

May 22, 2007

To whom it may concern

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

Notification Regarding Compensation, etc. for Stock Options for Directors

In a meeting held today, the Board of Directors of Yahoo Japan Corporation decided to place a proposal for "Compensation, etc. for Stock Options for Directors" on the agenda for the 12th ordinary general meeting of shareholders scheduled for June 21, 2007. Details are as follows.

1 . Reason for Proposal

With a view to aligning the interests of directors with those of our shareholders, the Company would like to grant its directors (including outside directors) stock options to link the long-term building of shareholder value with their compensation and to contribute to the growth of the corporate value of the entire Group.

In accordance with the provisions of Article 361 of the Corporation Law, the Company will be asking shareholders to approve compensation, etc., for directors for the provision of stock options under the conditions listed below in the form of new share subscription rights totaling ¥245 million (of this amount, ¥49 million will be for outside directors) per fiscal year.

The value of the compensation, etc., will be determined with reference to the amount calculated by taking the fair value of a subscription right calculated by the Black-Scholes Model using the Company's stock price on May 8, 2007 and multiplying said fair value by the total number of subscription rights allocated.

This proposed resolution compensation, etc., for stock options for directors does not include the salary of an employee or an employee also serving as a director. Currently there are 5 directors (of whom one is an outside director), and if the proposal regarding the election of directors is approved as stated at the 12th ordinary general meeting of shareholders, the number of directors will remain the same.

Details of subscription rights

(1) Number of shares covered by subscription rights

The maximum number of common shares of the Company covered by the subscription rights shall be 10,000 common shares per fiscal year.

Should the Company conduct a stock split or a reverse stock split, or for some other reason it is appropriate to change the number of maximum shares allowed, the Company will carry out the necessary adjustments.

(2) Total number of subscription rights

The upper limit on subscription rights granted shall be 10,000 units per fiscal year. Each subscription right shall be exchangeable for one (1) common share of the Company. Should the maximum shares be adjusted as stipulated in (1)

above, the same process shall be carried out for the number of common shares exchangeable for each subscription right. In addition, even if the number of subscription rights to be granted for a fiscal year does not exceed the maximum of 10,000 units, there will be no allotment of subscription rights in said fiscal year if their total value equals the ceiling on compensation, etc., of ¥245 million per fiscal year.

(3) Cost of exercising subscription rights

Payment made on exercise of subscription rights shall be in the form of cash. The cost of exercising one (1) subscription right shall be the amount given by multiplying the value of one (1) common share as determined by the method given below by the number of common shares exchangeable for one (1) subscription right as stipulated in (2) above.

The value of one (1) common share shall be the average value of the closing stock prices for ordinary transactions of the Company's common stock at 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 closing price of common stock in the ordinary transactions of the Company's common stock at the Tokyo Stock Exchange on the date when the subscription rights are provided (if there is no trading on that day, the closing price available on the date immediately prior to the said date), the latter price shall be the issue price.

Should the Company conduct a stock split or a reverse stock split, or for some other reason it is appropriate to change the number of maximum shares allowed following the day the provision is made, the Company will carry out the necessary adjustments.

(4) Exercise period for subscription rights

The exercise period shall be determined in the Board of Directors meeting where the items regarding the granting of subscription rights are decided, and shall fall within a 10-year period starting the day after said Board of Directors meeting.

(5) Conditions for exercising subscription rights

(i) Persons who received subscription rights must be directors, employees, or an equivalent position at the Company or its subsidiaries when they exercise their subscription rights. However, if the Board of Directors 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.

(ii) 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.

(6) Other details regarding subscription rights

Other details regarding subscription rights shall be stipulated as other items regarding the granting of subscription rights at a Board of Directors meeting to be held later to decide the items regarding the granting of subscription rights.