

For Immediate Release

(English translation of the original Japanese document)

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Representative: Shonosuke Hata, President and Representative Director

(Stock code: 2371; First Section of the Tokyo Stock Exchange)

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Notice of Issuance of Compensatory Stock Options (Stock Acquisition Rights)

On August 17, 2016, the Board of Directors of Kakaku.com, Inc., (the "Company") passed a resolution to offer compensatory stock options (stock acquisition rights) to its directors (except outside directors) pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act. Details are as follows.

1. Rationale behind issuance of stock acquisition rights as compensatory stock options

The Company plans to issue compensatory stock options (stock acquisition rights) to 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 plans to use treasury stock to fulfill stock acquisition right exercises instead of issuing new shares.

2. Overview of stock acquisition right issuance

(1) Name of stock acquisition right issue

Kakaku.com, Inc., 8th Series of Stock Acquisition Rights

(2) Number of stock acquisition rights to be granted and number of eligible grantees thereof

The Company plans to grant 288 stock acquisition rights to six of its directors (none of whom are outside directors).

(3) Class and number of shares into which stock acquisition rights are exercisable

The class of shares into which the stock acquisition rights are exercisable is the Company's common stock. Upon exercising stock acquisition rights, Grantees will receive 100 shares (the "Number of Issuable Shares") of common stock 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 creates a fraction of less than one share, it will be rounded down to the nearest whole number.

(4) Total number of stock acquisition rights

288 stock acquisition rights

The Company plans to grant 288 stock acquisition rights. This total would be reduced if one or more of the eligible grantees fails to subscribe to the stock acquisition right offering. In such an event, the total number of stock acquisition rights issued would be the total number of stock acquisition rights actually granted.

(5) Stock acquisition right subscription price

The stock acquisition rights' subscription price per unit will be equivalent to the Number of Issuable Shares multiplied by the stock acquisition rights' fair value per issuable share of stock as of the Grant Date, as determined by the Black Scholes model.

$$C = S_0 e^{-qt} N(d_1) - K e^{-rt} N(d_2) \quad , \text{ where}$$

$$d_1 = \frac{\ln(S_0 / K) + (r - q + \sigma^2 / 2)t}{\sigma \sqrt{t}}, \quad d_2 = d_1 - \sigma \sqrt{t}$$

- (1) C: option price per share of stock into which the option is exercisable
- (2) S_0 : the Company's common stock's September 1, 2016, closing price on the Tokyo Stock Exchange (or, in the absence of a closing price on August 5, 2016, the stock's reference price on the following trading day)
- (3) K: option exercise price = ¥1
- (4) t : expected time until options' exercise = 2.4 year
- (5) σ : share price volatility, defined as the standard deviation of percentage variations in the Company's common stock's price per share over the period of 2.4 years, from April 9, 2014, through September 1, 2016, calculated based on Tokyo Stock Exchange regular-trading-session closing prices
- (6) r : risk-free rate = yield of Japanese government bonds with a residual maturity equivalent to the expected time until options' exercise
- (7) q : dividend yield = actual dividends per share for the fiscal year ended March 2016 $\div S_0$ (Company's common stock's price as specified in (2) above)
- (8) $N(\cdot)$: standard normal probability cumulative distribution function

The subscription price calculated by the above formula is the stock acquisition rights' fair value. The stock acquisition right grants do not constitute issuance on favorable terms. 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.

(6) Stock acquisition rights' exercise price

The 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 stock acquisition rights' exercise will be ¥1 multiplied by the Number of Issuable Shares.

(7) Stock acquisition rights' exercisability period

The stock acquisition rights will be exercisable from September 2, 2016, through September 1, 2046.

(8) Stock acquisition right exercisability conditions

- (1) Grantees who cease to be a director of the Company 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), provided that the exercisability period stipulated in (7) immediately above has not yet expired.
- (2) In the event of a Grantee's death, the decedent's heir(s) may exercise the decedent's stock acquisition rights, but only on an all-at-once basis.
- (3) The stock acquisition rights' exercisability will be subject to other conditions stipulated in a stock acquisition right grant agreement between the Company and Grantees.

(9) Increases in common stock and capital reserves accounts in conjunction with issuance of shares upon stock acquisition rights' exercise

- (1) The amount by which the common stock account's book value will increase upon issuance of shares in response to stock acquisition rights' exercise will be one-half of the maximum permissible increase calculated in accord with Article 17(1) of the Ordinance on Company Accounting, rounded up to the nearest whole yen if not initially a whole number.
- (2) The amount by which capital reserves' book value will increase upon issuance of shares in response to stock acquisition rights' exercise will be said maximum permissible increase less the amount of the increase in the common stock account's book value stipulated in (1) immediately above.

(10) Reacquisition of stock acquisition rights

- (1) If stock acquisition rights become unexercisable pursuant to the provisions of (8) above or the aforementioned stock acquisition right grant agreement before being exercised by their Grantee, the Company may gratuitously reacquire the unexercisable stock acquisition rights on a date to be separately set by the Company's Board of Directors.
- (2) If any of the resolutions specified in (a) through (g) immediately below is approved at a general meeting of the Company's shareholders (or by a resolution of its Board of Directors if shareholder approval is not required), the Company may gratuitously reacquire the unexercisable stock acquisition rights on a date to be separately set by the Company's Board of Directors.
 - (a) A resolution approving a merger agreement under which the Company would cease to exist
 - (b) A resolution approving a demerger agreement or demerger plan involving the Company as the party to be demerged
 - (c) A resolution approving a stock exchange agreement or stock transfer plan under which the Company would become a wholly owned subsidiary
 - (d) A resolution amending the Company's Articles of Incorporation to require the Company's approval of any transfers of shares issued by the Company
 - (e) A resolution amending the Company's Articles of Incorporation to require the Company's approval of any transfers of shares in the class of shares into which the stock acquisition rights are exercisable or to authorize the Company to reacquire said class of shares in its entirety pursuant to a resolution to that effect passed at a general meeting of its shareholders
 - (f) A resolution approving a reverse stock split for the class of shares into which the stock acquisition rights are exercisable (the shares to be gratuitously reacquired in this case are limited to any fractional portion of a full trading unit that results when the number of trading

units in said class of shares is multiplied by the reverse split ratio)

(g) A resolution approving a special controlling shareholder's request to divest shares

(11) Transferability restrictions on stock acquisition rights

Grantees may not transfer stock acquisition rights to another party without the prior approval of the Company's Board of Directors.

(12) Treatment of stock acquisition rights in event of reorganization

If the Company is involved in a merger (but only a merger that would terminate its existence), absorption- or incorporation-type demerger (but only if the Company is the party to be demerged) or a stock swap or stock transfer (but only one that would make the Company a wholly owned subsidiary) (any such merger, demerger or stock swap/transfer is referred to below as the "Reorganization"), stock acquisition rights issued by the successor company (the "Reorganization Successor Company," defined as whichever type of company specified in Article 236(1)(viii)(a)-(e) is applicable to the Reorganization in question) will be granted to Grantees that own unexercised stock acquisition rights ("Extant Stock Acquisition Rights") immediately prior to the Reorganization's effective date (i.e., the date on which the merger takes effect in the case of an absorption-type merger, the new company's incorporation date in the case of a consolidation-type merger or incorporation-type demerger, the demerger's effective date in the case of an absorption-type demerger, the stock swap's effective date in the case of a stock swap, or the incorporation date of the parent company to which the Company's shares are to be transferred in the case of a stock transfer), but only if an absorption-type merger agreement, consolidation-type merger agreement, absorption-type demerger plan, incorporation-type demerger plan, stock swap agreement or stock transfer plan stipulates that stock acquisition rights issued by the Reorganization Successor Company are to be granted in accord with the provisions enumerated below.

(1) Number of Reorganization Successor Company's stock acquisition rights to be granted

Grantees will respectively be granted stock acquisition rights equal in number to the number of Extant Stock Acquisition Rights that they respectively own.

(2) Class of Reorganization Successor Company's shares into which stock acquisition rights are exercisable

The class of shares into which the stock acquisition rights are exercisable will be the Reorganization Successor Company's common stock.

(3) Number of Reorganization Successor Company's shares into which stock acquisition rights are exercisable

The number of shares into which the stock acquisition rights' are exercisable will be determined in accord with (3) above and in light of the Reorganization's terms and conditions and other relevant factors.

(4) Stock acquisition rights' exercise price

The exercise price of the stock acquisition rights to be granted will be the post-Reorganization exercise price specified in the following sentence multiplied by the number of the Reorganization Successor Company's shares into which the stock acquisition rights are exercisable, to be determined in accord with (3) immediately above. The post-Reorganization exercise price will be ¥1 per share of the Reorganization Successor Company's stock into which the stock acquisition rights are exercisable.

(5) Stock acquisition rights' exercisability period

The stock acquisition rights will be exercisable from August 8, 2016, or the Reorganization's effective date, whichever is later, through August 5, 2046.

(6) Increases in common stock and capital reserves accounts in conjunction with issuance of shares upon stock acquisition rights' exercise

To be determined in accord with (9) above.

(7) Transferability restrictions on stock acquisition rights

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

(8) Stock acquisition right exercisability conditions

To be determined in accord with (8) above.

(9) Reacquisition of stock acquisition rights

To be determined in accord with (10) above.

(13) Handling of fractional shares upon stock acquisition rights' exercise

The number of shares issuable to a Grantee upon stock acquisition rights' exercise will be rounded down to the nearest whole number if not initially a whole number.

(14) Stock acquisition rights' Grant Date

September 1, 2016

(15) Issuance of stock acquisition right certificates

The stock acquisition rights will not be issued in the form of physical certificates.