

August 23, 2006

To whom it may concern

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

### **Notification of Stock Options (Subscription Rights)**

In a meeting of the Board of Director on August 23, 2006, Yahoo Japan Corporation decided to grant subscription rights to directors and employees of the Company as outlined below.

The granting of stock options to directors is in accordance with the resolution on compensation for directors approved at the annual shareholders' meeting held on June 22, 2006 in terms of number of subscription rights, details, and total monetary amount.

#### 1. Reason for granting subscription rights

Through the granting of stock options, the Company encourages directors and employees to get involved with the management of the Group's businesses as well as motivating persons to contribute to the operations of the Group and to provide a bonus system that reflects performance.

#### 2. Details of granting of subscription rights

(1) Number of persons granted subscription rights and number of subscription rights

Directors: 5 persons, 2,000 units

Employees: 157 persons, 6,569 units

(2) Type and amount of stock for which subscription rights are to be granted

8,569 common par value shares of Yahoo Japan Corporation

If the Company splits or reverse-splits its shares after the date of granting

subscription rights, the authorized number of shares shall be adjusted in accordance with the following formula, with the fractions below one share resulting from such adjustment to be dropped. However, the adjustment shall only be made for subscription rights that have not been exercised at that time. Moreover, of the subscription rights that have not been granted, the adjustment shall be made in the case of a reverse-split but not in the case of a stock split.

Number of shares after adjustment = number of shares before adjustment  
x stock-split or reverse-split ratio

Furthermore, if the Company issues new shares at a price below market value, or removes its treasury shares (excluding capital increases at market value, issuance of new shares due to the exercise of subscription rights, or rights attached to securities or warrants), or carries out a statutory merger or consolidation with other companies or spins off part of its operations or makes a share exchange or transfer, or makes gratis issuances of shares or in any other appropriate cases, the Company may adjust the number of shares affected where appropriate in a reasonable manner.

(3) Total number of subscription rights to be granted

8,569 units will be granted (One subscription right shall be for one common par value share of Yahoo Japan Corporation. However, in the case of a stock-split or reverse-split, an adjustment shall be made as in (2) above). Notwithstanding this provision, 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 of the subscription rights or if the total amount of subscription rights on their application is less than the amount stated in above, the total amount of subscription rights on the application shall be the total amount granted.

(4) Amount of money to be exchanged for subscription rights

No monetary transfer takes place.

(5) Payment on exercise of subscription right

Payment made on exercise of subscription rights shall be in the form of cash. The cost of exercising 1 subscription right shall be the amount given by multiplying the value of 1 share as determined by the method given below (hereinafter referred to as the “exercise price”) by the number of common shares exchangeable for 1 subscription right as stipulated in (3) above.

The exercise price shall be the average value of the closing price of common stock with par value of the Company announced by the Tokyo Stock Exchange every day (excluding days when there is no trading) during the month immediately before the month in which the date of the granting of subscription rights falls, with the fractions below ¥1 to be rounded up; provided, however, that if the said price is below the closing price of common stock with par value of the Company announced by the Tokyo Stock Exchange on the date when the subscription rights are provided (if there is no trading on that day, the first closing price available for a date immediately prior to the said date), the latter selling price shall be the exercise price.

In this connection, if the Company splits or reverse-splits its stock or issues new shares at any price below the market value or removes 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 securities or warrants), the exercise price shall be adjusted by the following formula, with the fractions below ¥1 caused by such adjustment to be rounded up.

In the case of the removal of treasury shares, the items in the following calculation shall be changed as follows. For “Number of New Shares” read “Number of Treasury Shares Removed.” For “Subscription Price per

Share” read “Removal Price per Share.” For “Number of Increased Shares by splitting stock or issuing new shares” read “Shares Removed.”

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

Furthermore, if subscription rights remain valid after a statutory merger or consolidation with other companies, a spin off part of operations or a share exchange or transfer, a gratis issuance of shares and in any other appropriate cases, the Company may adjust the exercise price accordingly.

(6) Date of granting subscription rights

September 6, 2006

(7) Issue of subscription right certificate

No certificate shall be issued.

(8) The amount of capital by which Common Stock and Additional Paid-In Capital are increased due to the exercise of subscription rights is as follows.

The amount of increase in Common Stock shall be 50% of the increase in capital as calculated according to the method given in the Company Accounting Regulations, Article 40, Paragraph 1, with fractional amount of less than ¥1 being rounded up. Additional Paid-In Capital shall increase by the remaining amount of the increase calculated according to the regulations.

(9) Period to exercise the subscription rights

From August 24, 2008 to August 23, 2016

(10) Conditions for the exercise of the subscription rights

-- Persons who received subscription rights must also be directors, employees, or an equivalent position at the Company or its subsidiaries when they exercise their subscription rights. However, this does not apply to a person who received subscription rights and retired from his/her position due to the natural end of his/her employment period (not terminated) or if the Board of Director recognizes the reason as appropriate.

--If a person who is eligible to exercise the subscription right dies before the exercise period for the subscription rights, the subscription right becomes void. If a person dies after the start of such period, his/her inheritors may exercise such person's subscription right.

--Subscription rights cannot be transferred, pledged or disposed of.

--Other conditions, in connection with the exercise of the subscription rights, shall be subject to the agreement for the provision of subscription rights to be entered between the Company and the person entitled to the subscription rights.

#### (11) Withdrawal of subscription rights

--With the approval of a general shareholders' meeting (If the approval of the general shareholders' meeting is not required, then with the approval of the Board of Directors) in the case of a merger agreement with another company in which the Company will be absorbed or agreement on an exchange or transfer of shares making the Company a wholly owned subsidiary of another company, the Company may withdraw existing subscription rights at a later specified date without compensating subscription right holders.

--If the closing price of common stock with par value of the Company announced by the Tokyo Stock Exchange falls by 50% of the exercise price for the subscription rights after adjustment as stipulated in (5) above for a one-year period, the Board of Directors may withdraw subscription rights without compensating subscription right holders at a later specified date.

--If the holder of the subscription rights becomes unable to exercise them

due to the conditions stated in (10), the Board of Directors may withdraw the subscription rights at a later specified date without compensating the holder.

However, in all the above cases, the Company may wait until the end of the exercise period to withdraw the subscription rights in a lump sum transaction.

(12) Limitation on transfer of subscription rights

Any transfer of subscription rights must have the approval of the Board of Directors.

(13) Treatment of subscription rights in the event of a corporate reorganization

In the event of a merger (limited to the case where the Company is absorbed), a statutory merger, a spin off or a share exchange or transfer (hereinafter referred to in general as a corporate reorganization), when there are holders of subscription rights after the end of their validity period due to the corporate reorganization (hereinafter referred to as “remaining subscription rights”), the Company shall exchange those remaining subscription rights with the subscription rights of the companies stipulated by the Corporation Law of Japan, Article 236, Paragraph 1, items 8, No. 1 to 5 (hereinafter referred to as the “reorganization companies”) on a case by case basis according to the agreement made for the reorganization or conditions given in the business plan. In such cases, the remaining subscription rights will then be cancelled and the reorganization companies will grant new subscription rights to the persons previously holding remaining subscription rights.