

April 28, 2005

To whom it may concern

Yahoo Japan Corporation  
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Stock code: 4689

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

In a meeting of the Board of Director on April 28, 2005, Yahoo Japan Corporation decided to submit a proposal to grant subscription rights to directors and employees of the Group in accordance with Article 280-20&21 of the Commercial Code at the 10th annual shareholders' meeting scheduled to be held on June 17, 2005.

#### I. Reason for granting subscription rights with preferential conditions

Through the granting of stock options to the directors and employees of the Company and its subsidiaries, the Company aims to provide an incentive for persons to contribute to the operations of the Group and to provide a bonus system that reflects performance.

#### II. Essential points in issue of subscription rights

##### 1. Persons to be entitled to subscription rights

Only directors and employees of the Company and its subsidiaries shall be entitled to subscription rights.

##### 2. Type and amount of stock for which subscription rights are to be issued

A maximum of 4,000 common par value shares of Yahoo Japan Corporation. If the Company splits or reverse-splits its shares, the authorized number of shares shall be adjusted in accordance with the following formula, with the fractions below one-hundredth of a 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 issued, 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 × stock-split or reverse-split ratio

Furthermore, if the Company issues new shares at a price below market value (excluding capital increases at market value, subscription rights, issuance of new shares due to the exercise of rights attached to securities or warrants), subscription rights remain valid after a statutory merger or consolidation with other companies, or the Company spins off part of its operations, the Company may adjust the number of shares.

3. Maximum number of subscription rights to be issued

The maximum number of subscription rights to be issued will be limited to 4,000. (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.)

4. The price of a subscription right

The subscription right will be issued at no cost to the receiver.

5. Issue price

The issue price shall be the average value of the latest selling price of common stock with par value of the Company at 3:00 p.m. 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 provision of subscription rights falls, with the fractions below ¥1 to be rounded up; provided, however, that if the said price is below the latest selling price of common stock with par value of the Company at 3:00 p.m., announced by the Tokyo Stock Exchange on the date when the subscription rights are provided (if there is no trading on that day, the latest selling price available at 3:00 p.m. on the date immediately prior to the said date), the latter selling price shall be the issue price.

In this connection, if the Company splits or reverse-splits its stock or issues new shares at any price below the market value (excluding capital increases at market value, subscription rights, and issuance of new shares due to the exercise of rights attached to securities or warrants), the issue price shall be adjusted by the following formula, with the fractions below ¥1 caused by such adjustment to be rounded up:

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

Furthermore, if subscription rights remain valid after a statutory merger or consolidation with other companies or the Company spins off one of its operations, the Company may adjust the issue price accordingly.

#### 6. Period to exercise the subscription rights

From June 18, 2007 to June 17, 2015

#### 7. Conditions for the exercise of the subscription rights

(1) 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, if the Board of Director recognizes the reason as appropriate, 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).

(2) 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.

(3) Subscription rights cannot be transferred, pledged or disposed of.

(4) 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, in accordance with the resolutions of the Board of Directors and the shareholders' meeting of the Company.

#### 8. Voiding of subscription rights

(1) If the Company enters into a merger agreement with another company in which the Company will be absorbed or makes a proposal for approval of an agreement on an exchange or transfer of shares making the Company a wholly owned subsidiary of another company, the Company may void existing subscription rights without compensating subscription right holders with the approval of a general shareholders' meeting.

(2) If the closing price of the common stock of the Company remains below half of the issue price ( or issue price after adjustment) for one year, the Company may void subscription rights without compensating subscription right holders.

(3) If the holder of the subscription rights becomes unable to exercise them due to the conditions stated in II. 7., the Company may void the subscription rights without compensating the holder.

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

#### 9. Limitation on transfer of subscription rights

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

#### 10. The Board of Directors shall decide all other specific matters regarding subscription rights.

Note: The above items are contingent upon the approval of the proposal to grant stock options (subscription rights) at the 10<sup>th</sup> general shareholders meeting scheduled to be held on June 17, 2005.