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To whom it may concern

Yahoo Japan Corporation  
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Stock code: 4689

### **New Strategy for e-Commerce Business**

Today, as part of its new strategy for the e-Commerce Business, Yahoo Japan Corporation decided to make the store tenant fee (monthly system usage fee) and sales royalty fee free of charge for its Internet shopping service, Yahoo! Shopping. The store tenant fee (monthly system usage fee) for Japan's largest auction site, YAFUOKU!, will also become free of charge. The change in fees is effective as of, October 2013. Furthermore, by the end of the year, the Company plans to make it possible for individuals rather than just companies to launch stores on Yahoo! Shopping. Details are as follows.

#### **I. Purpose of the New Strategy**

Approximately 15 years has passed since the start of Internet auction services in Japan. This new method of buying and selling has worked its way steadily into the consumer lifestyles of people, with the e-commerce market continuing to post strong growth even today. Over those 15 years, the Internet environment also has gone through transitions along with the rising popularity of broadband and smartphones.

At this juncture, the Company (hereinafter referred to as "Yahoo! JAPAN") has made a major decision to revolutionize its actual e-commerce business model to advance its e-commerce service to the next level.

In addition to a large-scale revision of fees, Yahoo! JAPAN is aiming to increase the number of buyers and strengthen customer-drawing power. Utilizing its comprehensive power as one of Japan's largest Internet companies, Yahoo! JAPAN will also concentrate its efforts on improving functionality and increasing promotional activities.

Working together as a group, Yahoo! JAPAN will establish a convenient and comfortable environment for both buyers and sellers. By constantly implementing progress, Yahoo! JAPAN intends to push ahead with major advances for Yahoo! Shopping and YAFUOKU!.

Going forward, as a “Problem-Solving Engine” that solves an array of problems for people and society at large by using IT, Yahoo! JAPAN will continue to implement various measures and grow.

## II. Details of New Strategies

### 1. Fees

The keywords are “free of charge” and “freedom of usage.” Yahoo! JAPAN will revolutionize the e-commerce market.

- “Free of charge” and “freedom of usage” for Seller (store)

#### <Free of charge>

With tenant fees becoming free of charge,” the main financial burden of opening a store in the EC mall for a “Seller (store)” will be almost zero. As a result, everyone from major companies to small businesses that had hesitated over opening stores for some reason will now be able to do so. This should produce an increase in the number of items listed on both Yahoo! Shopping and YAFUOKU! and boost price competitiveness. Robust sales activity will lead to more vigorous buying activity, creating good circulation in the market.

By making store tenant fees free of charge, it will become possible to operate stores for short and limited time periods. For example, the new system will enable the easy sale of primary industry products, such as crops and processed marine foods, which have a limited period of availability, or limited offer event goods.

Among other changes, the system usage fees for individuals listing items has also been made free of charge\*<sup>1</sup>. Driven by YAFUOKU!, transactions by individuals (C2C) were responsible for creating the used goods market, a huge new retail market. With transactions becoming free, the market will expand further.

#### <Freedom of usage>

Stores will be able to link to other websites from Yahoo! Shopping. By implementing this strategy which goes against all common sense in the EC mall market, where capturing the customer base is the general rule, Yahoo! JAPAN is aiming to drive a dramatic expansion in the e-Commerce market.

- “Free of charge” for Buyer

Bidding on listed items of ¥5,000 and over on YAFUOKU!, which formerly required registration as a Yahoo! Premium Member (paid member), has, in principle, been made free of charge\*<sup>2</sup>. Based on this change, many people will be able to bid on higher priced items without bearing additional costs, which is expected to vitalize the market and further boost the enjoyment of auctions.

- Measures to strengthen confidence and security of transactions

To ensure that large numbers of users can conduct transactions with confidence, Yahoo! JAPAN is stepping up its patrolling of Yahoo! Shopping and YAFUOKU! websites and expanding and improving its compensation system for those who suffer losses. For example, Yahoo! JAPAN will offer a compensation system that covers, among others, damage occurring during delivery and theft or repairs occurring after delivery to Yahoo! Premium members for no additional charge\*<sup>3</sup>.

## 2. Drawing Customers

- Build a base of additional functions and benefits and conduct promotions supported by Yahoo! JAPAN's comprehensive power.

Yahoo! JAPAN will not only reform fee structures, but also concentrate more effort on developing its e-commerce platform as a business base through additional functions that make transactions easy for both seller and buyer, renewing Yahoo! Shopping and YAFUOKU! websites, and other measures.

Leveraging its customer drawing power as one of Japan's largest Internet services, Yahoo! JAPAN will strengthen its methods of attracting users of Yahoo! Search, Yahoo! Knowledge Search, and other services to Yahoo! Shopping and YAFUOKU!, aiming to increase the number of visitors to these sites.

## 3. Store Openings by Individuals

Individuals will be able to open stores on Yahoo! Shopping. This will create new business opportunities.

Yahoo! JAPAN will make it possible for individuals to open stores on Yahoo! Shopping: if

certain procedures\*<sup>4</sup> are followed, anyone will be able to easily have their own store on the Internet. In addition to establishing the C2C market, a new style of retailing, and providing its YAFUOKU! service, which continues to drive market development, Yahoo! JAPAN is now newly opening up the Yahoo! Shopping market to individuals, aiming to further stimulate the retail market.

- Notes:
1. Registration as a Yahoo! Premium Member (paid member) is required. In addition, certain system usage fees are required to list items in some auction categories (automobile bodies, truck bodies, and bus bodies).
  2. Registration as a Yahoo! Premium Member (paid member) is required for bidding in some auction categories (automobile bodies, truck bodies, motorcycle bodies, real estate, and others).
  3. Launch of the new Yahoo! Guaranteed Purchase Compensation service. As of 4:00 P.M. on October 7, items purchased on Yahoo! Shopping or won in auctions on YAFUOKU! will be covered by this service. The currently offered Yahoo! Guaranteed Purchase Compensation Pack service will be terminated on January 31, 2014. Yahoo! Premium members (paid members) who are already subscribing to the Yahoo! Guaranteed Purchase Compensation Pack, will receive coverage under their present service free of charge from the October invoice date to the end of the service.
  4. Personal identification procedure and registration as a Yahoo! Premium Member (paid member) are required.

### III. Outlook

No revision has been made to the consolidated performance forecast for the 2<sup>nd</sup> quarter (cumulative basis) of the fiscal year ending March 31, 2014 (Announced on July 25, 2013) as a result of this announcement of a new strategy for the e-Commerce Business. If after appropriate review, any changes are made to the performance and dividend forecasts for the full year, they will be disclosed in the Results for the Three Months ended September 30, 2013, scheduled to be announced on October 25, 2013.

Reference: Consolidated Performance Forecast for the 2<sup>nd</sup> Quarter (Cumulative basis) of the Fiscal Year Ending March 31, 2014 (Announced on July 25, 2013).

(Unit: Millions of Yen)

|  | Revenue | Operating income | Ordinary income | Net income |
|--|---------|------------------|-----------------|------------|
| 2Q (Cumulative)<br>FY ending<br>March 2014 | 185,800 | 95,600           | 95,900          | 61,200     |
| Previous FY<br>(Ended March<br>2013)       | 342,989 | 186,351          | 188,645         | 115,035    |