

June 30, 2010

To whom it may concern

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

**Notification of Decision to Convert Firstserver, Inc., into Wholly Owned Subsidiary
Based on Simplified Share Exchange**

Yahoo Japan Corporation announced its decision as the 100% parent company of consolidated subsidiary Firstserver, Inc., to convert Firstserver into a wholly owned subsidiary through a share exchange, effective July 22, 2010. Both companies have signed a share exchange agreement to that effect, dated today. Details are as follows.

Since the share exchange is a simplified share exchange that converts the consolidated subsidiary into a wholly owned subsidiary, certain of the disclosure items and details are omitted.

1. Purpose of the Share Exchange

Yahoo Japan Corporation has decided to convert consolidated subsidiary Firstserver into a wholly owned subsidiary for the purpose of further strengthening its consolidated management system for the Group and to enhance the Group management function.

2. Outline of the Share Exchange

(1) Share exchange schedule

Board of Directors meeting to

approve share exchange (Firstserver): June 30, 2010

Signing of share exchange agreement: June 30, 2010

Effective share exchange date: July 22, 2010 (Planned)

Note: For the Company, the merger will be a simplified share exchange in accordance with the provisions of Article 796, Paragraph 3 of the Corporation Law of Japan. For Firstserver, the merger will be a shortened share exchange under the provisions of Article 784, Paragraph 1 of the Corporation Law. Therefore, neither company will hold a general meeting of shareholders to approve the share exchange.

(2) Share exchange method

The share exchange method comprises a share exchange between Yahoo Japan Corporation as the 100% parent company and Firstserver as the wholly owned subsidiary. Yahoo Japan Corporation will exchange 168 of its common shares for the remaining shares of Firstserver. Instead of issuing new shares, Yahoo Japan Corporation will exchange shares it is holding as treasury shares.

(3) Details of share allocations related to the exchange

	Yahoo Japan Corporation (100% parent company)	Firstserver, Inc. (Wholly owned subsidiary)
Share exchange ratio	1	0.016

Notes: 1. Share allocation ratio

The two companies will exchange shares in the ratio of one share of Firstserver for 0.016 shares of Yahoo Japan Corporation. However, this conversion ratio will not apply to the 856,100 shares of Firstserver already owned by the Company.

2. The number of shares to be exchanged

Yahoo Japan Corporation will exchange 168 of its common shares for the remaining shares of Firstserver. Instead of issuing new shares, Yahoo Japan Corporation will exchange shares it is holding as treasury shares.

(4) Treatment of new share subscription rights or bonds with new share subscription rights of the subsidiary

Firstserver has not issued any new share subscription rights or bonds with new share subscription rights.

3. Concept behind the Calculation of Share Exchange Allocations

In calculating the share exchange ratio, the Company took into consideration the advice of an independent third-party institution when determining share value. Since it is a listed company, Yahoo Japan Corporation's share value was calculated with the average market value method using its average closing prices on the stock exchange for a specific period. Since Firstserver is an unlisted company, the subsidiary's share value was determined using the comparison method, which uses share prices of similar companies as a reference in determining share value.

Using the above calculation results as a reference, the Company and Firstserver determined the previously indicated share exchange ratio based on discussions.

4. Outline of Companies Exchanging Shares (at March 31, 2010)

(1) Name	Yahoo Japan Corporation (100% parent company)	Firstserver, Inc. (Wholly owned subsidiary)
(2) Main business	Advertising business Business services business Personal services business	Server rental business
(3) Establishment	January 31, 1996	October 11, 1996
(4) Head office	Akasaka 9-7-1, Minato-ku, Tokyo	Azuchi-machi 1-8-15, Chuo-ku, Osaka
(5) Representative	Masahiro Inoue, President and CEO	Masato Isobe, President and CEO
(6) Paid-in capital	¥7,521 million	¥363 million
(7) Share issuance	58,118,909 shares	866,600 shares
(8) Net assets	¥312,273 million (consolidated)	¥904 million
(9) Total assets	¥418,262 million (consolidated)	¥2,240 million
(10) Net assets per share	¥5,335.79 (consolidated)	¥1,044.14
(11) Fiscal year end	March 31	March 31
(12) Net sales	¥279,856 million (consolidated)	¥2,928 million
(13) Operating income	¥143,825 million (consolidated)	¥321 million
(14) Ordinary income	¥143,360 million (consolidated)	¥321 million
(15) Net income	¥83,523 million (consolidated)	¥181 million
(16) Net income per share	¥1,438.23 (consolidated)	¥209.63

(17) Major shareholders and ownership	SOFTBANK CORP. 38.7%	Yahoo Japan Corp. 98.8%
	Yahoo! Inc. 34.8%*	

* Ownership percentage excludes 103,955 treasury shares.

5. Status following the Share Exchange

There will be no change in the basic items regarding the Company, such as name, main business, head office location, representative, paid-in capital, and fiscal year end as a result of the share exchange.

6. Impact on Performance

Since Firstserver is already a consolidated subsidiary, the share exchange and conversion to a wholly owned subsidiary will have only a minor impact on consolidated performance.