

April 25, 2014

To whom it may concern

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

**Notification of Granting Stock Options (Subscription Rights)  
Based on Commitment to Performance Goals**

Today, Yahoo Japan Corporation decided to grant subscription rights as stock options based on “commitment to performance goals” to employees of the Company according to Articles 238 and 240 of the Corporation Law of Japan as outlined below.

This offering is intended to increase the rate of profit growth for the Company and its subsidiaries, and to meet the goal “double profit by 201X”. The Company grants said rights to raise morale and motivation for employees of the Company.

As the subscription rights are offered with charge and are priced at fair value, this offering is not considered unreasonably favorable and will be implemented without approval through a shareholder’s meeting.

1. Reason for granting subscription rights as performance-based stock options

Through the granting of stock options to employees and directors of the Company and its subsidiaries with charge, the Company further intends to motivate and boost morale of employees and directors of the Company and its subsidiaries in regards to once again increasing the rate of profit growth.

In addition, as stated in “2. (10) Conditions for the exercise of subscription rights”, the subscription rights may be exercised for the first time once the Company’s consolidated financial performance meets certain predetermined standards.

2. Details of granting subscription rights

(1) Number of persons granted subscription rights and number of subscription rights granted

Employees of the Company : 4 persons, 19,500 rights.

Please note that the number of eligible persons listed here is based on the original release and is an estimated number that may increase or decrease. Also, the number of rights represents the maximum number and depending on the number of applications, this number may decrease.

(2) Class and amount of stock to be issued upon exercise of subscription rights

The class of stock to be issued upon exercise of subscription rights shall be common stock of Yahoo Japan Corporation. Each subscription right may be exchanged for 100 shares of common stock (“the shares”) upon exercise (Without adjustment, the maximum number of shares to be issued upon exercise of all subscription rights granted shall be 1,950,000 shares).

If the Company splits or consolidates its shares after the date of granting subscription rights, the

number of shares to be issued upon exercise of a subscription right shall be adjusted in accordance with the following formula. However, such adjustment shall only be made in relation with subscription rights that have not been exercised at such time. Fractions below one share caused by such adjustment are to be rounded down.

[Number of shares after adjustment] = [number of shares before adjustment] x [stock-split or consolidation ratio]

Furthermore, if the Company issues new shares at a price below market value, or disposes of its treasury shares (excluding capital increases at market value or issuance of new shares due to exercise of subscription rights), or carries out a statutory merger or consolidation with other companies, or spins off part of its business, or makes a share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*), or makes gratis issuances of shares, or in any other appropriate cases, the Company may adjust the number of shares issued upon exercise of a subscription right in a reasonable manner accordingly. However, such adjustment shall only be made in relation with subscription rights that have not been exercised at such time. Fractions below one share caused by such adjustment are to be rounded down.

(3) Total number of subscription rights to be granted

19,500 rights

However, this is only the expected allocation amount, and if the employees and directors of the Company and its subsidiaries scheduled to be granted subscription rights as indicated in (1) above are no longer employees or directors of the Company or its subsidiaries at the time of granting the subscription rights, or if the total amount of subscription rights applied for is less than the amount stated above, the total amount of subscription rights to be granted shall be the total amount of subscription rights applied for by the employees and directors of the Company and its subsidiaries.

(4) Amount of money to be paid in exchange per subscription right

The value of each subscription right will be 120 yen per right. However, such value will be determined by the third party price calculation agency Plutus Consulting Co. Ltd., which will determine value after inspection of our stock information etc. and based on the Monte Carlo Simulation model. Also the subscription rights will be offered at fair value and therefore the offering is not considered unreasonably favorable.

(5) Amount of Payment upon exercise of subscription rights

Payment made upon exercise of subscription rights shall be in the form of cash. The amount to be paid upon exercise of 1 subscription right shall be the amount determined by multiplying the value of 1 share (hereinafter referred to as the "Exercise Price") by the number of common shares exchangeable for 1 subscription right.

The Exercise Price shall be set at 492 yen.

If the Company splits or reverse-splits its stock or issues new shares at any price below the market value or disposes of its treasury shares after the granting date of subscription rights (excluding capital increases at market value, and issuance of new shares due to the exercise of subscription rights), the exercise price shall be adjusted by the following formula, with fractions below ¥1 caused by such adjustment to be rounded up.

In the formula below, the “Number of Issued Shares” shall be the number of issued shares of the Company minus the number of treasury shares being held. In the case of disposition of treasury shares, the items in the following calculation shall be changed as follows. “Number of New Shares” shall read “Number of Shares Disposed of out of Treasury”. “Number of Increased Shares by splitting stock or issuing new shares” shall read “Shares Disposed of”.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Issued Shares} + \frac{\text{Number of New Shares} \times \text{Subscription Price per Share}}{\text{Share Price before splitting or reverse-splitting stock or issuing new shares}}}{\text{Number of Issued Shares} + \text{Number of Increased Shares by splitting stock or issuing new shares}}$$

(with reverse-splits the number of shares)

Furthermore, if subscription rights remain valid after a statutory merger or consolidation with other companies, or after a gratis issuance of shares, or in any other appropriate cases, the Company may adjust the exercise price accordingly.

(6) Date of granting subscription rights

May 26, 2014

(7) Issue of subscription right certificates

No certificate shall be issued.

(8) The amount by which Capital and Capital Reserve will increase in cases where shares are issued upon exercise of subscription rights

The amount of increase in Capital shall be 50% of the Increase Maximum in Capital Etc. (*shihonkin-to-zoka-gendogaku*) as calculated according to the method provided for in the Company Accounting Regulations, Article 17, Paragraph 1, with fractional amounts of less than ¥1 being rounded up. Capital Reserve shall increase by the remaining amount.

(9) Period to exercise subscription rights

From July 1, 2015 to May 25, 2024

(10) Conditions for the exercise of subscription rights

- ① In any period from the March 2015 fiscal year until the March 2019 fiscal period where the operating income (as stated in the consolidated income statement of the Company's securities report (if no consolidated report has been created, then the "income statement"), the same shall apply hereinafter) exceeds 330 billion yen, the subscription rights holder may exercise the subscription rights from the 1st day of the month following the publishing of the securities report for the first period when such operating income is achieved until the deadline for exercising stock options.
- ② Based on the judgment regarding the operating income for (10) ① above, in the case of significant changes in what is to be considered operating income based on such factors as changes in the accounting system, etc., the Company will, within reason, refer to a separate indicator and the numbers that should be reached as the condition for the exercise of subscription rights as decided by the Board of Directors.
- ③ Persons who received subscription rights must also be directors, employees, or hold an equivalent position at the Company or its subsidiaries during the period between when they received their subscription rights until when they exercise them. However, this is not applicable in cases of resignation due to the expiration of the term of employment, mandatory retirement, involuntary retirement or such a situation where the Company deems that there is justifiable reason to admit exceptions.
- ④ If a person who is eligible to exercise subscription rights is deceased before the exercise period of the subscription rights begins, the subscription rights becomes void. If a person who is eligible to exercise subscription rights is deceased after the exercise period of the subscription rights begins, regardless of (10)③ above, the rights holder's heir may exercise any rights the original rights holder was able to exercise at the time of death and such exercising must take place before one year has passed from the rights holder's death or the end of the exercise period of the subscription rights whichever is first. However, if the heir of the rights holder is deceased, a further inheritance of the rights will not be allowed.
- ⑤ Subscription rights shall not be transferred, pawned, or otherwise disposed of.
- ⑥ Subscription rights cannot be exercised if they number less than one right.
- ⑦ Other conditions in connection with the exercise of subscription rights shall be subject to the agreement for the allotment of subscription rights to be entered into between the Company and the person entitled to the subscription rights.

(11) Acquisition of subscription rights

- ① With the approval of a general shareholders' meeting (if the approval of the general shareholders' meeting is not required, then with approval of the Board of Directors) of a merger agreement with another company in which the Company is absorbed, or of an agreement on a share exchange or share transfer which makes the Company a wholly owned subsidiary of another company, the Company may acquire all or part of existing subscription rights (such part will be determined by the Board of Directors) at a later

specified date decided by the Board of Directors without compensating subscription right holders.

- ② If the holder of the subscription rights becomes unable to exercise them due to the conditions stated in (10), the Company may acquire the subscription rights at a later specified date decided by the Board of Directors without compensating the holder.  
However, in all the above cases, the Company may wait until the end of the exercise period to acquire all or part of existing subscription rights (such part will be determined by the Board of Directors) in a lump sum transaction.

(12) Limitation on the transfer of subscription rights

Any transfer of subscription rights must be approved by the Board of Directors.

(13) Handling of subscription rights in the event of a corporate reorganization

In the event of a merger (limited to the cases where the Company ceases to exist after the merger), an absorption-type company split, an incorporation-type company split, a share exchange or share transfer (hereinafter referred to in general as “corporate reorganization”), when there are holders of subscription rights after the end of their validity period due to corporate reorganization (such subscription rights shall be hereinafter referred to as “Remaining Subscription Rights”), the Company shall exchange those Remaining Subscription Rights with the subscription rights of the reorganized companies as stipulated by the Corporation Law of Japan, Article 236, Paragraph 1, items 8, No. 1 to 5 (hereinafter referred to as “Reorganization Companies”) on a case by case basis according to the agreement for such reorganization or according to conditions set forth in the reorganization plan. In such cases, the Remaining Subscription Rights will then be cancelled and the Reorganized Companies will grant new subscription rights to the persons previously holding Remaining Subscription Rights instead.

- ① Number of stock acquisition rights of the Reorganized Company to be delivered  
The same number of subscription rights that the rights holder owns will be issued.
- ② Class of shares of the Reorganized Company to be delivered  
The common stock of the Reorganized Company.
- ③ Number of shares of the Reorganized Company to be delivered  
This will be decided based on (2) above taking into account the conditions of the Reorganization.
- ④ The value of assets to be contributed upon exercise of stock subscription rights  
Upon the exercising of stock subscription rights, the contribution shall be made in cash and the value of assets to be invested will be the exercise price listed in (5) above that will be adjusted based on the conditions of reorganization, etc., multiplied by the number of options as decided by (13)③ above for the reorganized company.
- ⑤ Regarding any increase of Capital and Capital Reserve in relation to stock offered due to exercising of stock options.  
To be decided based on (8) above

⑥ Exercise period of stock subscription rights

From the first day of the exercise period of stock subscription rights listed above in (9) or the effective date of the Reorganization (whichever comes first) until the last day of the exercise period of stock subscription rights listed above in (9).

⑦ Limit of acquiring stock subscription rights by transfer

Regarding acquisition of stock acquisition rights by transfer, any such transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

⑧ Other terms regarding exercising of stock subscription rights

To be decided based on (10) above

⑨ Events and conditions for acquisition of the stock subscription rights

To be decided based on (11) above

⑩ Other terms and conditions are to be determined in accordance with the terms of the Reorganized Company.

(14) Payment for exchange deadline

October 31, 2014

(15) Application deadline

May 23, 2014