

November 2, 2011

To whom it may concern

Yahoo Japan Corporation
Masahiro Inoue, President & CEO
Stock code: 4689

Notification of Granting Stock Options (Subscription Rights) to Employees

Today, Yahoo Japan Corporation decided to grant subscription rights as stock options to employees of the Company according to Articles 238 and 240 of the Corporation Law of Japan as outlined below.

1. Reason for granting subscription rights as stock options

Through the granting of stock options, the Company further intends to motivate and boost employee morale, improving the business performance of the Company and realizing greater corporate value.

2. Details of granting subscription rights

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

Employees: 284 persons, 954 rights

(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 1 share of common stock upon exercise (Without adjustment, the total number of shares to be issued upon exercise of all subscription rights granted shall be 954 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 1 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 transfers its treasury shares (excluding capital increases at market value, issuance of new shares due to exercise of subscription rights, or rights attached to warrants (*shinkabu hikiuke ken*)), or carries out a statutory merger or consolidation with other companies, or spins off part of its business, or makes a share exchange (*kabushiki kōkan*) 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.

(3) Total number of subscription rights to be granted

954 rights

If the employees scheduled to be granted subscription rights as indicated in (1) above are no longer employees of the Company 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.

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

No monetary transfer will occur. However, since subscription rights are granted as incentive rewards, the fact that no payment is made does not constitute advantageous issuance.

(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 as determined by the method below (hereinafter referred to as the "Exercise Price") by the number of common shares exchangeable for 1 subscription right.

The Exercise Price shall be the average value of the closing price of the shares of

common stock of the Company announced by the Tokyo Stock Exchange every day (excluding days when there is no trading) during the month immediately preceding the month in which the date of the granting of subscription rights falls, with fractions below ¥1 to be rounded up. However, if the said price is below the closing price of the shares of common stock of the Company announced by the Tokyo Stock Exchange on the date when the subscription rights are granted (if there is no trading on the granting date, the first closing price available for the date immediately prior to the granting date), the latter transaction price shall be the exercise price.

If the Company splits or reverse-splits its stock or issues new shares at any price below the market value or transfers 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 or rights attached to warrants), 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 transfer of treasury shares, the items in the following calculation shall be changed as follows. “Number of New Shares” shall read “Number of Shares Transferred out of Treasury”. “Number of Increased Shares by splitting stock or issuing new shares” shall read “Shares Transferred”.

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

Furthermore, if subscription rights remain valid after a statutory merger or consolidation with other companies, or after a spin-off of part of business, or after a share exchange or share transfer, 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

November 16, 2011

(7) Issue of subscription right certificate

No certificate shall be issued.

(8) The amount by which Capital and Additional Paid-In Capital 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. Additional Paid-In Capital shall increase by the remaining amount.

(9) Period to exercise subscription rights

From November 3, 2013 to November 2, 2021

(10) Conditions for the exercise of subscription rights

-Persons who received subscription rights must also be directors, employees, or hold an equivalent position at the Company or its subsidiaries when they exercise their subscription rights. However, this is

not applicable in cases where the Board of Directors deems that there is justifiable reason to admit exceptions.

-If a person who is eligible to exercise subscription rights is deceased before the exercise period of the subscription rights begins, the subscription right becomes void. If a person is deceased after the start of such period, his/her inheritors may exercise such a person's subscription right.

-Subscription rights cannot be transferred, pawned, or otherwise disposed of.

-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

-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 existing subscription rights at a later specified date decided by the Board of Directors without compensating subscription right holders.

-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 the subscription rights 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 (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 given 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.