions.

(ii) **Unanimous approval by the Company's directors without conflicts of interest**

Of the Company's nine directors, all (four) directors that possess no conflicts of interest participated in discussions and resolutions at a meeting of the board of directors held on July 10, 2018, and the Company unanimously passed a resolution that expresses an opinion to the effect that it supports the Third Party Tender Offer.

At the aforementioned meeting of the board of directors, as mentioned in "(iii) Decision-making Process and Reasons of the Company for the Decision to Implement the Third Party Tender Offer" of "(b) Grounds of the Opinions on the Third Party Tender Offer," the Company also passed resolutions to the effect that the Company will take a neutral position with regard to whether shareholders of the Company will accept the Third Party Tender Offer, and the decision regarding whether to accept the Third Party Tender Offer will be left to each of the shareholders of the Company.

Masayoshi Son, Ken Miyauchi, and Kazuko Kimiwada, the directors of the Company, who concurrently serve as officers of SBG, SBGJ, the Tender Offeror, and other SBG group companies, as well as Arthur Chong and Alexi Wellman, the directors of the Company, who concurrently serve as officers of ALT, did not participate in any discussions and resolutions with regard to the Self-Tender Offer and the Third Party Tender Offer at the aforementioned meeting of the board of directors so as to ensure the lack of any appearance of arbitrariness in the decision-making process of the Transactions, nor in any consultations or negotiations with SBG, SBJG, the Tender Offeror, or ALT from the position of the Company in order to ensure the fairness of the Transactions.

(iii) **Obtaining third party's opinion**

The Company consulted Tsuyoshi Nishimoto, attorney-at-law, and Taku Kawamoto, attorney-at-law, of Hibiya Park Law Offices, as outside counsel possessing no conflicts of interest with SBG group companies, ALT, or the Company, nor any conflicts of interest with general shareholders, regarding: (I) the legitimacy of the Transactions' purpose; (II) the adequacy of the Transactions' procedures; (III) the validity of the Transactions' terms and

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conditions (including the Third Party Tender Offer Price and the Self-Tender Offer Price); and (IV) whether the decision to enter the Transactions would disadvantage minority shareholders.

After receiving from the Company explanations regarding the purpose and history of the Transactions, the methods used to determine the purchase price and other terms and conditions, and efforts made to ensure the adequacy and fairness of the Company's decision-making process, the aforementioned attorneys examined the Transactions.

As a result of this examination, the Company obtained an opinion from the aforementioned attorneys on July 9, 2018, to the effect that upon comprehensive consideration of: (i) there is legitimacy in the purpose of the Transactions, which is to respond to ALT's policy to sell while strengthening the alliance with the Company and thereby strengthen the Company's business competitiveness and increase its corporate value; (ii) there is appropriateness in the procedures related to the Transactions, as the procedures are lawful, and suitable measures for avoidance of conflicts of interest have been taken, including non-participation of special interest parties in any resolutions or deliberations of board meetings related to the Transactions, and the method whereby the own shares are to be acquired is through a Third Party Tender Offer, which provides minority shareholders with a certain period for assessment and guarantees them an opportunity to accept while monitoring market price movements; (iii) there is validity in the purchase prices of the Transactions, for in addition to the fact that the Third Party Tender Offer Price was set by negotiations between independent parties, the Self-Tender Offer Price was also set at the same price based on the Third Party Tender Offer Price and the Self-Tender Offer Price was set by applying a certain discount from the average market prices during a certain period in the past and is thus not unreasonable from the standpoint of the Company's finances; and (iv) there is validity in the conditions of the Transactions, for all conditions other than the Third Party Tender Offer Price and the Self-Tender Offer Price are not found to be disadvantageous to minority shareholders, etc., the attorneys determined that the Transactions will not constitute disadvantageous treatment to minority shareholders of the Company.

(g) **Matters Related to Important Agreements Concerning the Third Party Tender Offer**

In preparation for the Third Party Tender Offer, the Tender Offeror has entered into a Tender Offer Agreement with ALT (the "ALT Tender Offer Agreement") as of July 10, 2018, pursuant to which the parties agreed that: (I) ALT would tender a portion of the Company Shares that it owns (Number of shares owned: 613,888,888 shares; shareholding ratio: 10.78) into the Third Party Tender Offer (Note); (II) ALT will not participate in the Self-Tender Offer for the Company Shares it holds; and (III) until the earlier of twelve (12) months from the date of the Third Party Tender Offer Agreement and the date that ALT's ownership interest in the Company falls below 5% of the issued and outstanding Company Shares, the Tender Offeror will not, directly or indirectly, conduct, participate in, or agree to become a party to any merger, share

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exchange, share transfer, demerger, transfer of all or substantially all of the assets of the Company, issuance of shares, etc. for a favorable price or squeeze-out of shareholders of the Company without the prior written consent of ALT (provided, however, that the Tender Offeror may (i) transfer the Company Shares directly or indirectly held by the Tender Offeror through a self-tender offer conducted by the Company or acquisition by the Company of its own shares through ToSTNet; and (ii) directly or indirectly acquire additional Company Shares); and (IV) the Company will cause its officers and subsidiaries, etc. not to tender the Company Shares owned by them into the Third Party Tender Offer.

Furthermore, according to SBG, SBG and SBBM have agreed with ALT under the Termination Agreement: (i) to terms similar to (II) above and (ii) that they will not, and will cause their respective officers and subsidiaries, etc. not to, tender the Company Shares owned by them into the Third Party Tender Offer.

(Note) However, ALT may tender all of the Company Shares owned by it into the Third Party Tender Offer so that, even if the Company shareholders other than ALT accept the Third Party Tender Offer, it can sell the shares on a maximum pro rata basis. Furthermore, in the event that (i) it becomes a violation of applicable law to tender the Company Shares into the Third Party Tender Offer; (ii) the Tender Offeror extends the Third Party Tender Offer Period without the prior written consent of ALT (other than any extension of the Third Party Tender Offer Period required by applicable law or in the event the Company has not yet obtained clearance under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of Japan (Act No. 54 of 1947, as amended; the “Anti-Monopoly Act”) and the Company extends the Third Party Tender Offer Period in order to obtain such clearance to the extent permitted by law), or the Tender Offeror amends or waives the terms and conditions of the Third Party Tender Offer in a manner adverse to ALT; or (iii) the Company, SBG or any of their subsidiaries, etc. violates the Third Party Tender Offer Agreement or Termination Agreement, then ALT will not have an obligation to tender the Company Shares.

4. Number of Share Certificates in the Possession of Officers and Voting Rights Pertaining to Said Share Certificates

Name	Title	Position	Number of Shares Held (Share)	Number of Votes
Kentaro Kawashima	CEO	CEO	71,300	713
Manabu Miyasaka	Chairman and Executive Director	—	229,900	2,299
Masayoshi Son	Board of Directors	—	—	—
Ken Miyauchi	Board of Directors	—	—	—
Shingo Yoshii	Board of Directors (Full-time audit and supervisory committee)	—	—	—
Hiromi	Board of Directors (Full-time	—	—	—

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Onitsuka	audit and supervisory committee)			
Kimiwada Kazuko	Board of Directors (Audit and supervisory committee)	—	—	—
total	—	—	301,200	3,012

(Note 1) The title and position are the information as of the date this Report is filed and the number of shares held and number of votes is the information as of July 10, 2018. As mentioned above, Arthur Chong and Alexi Wellman, who were assigned by ALT, resigned as directors of the Company as of July 10, 2018.

(Note 2) Shingo Yoshii and Hiromi Onitsuka, Board of Directors (Audit and supervisory committee), are the outside directors defined under Article 2(15) of Corporate Law.

5. **Details of Provision of Profits by Tender Offeror or Persons in Special Relationship with Tender Offeror**

N/A

6. **Response Guidelines Relating to Basic Policies on Corporate Control**

N/A

7. **Questions to Tender Offeror**

N/A

8. **Request for Extension of Tender Offer Period**

N/A

End