

**Outline of Q&A Session at Investors Meeting on Results for the Three Months
Ended December 31, 2015 (Held on February 2, 2016)**

Please note that the content has been supplemented, edited, and reordered for greater clarity and ease of understanding.

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Q. In the 2Q business results announcement, it was announced that a total of JPY 30 billion will be invested in sales promotional activities in the second half of this fiscal year by adding JPY 20 billion to the initially planned JPY 10 billion. In 3Q, an additional investment of JPY 9 billion was accounted as sales promotion-related cost. How did you evaluate the results of sales promotional activities in 3Q?

A. The sales promotional activities are more or less in progress according to plan. As a result of carefully making investments while monitoring their cost effectiveness, we are seeing better results than expected. The ratio of repeat purchases by customers who used Yahoo! Shopping once is high.

Q. Point provision measures were proactively carried out in Yahoo! Shopping for 3Q. If these measures are continued in and after the next fiscal year, will the sales promotion cost increase?

A. Compared to before, the transaction value for days in which campaigns were not conducted has also increased. Large scale promotions are being executed to encourage customers who have never used Yahoo! Shopping before to experience Yahoo! Shopping. We think that the increase in transaction value was not only due to the execution of promotions. We believe that the service itself has improved and that the promotions have had an added effect, thus has led to an increase in transaction value. Compared to this fiscal year, we believe that the cost for shopping business will decrease in and after the next fiscal year.

Q. In the 2Q business results announcement, it was assumed that the operating income for 3Q will decrease by more than 20% year on year, however the actual decrease was only 13.7%. What is the reason for the difference between your outlook and the actual result?

A. The sales promotion cost varied according to the measures implemented for the sales promotional activities. We were able to execute effective measures, thus were able to decrease the costs more than expected.

Q. I am concerned that the year on year rate of decrease in revenue for paid search advertising has expanded. What is the outlook for total advertising-related revenue for the next fiscal year?

A. Revenue for paid search advertising in FY2016 is projected to show a high single digit to double digit decrease due to factors such as the impact from the termination of advertising distribution to partner sites in smartphones and decline in number of search queries via PC which has a high profitability per search query, etc. Meanwhile, revenue for display advertising is projected to grow continuously in the next fiscal year due to product improvements and growth of In-feed Advertising. We believe that there is ample room for further growth in revenue through quality improvements of our advertising products, etc.

Q. Are you planning to continue to invest intensively in the next fiscal year? Or, can we expect that it will be a period of recovery for the investments made?

A. In the e-commerce business, it is important to expand the transaction value. We project that the operating income will increase in FY2017. We will prioritize to expand the important KPIs for FY2016.

The overall company expenditure will continue to be strictly controlled. However, capital investments related to big data and sales promotion-related cost, etc. may vary since we will adjust the amount as we monitor their effects. Other costs such as personnel expenses, business commissions, and content provider fees, etc. are controlled in detail.

Q. What is the reason for the revenue for premium advertising turning to a positive growth in 3Q compared with the same period last year?

A. Factors such as the increase in e-commerce-related advertising revenue and the launch of “Brand Panel” for the startup page on smartphones contributed to the positive growth.

Q. What is your outlook for the operating income for 4Q?

A. As we are making adjustments to the level of our sales promotion cost, we cannot mention an outlook on a quantitative basis, but we project that there will be a significant growth in revenue, and a decline in operating income. Excluding the impact from the consolidation of ASKUL Corporation, revenue for FY2015 is projected to be a high single digit growth year on year. Excluding the gain from the remeasurement of ASKUL shares and the additional investments in sales promotion cost, the operating income is projected to slightly exceed the previous fiscal year.

Q. It was announced the other day that you will acquire Ikyu Corporation for approximately JPY 100 billion. Will there be more investments of the same scale in the future? If so, what kind of areas do you want to invest in?

A. We think that M&A is a means for growth. We want to make investments in various areas such as media, advertising, e-commerce, financial and payment, and membership business, etc., without limiting to any specific field. The restaurant reservation market, in which Ikyu's business lies, is still close to non-existent in Japan, therefore we want to put our efforts in this area as soon as possible. We consider that the size of that acquisition was reasonable in acquiring a strong company in a specific business field.

Q. The ratio of revenue from businesses other than advertising-related business is expanding, but the ratio of advertising-related business in operating income remains high. Will the mid- to long-term growth be driven by the advertising-related business? Or, do you expect that the operating incomes of e-commerce business or financial and payment business will exceed that of advertising business?

A. We believe that the advertising-related business will grow, but in the future, we want to also expand the operating income of other businesses to a level that we do not have to rely on the advertising-related business.

Q. What is the reason for the revenue growth of YDN and others in 3Q?

A. Out of the little-over 50% year on year revenue growth of YDN and others, approximately 20% points was a boost by the growth of In-feed Advertising and approximately 30% points from growth in other areas.

Q. How much progress has been made in the measures towards smartphone applications?

A. The suitability of providing a service in a browser format or an application format varies across services. This past year, we have promoted logged-in use of applications. We want to convert our users who use our services on smartphone browsers to use our applications.

Q. I believe it is important that the Yahoo! Premium members become loyal customers. Despite the need to expand the e-commerce business from here onwards, what is your intention in raising the Premium membership fee from March?

A. We plan to enhance the benefits related to media, e-commerce and financial and payment in order to continuously increase the number of Yahoo! Premium memberships in the future. We will continue to strengthen measures geared towards the Yahoo! Premium members.