

July 22, 2011

To whom it may concern

Yahoo Japan Corporation  
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Stock code: 4689

**Notification of Granting Stock Options (Subscription Rights)  
to Directors and Employees**

In a meeting of the Board of Directors on July 22, 2011, Yahoo Japan Corporation decided to grant subscription rights as stock options to directors and 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 director and 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

Directors: 5 persons, 2,000 rights

Employees: 251 persons, 10,265 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 12,265 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 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 in a reasonable manner accordingly.

(3) Total number of subscription rights to be granted

12,265 rights

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

$$\text{Exercise Price after Adjustment} = \frac{\text{Exercise Price before Adjustment} \times \left( \frac{\text{Number of Issued Shares} + \frac{\text{Number of New Shares} \times \text{Subscription Price per Share}}{\text{Share Price before splitting or reverse-splitting stock or issuing new shares}}}{\text{Number of Issued Shares} + \text{Number of Increased Shares by splitting stock or issuing new shares (with reverse-splits the number of shares are decreased)}} \right)}{1}$$

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

August 5, 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. Paid-In Capital shall increase by the remaining amount.

(9) Period to exercise subscription rights

From July 23, 2013 to July 22, 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, pledged or 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), in the case of a merger agreement with another company in which the Company is absorbed, or 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 cases where the Company is absorbed), a statutory merger, a spin-off, or 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.

3. Items Regarding Transactions, etc. with Controlling Shareholders

The current granting of stock options qualifies as transactions, etc. with controlling shareholders because two directors that are jointly directors of Yahoo Japan Corporation’s parent company, SOFTBANK Corporation, are among the Company’s directors being allotted a portion of the stock options.

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

The current granting of stock options is being made in accordance with the Company’s rules and procedures. In addition, the method of determine the exercise price and other issuing details and conditions, etc. are as indicated in the above “2. Details of granting subscription rights.” Therefore, the granting of stock options is being carried out properly with no deviations from the details and conditions of a regular new share subscription right issue.

(2)Opinion relating to not being disadvantageous to minority shareholders  
Following discussion as to whether the current granting of stock options

was appropriate at the Board of Directors meeting held on July 22, 2011, the Company directors determined them by resolution. At the said Board of Directors meeting, three outside corporate auditors (independent directors), Shingo Yoshii, Sumio Sue, and Kyoko Uemura, who are not controlling shareholders and have no vested interest in the company, participated in the discussions and gave the opinion that the current stock options issue was not disadvantageous to minority shareholders. The outside corporate auditors indicated that the stock options provided an incentive for the Company's directors to improve business performance and contributed to raising morale and increasing corporate value. In addition, they found that the method to determine the exercise price and other issuing details and conditions of the stock options were appropriate.

### (3) Compliance with corporate governance report

The Company's corporate governance report, which was disclosed on June 29, 2011, contained the following "Guidelines on Measures for the Protection of Minority Shareholders in the Case of Transactions, etc. with Controlling Shareholders."

Yahoo Japan Corporation's parent company is SOFTBANK Corporation. The Company has formulated "Regulations Concerning the Proper Conducting of Transactions and Business Operations between the Company and its Parent Company, subsidiaries, and affiliates." In its transactions with the parent company and related companies, the Company endeavors to maintain fair and proper transactions through such measures as clearly stipulating the prohibition of transactions that are clearly inappropriately advantageous or disadvantageous compared with transactions with third parties or similar transactions and of transactions made solely for the purpose of transferring profits, losses or risks.

The current issue of stock options was decided based on the above guidelines.