

May 19, 2017

To whom it may concern

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

Notification regarding the Issuance of New Shares
as Restricted Stock Compensation

Yahoo Japan Corporation (hereinafter the “Company”) hereby announces that the Board of Directors, at its meeting held today, resolved to issue new shares (hereinafter the “Issuance of New Shares”) as follows.

1. Outline of the issuance

(1) Payment date	July 20, 2017
(2) Type and number of shares to be issued	805,000 shares of the Company’s common shares
(3) Issuance price	¥ 486 per share
(4) Total value of shares to be issued	¥ 391,230,000
(5) Method of offer or allotment	Allotment of restricted stocks
(6) Method of contribution	In-kind contribution of monetary compensation claims and monetary claims
(7) Recipients and number thereof; number of shares to be allotted	1 director of the Company (excluding directors serving on the Audit and Supervisory Committee and outside directors): 100,000 shares 90 employees of the Company: 705,000 shares
(8) Others	The Issuance of New Shares is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act. In addition, the Issuance of New Shares to a director is subject to the approval of the Proposal 4 “Determination of Compensation for Granting Restricted Stocks to Directors” in the 22 nd Ordinary General Meeting of the Shareholders scheduled to be held on June 20, 2017.

2. Purposes and reasons of the issuance

In the Board of Directors meeting held today, the Company has resolved to introduce a new compensation plan, “restricted stock compensation plan (hereinafter the “Plan”)

targeted towards the Company's directors, excluding outside directors and directors serving on the Audit and Supervisory Committee, and employees of the Company (collectively, hereinafter the "Eligible Directors, etc.") in order to provide incentives to sustainably increase the Company's corporate value and to further promote shared values between the Eligible Directors, etc. and the shareholders. For details, please refer to "Notification regarding Introduction of a Restricted Stock Compensation Plan" announced today.

The introduction of the Plan to directors is subject to the approval of the Proposal 4 "Determination of Compensation for Granting Restricted Stocks to Directors" in the 22nd Ordinary General Meeting of the Shareholders scheduled to be held on June 20, 2017.

The overview of the Plan is as follows.

[Overview of the Plan]

The Eligible Directors, etc. shall make in-kind contribution of all monetary compensation claims or monetary claims paid by the Company according to the Plan, and shall, in return, receive the Company's common shares that will be issued or disposed of by the Company (hereinafter the Company's common shares to be issued or disposed of based on this Plan shall be referred to as the "Shares"). The amount to be paid-in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding each of the date of resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), and within an amount that will not be particularly advantageous to the Eligible Directors, etc. subscribing to the Shares.

The issuance or disposal of the Shares shall be subject to the conclusion of a Restricted Stock Allotment Agreement (hereinafter the "Allotment Agreement") including the following content between the Company and each Eligible Director, etc.:

- 1) The Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of the Shares allocated under the Allotment Agreement during a certain period, and
- 2) The Company shall acquire the Shares without consideration in the case where certain events happen, etc.

In the Issuance of New Shares under this Plan, considering the purpose of the Plan, the Company's business performance, responsibilities of the Eligible Directors, etc., and various circumstances, the Company has decided to grant the total sum of ¥ 391,230,000 in monetary compensation claims and compensation claims, and a total

of 805,000 of the Shares as restricted stock compensation for the Company's 23rd fiscal year (April 1, 2017 – March 31, 2018). Considering the purpose of introduction of this Plan, the transfer restriction period has been set at about three years.

In terms of the Company's 90 employees to whom the allotment is scheduled, the Shares will be issued only to those who wish to subscribe to the Shares, and in this Issuance of New Shares, monetary claims for in-kind contribution will be paid to the employees who will subscribe to the Shares; therefore, there will be no reduction in the employee's wage due to the Issuance of New Shares. Future granting of restricted stocks to the Eligible Directors, etc. shall be decided considering the effect of this Issuance of New Shares, the Company's business performance in each fiscal year and impact on the stock market, etc.

3. Overview of the Allotment Agreement

(1) Transfer restriction period: July 20, 2017 – August 1, 2020

If however, at least three months prior to the expiration of the transfer restriction period, the Eligible Directors, etc. apply for an extension of the transfer restriction period due to medical leave, maternity or childcare leave, overseas study, or other legitimate reasons, and the Company approves the application, then the transfer restriction period may be extended for one year. In this case, that extended period will be deemed to be the transfer restriction period, and the provisions of the Allotment Agreement shall apply thereto.

(2) Conditions for the removal of the transfer restrictions

On the condition that the Eligible Directors, etc. continuously hold, during the transfer restriction period, the positions of directors, executive officers, corporate officers, or employees in the Company or the Company's subsidiary (hereinafter the "Group"), the Company shall remove the transfer restriction at the expiration of the transfer restriction period (if the Eligible Directors, etc. are seconded or transferred to a company, corporation, or other organization not part of the Group, then including positions as directors, executive officers, corporate officers, or employees in that company, corporation, or other organization; the same applies to (3) below).

(3) Treatment in cases in which the Eligible Directors etc., before the expiration of the transfer restriction period, resign or retire (hereinafter "Resignations, etc.") from the positions stated in (2) above, due to expiration of the term of office, reaching the mandatory retirement age, resignation at the convenience of the company, and other legitimate reasons, or death

1) Timing of removal of the transfer restrictions

If the Eligible Directors, etc. resign from the positions of directors, executive officers, corporate officers, or employees in the Group due to expiration of the term of office, reaching the mandatory retirement age, resignation at the convenience of the company, and other legitimate reasons, or death (except in the case where upon resignation due to the expiration of the term of office, the Eligible Directors, etc. assume or reassume any of the aforementioned positions), then the period from the payment date to the said Resignation, etc. shall be regarded as the transfer restriction period and the transfer restriction shall be removed immediately after such Resignation, etc.

2) Number of shares subject to removal

The transfer restrictions shall be removed for all of the Shares possessed by the Eligible Directors, etc. immediately after the Resignation, etc. as specified in 1). (In the case of Resignation, etc. due to death, those possessed by the heirs of the Eligible Directors, etc.)

(4) The Company's acquisition without consideration

Immediately after the expiration of the transfer restriction period, the Company shall automatically acquire, without consideration, all of the Shares from which the transfer restrictions have not been removed as of the expiration of the transfer restriction period. In addition, if the Eligible Directors, etc. fall under certain cases, such as due to the Eligible Directors, etc.'s voluntary Resignations, etc. during the transfer restriction period, the Company shall automatically acquire at that time, without consideration, all or part of the Shares.

(5) Administration of shares

To ensure that the Shares shall not be transferred, created a security interest on, or disposed of during the transfer restriction period, the Shares shall be administered in a dedicated account at Nomura Securities Co., Ltd., to be opened by the Eligible Directors, etc. during the transfer restriction period. In order to secure the effectiveness of the transfer restriction pertaining to the Shares, the Company has concluded an agreement with Nomura Securities Co., Ltd. for the administration of accounts of the Shares possessed by the Eligible Directors, etc. In addition, it is necessary for the Eligible Directors, etc. to agree to the method of administration of said accounts.

(6) Treatment in the event of organizational restructuring, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company will be the absorbed company, a share exchange agreement

or a share transfer plan in which the Company will become a wholly owned subsidiary, or other organizational restructuring, etc. are approved at the Company's General Meeting of the Shareholders (or in the case where the approval at the Company's General Meeting of the Shareholders is not required in regards to the said organizational restructuring, etc., a meeting of the Board of Directors), then, based on the resolution of the Board of Directors, the transfer restriction will be removed on all of the Shares possessed by the Eligible Directors, etc., immediately before the business day prior to the effective date of the said organizational restructuring, etc.

4. Basis of calculation and specific details for the payment amount

The Issuance of New Shares to the Eligible Directors, etc. shall be made by way of in-kind contribution of the monetary compensation claims or monetary claims paid as restricted stock compensation under the Plan for the Company's 23rd fiscal year (April 1, 2017 – March 31, 2018). To avoid issuing the shares based on arbitrary decisions on price, the closing price of the Company's common shares on the First Section of the Tokyo Stock Exchange of ¥ 486 on May 18, 2017 (the business day immediately prior to the date of the resolution by the Board of Directors), is used as the issuance price. As this is the market price of the day immediately prior to the date of resolution of the Board of Directors, it is believed to be reasonable, and the Audit and Supervisory Committee (which consists of three directors including two outside directors) expressed its opinion that this price does not constitute a particularly favorable price at the Board of Directors meeting held today.

Please note that the divergence ratio from the price of ¥ 490, which was the simple average of closing prices on the First Section of the Tokyo Stock Exchange over a one-month period (from April 19, 2017 to May 18, 2017) (rounded down to the nearest yen; same in the calculation of simple average of closing prices hereafter), was -0.8% (rounded to one decimal place, same in the calculation of divergence ratio hereafter). The divergence ratio from the value of ¥513, the simple average of closing prices for the three-month period (from February 20, 2017 to May 18, 2017) was -5.3%, and the divergence ratio from the value of ¥488, the simple average of closing prices for the six-month period (from November 21, 2016 to May 18, 2017) was -0.4%.

5. Items regarding transactions, etc., with controlling shareholders

The Issuance of New Shares qualifies in part as transactions, etc. with controlling shareholders because one of the Eligible Directors, etc. who will be allotted concurrently services as director of SoftBank Group Corp., a parent company of the Company.

(1) Measures to ensure fairness and to prevent conflict of interest

The Issuance of New Shares is being made in accordance with rules and procedures, as specified in the relevant laws, regulations and rules, etc. In addition, the method of determining the amount to be paid-in and other issuing details and conditions, etc., is being carried out properly with no deviations from normal details and conditions for restricted stock compensation, as indicated above in “2. Purposes and reasons of the issuance” and “3. Overview of Allotment Agreement.” In addition, in order to avoid a conflict of interest, the said director did not participate in the deliberations and resolution of the Board of Directors meeting related to this Issuance of New Shares.

(2) Opinions relating to not being disadvantageous to minority shareholders

The content of the Issuance of New shares and the appropriateness of the conditions have been discussed and resolved in the Company’s Board of Directors meeting held today. At the said Board of Directors meeting, directors serving on the Audit and Supervisory Committee who do not have conflict of interest with controlling shareholders, Mr. Shingo Yoshii and Ms. Hiromi Onitsuka-Baur have expressed their opinions that: this Issuance of New Shares provides incentives to the Eligible Directors, etc. to sustainably increase the corporate value of the Company and is aimed to further promote shared values with the shareholders; and that its content and conditions are appropriate; thus are not disadvantageous to minority shareholders.

(3) Compliance with corporate governance report

The “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” stated in the Company’s corporate governance report, disclosed on December 22, 2016 is as follows. The Issuance of New Shares was determined based on this policy.

The parent company of the Yahoo Japan Group is the SoftBank Group Corp. Yahoo Japan Corporation has enacted “Regulations for Appropriate Business Transactions and Practices by Yahoo Japan Corporation, its Parent Company, Subsidiaries, and Affiliates”. In accordance with these regulations, Yahoo Japan Corporation strives to maintain its commitment to fair and proper transactions by expressly forbidding clearly advantageous or disadvantageous transactions, or the performing of transactions for the purpose of shifting profits, losses, or risks, which are judged by comparing transactions with its parent company, etc. to those of a third party or other similar transactions.

Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader’s convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.