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For Immediate Release

(English translation of the original Japanese document)

Company name: Kakaku.com, Inc.
Representative: Minoru Tanaka, President and Representative Director
(Stock code: 2371; First Section of the Tokyo Stock Exchange)
Contact: Ichiro Sakuta, Senior Managing Executive Officer, Administrative Division General Manager
Phone: +81 3-5725-4554

Notice of Proposed Adoption of Compensatory Stock Option Plan

On May 11, 2016, the Board of Directors of Kakaku.com, Inc., (the "Company") passed a resolution to adopt a compensatory stock option plan subject to the approval of its shareholders at its 19th Ordinary General Meeting of Shareholders scheduled on June 23, 2016. Details are as follows.

1. Rationale behind compensatory stock option plan's adoption

The Company plans to adopt a compensatory stock option (stock acquisition right) plan for its directors (except outside directors) in the aim of better linking directors' compensation to the Company's share price performance, motivating directors' to maximize medium/long-term corporate value and aligning directors with shareholders as co-beneficiaries of share price appreciation and co-bearers of the risk of share price losses.

If the proposed compensatory stock option plan is approved by shareholders at the aforementioned general meeting of shareholders, the number of stock acquisition rights that may be annually granted to the Company's directors as stock options (the "Stock Acquisition Rights") would be limited to a maximum of 1,500 (exercisable in exchange for a maximum of 150,000 shares of the Company's stock). If all granted Stock Acquisition Rights are exercised, the resultant dilution of the Company's 219,560,100 shares currently outstanding would be at most 0.07% per year. The Company believes that granting the Stock Acquisition Rights will contribute to improving its Group's earnings, enhancing corporate value and, in turn, advancing existing shareholders' interests. The Company considers equity dilution of 0.07% per year to be reasonable.

2. Content of resolution authorizing compensatory stock option plan's adoption

At an Extraordinary General Meeting of Shareholders on May 26, 2000, the Company's shareholders approved a resolution limiting the Company's directors' compensation to a maximum of ¥30 million per month (not including salary for services rendered as an employee by directors who are both employees and directors). In addition to said compensation, the Company's shareholders authorized annual grants of up to ¥250 million of stock acquisition rights in the form of stock options (tax-qualified stock options) as compensation for directors (except outside directors) at the Company's 15th Ordinary General Meeting of Shareholders on June 26, 2012.

The Company recently decided to newly adopt a compensatory stock option plan for its directors (except outside directors) in the aim of better linking directors' compensation to the Company's share price performance, motivating directors' to maximize medium/long-term corporate value and aligning directors with shareholders as co-beneficiaries of share price appreciation and co-bearers of the risk of share price losses.

The Company accordingly requests its shareholders' approval to annually grant up to ¥100 million of stock acquisition rights as compensatory stock options for its directors (except outside directors) in addition to the directors' aforementioned compensation. The Company considers the new compensatory stock option plan's cost to constitute fair compensation in light of said plan's aforementioned objectives.

In granting compensatory stock options, the Company will grant to Stock Acquisition Right-recipient directors compensation equivalent to the Stock Acquisition Rights' subscription price. Said directors will acquire the Stock Acquisition Rights by offsetting the Stock Acquisition Rights' subscription price payable against their compensation receivable from the Company. Stock option compensation's value will be determined by multiplying the number of granted Stock Acquisition Rights by the Stock Acquisition Rights' fair value per unit as of the Stock Acquisition Rights' grant date.

Further details of the Stock Acquisition Rights are as follows.

(1) Class and number of shares issuable upon exercise of stock acquisition rights

The class of shares issuable upon exercise of the stock acquisition rights is the Company's common stock. The number of shares issuable upon exercise of the stock acquisition rights is 100 (the "Number of Issuable Shares") per stock acquisition right exercised.

In the event that the Company's common stock is subject to a stock split (including the allotment of common shares of the Company without charge; hereinafter the same) or reverse stock split after the date of a stock acquisition right grant (the "Grant Date") the Number of Issuable Shares will be adjusted as follows for any stock acquisition rights unexercised as of the stock split or reverse stock split.

Adjusted Number of Issuable Shares = pre-adjustment Number of Issuable Shares × stock split or reverse stock split ratio

Additionally, the Company may otherwise adjust the Number of Issuable Shares as deemed necessary by its Board of Directors in the event of unavoidable circumstances that necessitate adjustment of the Number of Issuable Shares.

If the Number of Issuable Shares calculated by the above formula includes a fraction of a share, it will be rounded down to the nearest whole number.

(2) Total number of stock acquisition rights

The Company will grant a total of no more than 1,500 stock acquisition rights within one year of the date of the Ordinary General Meeting of Shareholders for any fiscal year.

(3) Stock acquisition right subscription price

Stock acquisition rights' subscription price per unit will be set by the Company's Board of Directors based on the stock acquisition rights' fair value as determined by the Black Scholes model or other such valuation model when the stock acquisition rights are granted.

Directors to whom stock acquisition rights have been granted ("Grantees") need not pay the subscription price in cash. In lieu of cash payment of the subscription price, Grantees may offset the subscription price payable against their compensation receivable from the Company.

(4) Stock acquisition rights' exercise price

Stock acquisition rights' exercise price will be ¥1 per share of stock issuable upon exercise of the stock acquisition rights. The total consideration payable for stock issued upon exercise of stock acquisition rights is ¥1 multiplied by the Number of Issuable Shares.

(5) Stock acquisition rights' exercisability period

Stock acquisition rights' exercisability period will be set by the Company's Board of Directors, not to exceed 30 years from the day after the stock acquisition rights' Grant Date.

(6) Stock acquisition right exercisability conditions

Once no longer a director of the Company, Grantees may exercise their stock acquisition rights, but only on an all-at-once basis, within 10 days from the day after their directorship termination date (or, if the 10th day is not a business day, by the first business day thereafter). Other stock acquisition right exercisability conditions may be prescribed by the Board of Directors that authorized the stock acquisition rights' offering.

(7) Transferability restrictions on stock acquisition rights

The transfer of stock acquisition rights from their Grantee to another party requires the approval of the Company's Board of Directors.

(8) Other

Other particulars of stock acquisition rights will be determined by the Board of Directors that authorizes the stock acquisition rights' offering.