

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1996

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 0-28018

YAHOO! INC.

(Exact name of Registrant as specified in its charter)

California

77-0398689

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

3400 Central Expressway
Suite 201, Santa Clara, California 95051

(Address of principal executive offices)

(408) 731-3300

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days:
YES NO

There were 26,262,014 shares of the issuer's Common Stock outstanding as of August 12, 1996.

YAHOO! INC.

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Item 1. Financial Statements YAHOO! INC.
Condensed Balance Sheets

	June 30, 1996	December 31, 1995
	----- (Unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$62,954,000	\$5,297,000
Short-term investments	24,252,000	--
Accounts receivable, net	1,999,000	815,000
Prepaid expenses	910,000	--
	-----	-----
Total current assets	90,115,000	6,112,000
Long-term investments	14,974,000	--
Property and equipment, net	679,000	186,000
	-----	-----
	\$105,768,000	\$6,298,000
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$437,000	\$20,000
Accrued expenses and other current liabilities	1,869,000	491,000
Deferred revenue	401,000	174,000
Due to related party	33,000	35,000
Current portion of lease obligations	--	31,000
	-----	-----
Total current liabilities	2,740,000	751,000
Lease obligations	--	97,000
Shareholders' equity:		
Series A Convertible Preferred Stock	--	5,000
Series B Convertible Preferred Stock	--	3,000
Common Stock	99,000	--
Additional paid-in capital	104,848,000	6,076,000
Accumulated deficit	(1,919,000)	(634,000)
	-----	-----
Total shareholders' equity	103,028,000	5,450,000
	-----	-----
	\$105,768,000	\$6,298,000
	-----	-----

The accompanying notes are an integral part of these financial statements.

YAHOO! INC.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 1996	June 30, 1995 (a)	June 30, 1996	June 30, 1995 (a)
Net revenues	\$3,274,000	\$ --	\$5,007,000	\$ --
Cost of revenues	520,000	26,000	687,000	26,000
Gross profit (loss)	2,754,000	(26,000)	4,320,000	(26,000)
Operating expenses:				
Sales and marketing	3,290,000	60,000	4,150,000	60,000
Product development	1,037,000	18,000	1,367,000	18,000
General and administrative	762,000	262,000	1,249,000	262,000
Total operating expenses	5,089,000	340,000	6,766,000	340,000
Loss from operations	(2,335,000)	(366,000)	(2,446,000)	(366,000)
Investment income, net	969,000	11,000	1,161,000	11,000
Net loss	(\$1,366,000)	(\$355,000)	(\$1,285,000)	(\$355,000)
Net loss per share	(\$0.05)	(\$0.02)	(\$0.06)	(\$0.02)
Weighted average common shares and common equivalent shares	26,456,000	22,541,000	22,887,000	22,541,000

(a) Includes the Company's results from March 5, 1995 (inception) through June 30, 1995.

The accompanying notes are an integral part of these financial statements.

YAHOO! INC.
Condensed Statement of Cash Flows
(Unaudited)

	Six Months Ended	
	June 30,	June 30,
	1996	1995 (a)
Cash flows from operating activities:		
Net loss	(\$1,285,000)	(\$355,000)
Adjustment to reconcile net loss to net cash used for operating activities:		
Depreciation and other noncash charges	257,000	78,000
Changes in assets and liabilities:		
Accounts receivable, net	(1,184,000)	--
Prepaid expenses	(910,000)	--
Accounts payable and accrued liabilities	1,686,000	22,000
Deferred revenue	227,000	--
Net cash used by operating activities	(1,209,000)	(255,000)
Cash flows used for investing activities:		
Acquisition of property and equipment, net	(643,000)	(68,000)
Purchase of investments, net	(39,226,000)	--
Net cash used by investing activities	(39,869,000)	(68,000)
Cash flows from financing activities:		
Proceeds from issuance of stock, net	98,863,000	1,003,000
Repayment of lease obligations	(128,000)	--
Net cash provided by financing activities	98,735,000	1,003,000
Net change in cash and cash equivalents	57,657,000	680,000
Cash and cash equivalents at beginning of period	5,297,000	--
Cash and cash equivalents at end of period	\$62,954,000	\$680,000

(a) Includes the Company's results from March 5, 1995 (inception) through June 30, 1995.

The accompanying notes are an integral part of these financial statements.

YAHOO! INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - THE COMPANY AND BASIS OF PRESENTATION:

Yahoo! Inc. (the "Company") develops and maintains YAHOO!, a branded Internet navigational service that is among the most widely used guides for information and discovery on the World Wide Web. The Company was incorporated in California on March 5, 1995 and commenced operation on that date. The accompanying unaudited condensed consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Registration Statement on Form SB-2 (No. 333-2142-LA), including the related Prospectus dated April 12, 1996 (the "Registration Statement"). Certain prior period balances have been reclassified to conform with current period presentation.

NOTE 2 - INVESTMENTS:

The Company invests certain of its excess cash in debt instruments of the U.S. Government, its agencies, and of high quality corporate issuers. All highly liquid instruments with an original maturity of three months or less are considered cash equivalents; those with original maturities greater than three months are considered short-term investments and those with maturities greater than twelve months from the balance sheet date are considered long-term investments. The Company has adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (FAS 115) and, accordingly, classifies investment securities as held-to-maturity, trading or available-for-sale.

At June 30, 1996, short-term and long-term investments consists primarily of corporate debt securities and debt instruments of the U.S. Government and U.S. Government agencies and were classified as available-for-sale. At December 31, 1995, the Company did not hold any short-term investments. Unrealized holding gains at June 30, 1996 were not significant.

YAHOO! INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

NOTE 3 - SHAREHOLDERS' EQUITY:

On April 12, 1996, the Company completed its initial public offering of 2,990,000 shares of its Common Stock. Net proceeds to the Company aggregated approximately \$35,000,000. As of the closing date of the offering, all of the Convertible Preferred Stock and Mandatorily Redeemable Convertible Preferred Stock outstanding was converted into an aggregate of 12,850,072 shares of Common Stock.

NOTE 4 - PER SHARE AMOUNTS:

Net loss per share is computed using the weighted average number of common shares outstanding during the period. Pursuant to the Securities and Exchange Commission Staff Accounting Bulletins and Staff Policy, such computations for periods ending prior to the Company's initial public offering include all common and common equivalent shares issued during the twelve months prior to the Initial Public Offering using the treasury stock method. Common equivalent shares consist of the incremental common shares issuable upon conversion of the convertible preferred stock (using the if-converted method) and shares issuable upon the exercise of stock options (using the treasury stock method).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXCEPT FOR THE HISTORICAL INFORMATION CONTAINED HEREIN, THE MATTERS DISCUSSED IN THIS DOCUMENT ARE FORWARD-LOOKING STATEMENTS THAT INVOLVE CERTAIN RISKS AND UNCERTAINTIES, INCLUDING THE RISKS AND UNCERTAINTIES DISCUSSED BELOW, AS WELL AS THE OTHER RISKS SET FORTH IN THE "RISK FACTORS" SECTION INCLUDED IN THE REGISTRATION STATEMENT.

OVERVIEW

Yahoo! offers a branded Internet navigational service that is among the most widely used guides to information and discovery on the World Wide Web (the "Web"). From March 5, 1995 (Inception) to June 30, 1996, the Company's operating activities related primarily to recruiting personnel, raising capital, purchasing operating assets, performing product development and investing in sales and marketing programs. The Company commenced selling advertisements on its Web pages and recognized its initial revenues in August 1995.

The Company derives substantially all of its revenues from the sale of advertisements. Advertising revenues are recognized in the period in which the advertisement is displayed, provided that no significant Company obligations remain and collection of the resulting receivable is probable. Company obligations typically include guarantees of minimum number of "impressions," or times that any advertisement appears in page views downloaded by users of YAHOO!. To the extent minimum guaranteed impressions are not met, the Company defers recognition of the corresponding revenues until guaranteed impression levels are achieved. Deferred revenue is comprised of billings in excess of recognized revenue relating to advertising contracts. The Company's revenues are derived principally from the sale of advertisements on short-term contracts. The Company's standard rates for advertising currently range from \$0.02 to \$0.06 per impression. To date, the duration of the Company's advertising commitments has ranged from one week to one year.

The Company has an extremely limited operating history, and its prospects are subject to the risks, expenses and difficulties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. To address these risks, the Company must, among other things, continue to respond to competitive developments, attract, retain and motivate qualified personnel, implement and successfully execute its advertising sales strategy, develop and market additional media properties, upgrade its technologies and commercialize products and services incorporating such technologies. There can be no assurance that the Company will be successful in addressing such risks. As of June 30, 1996, the Company had an accumulated deficit of \$1,919,000. Although the Company has experienced revenue growth in recent periods, there can be no assurance that revenues of the Company will continue to increase or continue at their current level. The extremely limited operating history of the Company makes the prediction of future results of operations difficult or impossible and, therefore, the recent revenue growth experienced by the Company should not be taken as indicative of the rate of revenue growth, if any, that can be expected in the

future. The Company believes that period to period comparisons of its operating results are not meaningful and the results for any period should not be relied upon as an indication of future performance. The Company currently expects to significantly increase its operating expenses to expand its sales and marketing operations, to fund greater levels of product development and to develop and commercialize additional media properties. In addition, in March 1996, the Company entered into an agreement with Netscape Communications Corporation (Netscape) whereby it has been designated as one of five "Premier Providers." Under the terms of this agreement, the Company will be required to make payments of up to \$5 million over the course of the one year term of this agreement, which commenced in mid-April 1996. In the future, other leading Web sites, browser providers and other distribution channels may also require payments or other consideration in return for listing YAHOO! or other online properties of the Company. As a result of these factors, the Company expects to continue to incur significant losses on a quarterly and annual basis for the foreseeable future.

As a result of the Company's extremely limited operating history, the Company does not have historical financial data for any significant period of time on which to base planned operating expenses. The Company's expense levels are based in part on its expectations concerning future revenue and to a large extent are fixed. Quarterly revenues and operating results depend substantially upon the advertising revenues received within the quarter, which are difficult to forecast accurately. Accordingly, the cancellation or deferral of a small number of advertising contracts could have a material adverse effect on the Company's business, results of operations or financial condition. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenue in relation to the Company's expectations would have an immediate adverse effect on the Company's business, results of operations and financial condition. In addition, the Company plans to significantly increase its operating expenses to expand its sales and marketing operations, to fund greater levels of product development and to develop and commercialize additional media properties. To the extent that such expenses precede or are not subsequently followed by increased revenues, the Company's business, results of operations and financial condition will be materially and adversely affected.

The Company's operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. These factors include the level of usage of the Internet, demand for Internet advertising, seasonal trends in both Internet usage and advertising placements, the advertising budgeting cycles of individual advertisers, the amount and timing of capital expenditures and other costs relating to the expansion of the Company's operations, the introduction of new products or services by the Company or its competitors, pricing changes in the industry, technical difficulties with respect to the use of YAHOO! or other media properties developed by the Company, general economic conditions and economic conditions specific to the Internet and online media. As a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on the Company's business, results of operations and financial condition. The Company also expects that, in the future, it will experience seasonality in its business, with advertising impressions (and therefore revenues) being somewhat lower during the summer and year-

end vacation and holiday periods, when usage of the web and the Companies services may be expected to decline. Due to all of the foregoing factors, in some future quarter the Company's operating results may fall below the expectations of securities analysts and investors. In such event, the trading price of the Company's Common Stock would likely be materially and adversely affected.

Because the Company was engaged primarily in product development during each of the quarter ended June 30, 1995 and the period from inception (March 5, 1995) to June 30, 1995, and did not recognize any revenues during either such periods, and because of the significant growth in operating expenses from such periods in 1995 as compared to the same periods of 1996, the Company believes that a comparison of operating results for the three months ended June 30, 1995 and the period from inception (March 5, 1995) to June 30, 1995 versus the three months ended June 30, 1996 and the six months ended June 30, 1996, respectively, is not meaningful.

RESULTS OF OPERATIONS

NET REVENUES

Net revenues were \$3,274,000 for the quarter ended June 30, 1996. The revenue increase of 89% from the first quarter ended March 31, 1996 was due primarily to an increase in the number of advertisers, from 112 in the quarter ended March 31, 1996 to 230 in the quarter ended June 30, 1996. Many of the Company's customers purchase advertisements on a short-term basis. There can be no assurance that customers will continue to purchase advertising on the Company's Web pages. During the quarter ended June 30, 1996, SOFTBANK Group indicated its intention to purchase directly or through SOFTBANK affiliates (including companies in which SOFTBANK has invested) \$2,000,000 of advertising space for the period ending December 31, 1996. The Company cannot predict the timing or amount of advertising that SOFTBANK or its affiliates will purchase under this arrangement. As of June 30, 1996, SOFTBANK and its affiliates had not purchased any advertisements in connection with the above.

COST OF REVENUES

Cost of revenues consists of the expenses associated with the production and usage of the Company's online navigational guides. These costs primarily consist of fees paid to third parties for content included in the guides, Internet connection charges, compensation and equipment depreciation. Cost of revenues were \$520,000 for the quarter ended June 30, 1996; or 16% of net revenues. The Company's \$353,000 increase in cost of revenues from the quarter ended March 31, 1996, was primarily attributable to increases in the quantity and quality of content available on the Company's online navigational guide YAHOO! and other Internet navigational services, and increased usage of YAHOO! and the Company's other Internet navigational services. As measured in page views (defined as electronic page displays), the Company delivered an average of approximately nine million page views per day in June 1996, compared with an average of approximately six million page views per day in March of 1996. The Company anticipates that its content and Internet connection expenses as a percentage of revenue will continue to increase for the foreseeable future, resulting in lower gross margins.

OPERATING EXPENSES

The Company's operating expenses have increased significantly since the Company's inception. This trend reflects the costs associated with the formation of the Company, the development of infrastructure and increased efforts to commercialize the Company's products and services. The Company believes that continued expansion of its operations is essential to enhance and extend the YAHOO! main site, establish branded properties in targeted markets and expand the Company's user and advertising base. As a

consequence, the Company intends to continue to increase expenditures in all operating areas.

SALES AND MARKETING

Sales and marketing expenses consist primarily of third party sales commissions, compensation, advertising commissions, Netscape Preferred Provider costs, television advertising, public relations, travel and costs of promotional materials. Sales and marketing expenses were \$3,290,000 for the quarter ended June 30, 1996, or 100% of net revenue. The 283% increase in sales and marketing expenses from the quarter ended March 31, 1996 was primarily attributable to increased expenses associated with television ad campaigns, expanding the Company's advertising sales and product management staffs, Netscape Premier Provider (which commenced in mid-April 1996) costs of \$1,042,000, and increased commissions as a result of the \$1,541,000 increase in net revenues in this period. The Company anticipates that sales and marketing expenses will increase in future periods as it continues to pursue an aggressive brand building strategy.

PRODUCT DEVELOPMENT

Product development expenses consist primarily of employee compensation to support new product development. Product development expenses were \$1,037,000 for the quarter ended June 30, 1996, or 32% of net revenue. The \$707,000 increase in product development expenses from the quarter ended March 31, 1996 was primarily attributable to increased staffing and associated costs relating to enhancing the features and functionality of YAHOO! and other Internet navigational services. To date, all product development costs have been expensed as incurred. The Company believes that significant investments in product development are required to remain competitive. As a consequence, the Company intends to incur increased product development expenditures in future periods.

GENERAL AND ADMINISTRATIVE

General and administrative expenses consist primarily of compensation and fees for professional services. General and administrative expenses were \$762,000 for the quarter ended June 30, 1996, or 23% of net revenues. The \$275,000 increase in general and administrative expenses from the quarter ended March 31, 1996 was primarily attributable to increased staffing and fees for professional services. The Company intends to increase the absolute dollar level of general and administrative expenses in future periods.

INVESTMENT INCOME, NET

Investment income, net of investment expense was \$969,000 for the quarter ended June 30, 1996. The \$777,000 increase in interest income, net of interest expense, from the quarter ended March 31, 1996 was primarily attributable to the increase in funds available for investment as a result of the sale of equity securities.

INCOME TAXES

No provision for federal and state income taxes has been recorded at June 30, 1996, as the Company expects to incur net losses for the foreseeable future. Under the Tax Reform Act of 1986, the amounts of and the benefits from net operating losses may be impaired in certain circumstances. Events which may cause such limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three year period. At June 30, 1996, the effect of such limitation, if imposed, is not expected to be material. The Company has provided a full valuation allowance on deferred tax assets because of the uncertainty regarding realizability.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1996, the Company had \$62,954,000 in cash and cash equivalents, \$24,252,000 in short-term investments and \$14,974,000 in long-term investments. The Company has primarily financed its operations through the sale of equity securities.

The Company currently has no material commitments other than those under the operating leases. The Company anticipates a substantial increase in its capital expenditures and operating lease arrangements in 1996 consistent with its anticipated growth. The Company anticipates that capital expenditures in the year ending December 31, 1996 will be approximately \$3,000,000, primarily for additions to the Company's networking and computer infrastructure, leasehold improvements and furniture. The Company anticipates payments to Netscape through March 31, 1997 of up to \$5,000,000 and payments under the terms of an agreement with VISA International of up to \$1,650,000 in connection with the development of a web navigational service to be focused on information and resources relating to the purchase of consumer products and services over the Internet. The Company believes that current cash balances and short-term investments will be sufficient to fund its working capital and capital expenditures requirements for at least the next twelve months. Thereafter, the Company may sell additional equity or debt securities or obtain credit facilities. The sale of additional equity or convertible debt securities will result in additional dilution to the Company's shareholders.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of its business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties by the Company and its licensees. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. The Company is not currently aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. The exhibit listed in the accompanying Index to Exhibits are filed as part of the Form 10-Q.

b. No reports on Form 8-K were filed by the Company during the period covered by this Report on Form 10-Q.

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YAHOO! INC.

DATED: AUGUST 13, 1996

BY: /S/ GARY VALENZUELA

SENIOR VICE PRESIDENT, FINANCE AND
ADMINISTRATION, AND CHIEF FINANCIAL
OFFICER.
(PRINCIPAL FINANCIAL OFFICER)

DATED: AUGUST 13, 1996

BY: /s/ JAMES J. NELSON

CORPORATE CONTROLLER
(PRINCIPAL ACCOUNTING OFFICER)

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YAHOO! INC.

INDEX TO EXHIBITS

TITLE - - - - -	EXHIBIT NO. -----
Value-Added Link Agreement, date July 3, 1996 by and between Yahoo! Inc. and Digital Equipment Corporation	.10.1
Joint Venture Agreement, dated April 1, 1996, by and between Yahoo! Inc. and SOFTBANK Corporation	.10.2
Yahoo! Japan License Agreement, dated April 1, 1996, by and between Yahoo! Inc. and Yahoo! Japan Corporation	.10.3
Softbank Letter Agreement, dated April 1, 1996 by and between Yahoo! Inc. and SOFTBANK Group	.10.4
Computation of Net Loss Per Share.11
Financial Data Schedule.27

VALUE-ADDED LINK AGREEMENT

THIS VALUE-ADDED LINK AGREEMENT (this "AGREEMENT") is entered into as of the 3rd day of July, 1996 (the "EFFECTIVE DATE") by and between:

- (i) DIGITAL EQUIPMENT CORPORATION, a Massachusetts corporation ("DIGITAL"), with principal offices at 30 Porter Road, Littleton, Massachusetts 01460; and
- (ii) YAHOO! INC., a California corporation ("YAHOO!"), with executive offices at 635 Vaqueros Avenue, Sunnyvale, California 94086;

with reference to the following:

RECITALS

The following provisions form the basis for, and are hereby made a part of, this Agreement:

- A. Yahoo! has developed and operates a branded Internet navigational service, currently located at <http://www.yahoo.com>, that includes a content-based directory structure and an integrated search engine (the "Yahoo! Principal Site") as well as other World Wide Web properties, such as Yahoo!igans! (an Internet navigational guide for children), Yahoo! San Francisco, and localized versions of Yahoo!'s Principal Site .
- B. Digital has developed and operates the AltaVista-TM- full-text World Wide Web search engine and the AltaVista-TM- index, which can currently be accessed through <http://www.altavista.digital.com> ("ALTAVISTA").
- C. Yahoo! desires to incorporate and feature AltaVista as the preferred search engine for the Yahoo! Principal Site, Yahoo!igans! and Yahoo! San Francisco and other mutually agreed upon Yahoo! properties. Yahoo! and Digital desire to establish a "Value-Added Link" between AltaVista and such Yahoo! properties that will enable a Yahoo! visitor to conduct World Wide Web searches through AltaVista while remaining on the Yahoo! property.
- D. This Agreement sets forth all of the terms and conditions relating to the establishment, structure and operation of such a Value-Added Link.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties do hereby agree as follows:

DEFINITIONS; RULES OF CONSTRUCTION.

DEFINITIONS. For purposes of this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings ascribed to them below:

"ALTAVISTA INDEX" means the World Wide Web full-text index compiled by Digital using the AltaVista Search Engine, as the same is updated from time to time by the AltaVista Search Engine and maintained on Digital servers.

"CPM" means, with respect to advertisements, the cost per thousand impressions.

"DERIVATIVE WORK" means, with respect to a software program or any related Documentation, any modification or enhancement thereof including, without limitation, all "derivative works" and "compilations," within the meaning of such terms as defined in the Copyright Act of 1976 (17 U.S.C. Section 101 ET SEQ.), as amended.

"ENTITY" means a natural person, corporation, limited liability company, association, partnership, trust, estate, joint venture or other entity, whether or not incorporated, or a government or any department or agency thereof, as appropriate in the context.

"INTELLECTUAL PROPERTY RIGHTS" means trade secrets, patents, copyrights, trademarks, trade dress, know-how and similar rights of any type under the laws of any governmental authority including, without limitation, all applications and registrations relating to any of the foregoing.

"INTERFACE SPECIFICATIONS" means the detailed specifications set forth in EXHIBIT "A" that when implemented will enable the Value-Added Link (as defined below).

"NETWORK AFFILIATE" means an entity which maintains a copy of the AltaVista Index under license from Digital on a World Wide Web server operated by such entity, and provides the public with the means to query the AltaVista Index, and which would use the AltaVista brand (including its trademarks and logos) and meet Digital's quality assurance standards.

"OBJECT CODE" means the computer executable binary code derived from compiled Source Code for execution on a computer hardware system.

"RESULTS PAGE" means each page on a Yahoo! Property that contains search responses, if any, to an AltaVista search query.

"SEARCH ENGINE" means a program that crawls and indexes the text of the World Wide Web and/or Usenet newsgroups and which index can be queried using Boolean logic or similar query methods. The term "crawls", as used herein, shall have the meaning set forth in Section 1.1(n).

"SOURCE CODE" means a presentation of a computer program, regardless of the form in which it is stored, from which it is possible to discern the logic, algorithms, internal structure, operating features and any other design characteristic of such computer program, together with related source materials.

"USER" means a person who accesses a Yahoo! Property.

"VALUE-ADDED LINK" OR "VAL" shall operate as described in Section 2.1.

(n) "WEB CRAWLER" means a program that follows URL pointers, which utilize the hypertext transfer protocol (http), from one web page to another in order to access these pages.

(o) "WORLD WIDE WEB" or "WWW" means the Internet-based distributed information service that utilizes the hypertext transfer protocol (http) or any successor protocol.

(p) "YAHOO! PROPERTIES" means the Yahoo! Principal Site currently located at <http://www.yahoo.com> and any successor property, Yahoo!igans! and any successor property, Yahoo! San Francisco and any successor property and all other mutually agreed upon World Wide Web properties, so long as such properties are owned, controlled, and operated by Yahoo!, that are accessible over the World Wide Web by a user.

RULES OF CONSTRUCTION. As used in this Agreement, neutral pronouns and any variations thereof shall be deemed to include the feminine and masculine and all terms used in the singular shall be deemed to include the plural, and vice versa, as the context may require. The words "PARTY" or "PARTIES" when used herein refer, respectively, to a party and to both of the parties to this Agreement. The words "HEREOF," "HEREIN," "HEREUNDER" and other words of similar import refer to this Agreement as a whole, including any exhibits hereto, as the same may from time to time be amended or supplemented and not to any subdivision contained in this Agreement. The word "INCLUDING" when used herein is not intended to be exclusive and in all cases means "INCLUDING WITHOUT LIMITATION." References herein to section, subsection, attachment or exhibit shall refer to the appropriate section, subsection, attachment or exhibit in or to this Agreement. The descriptive headings of this Agreement are inserted for convenience of reference only and do not constitute a part of and shall not be utilized in interpreting this Agreement. This Agreement has been negotiated by the parties hereto and their respective counsel and shall be fairly interpreted in accordance with its terms and without any rules of construction relating to which party drafted the Agreement being applied in favor of or against either party.

VALUE-ADDED LINK.

OPERATION OF VAL. The parties intend that the VAL operate as follows:

The user interface of each Yahoo! Property that offers search functionality indexing the text of the World Wide Web to Users will be designed so that it identifies AltaVista as the Preferred Search Engine (as set forth in Section 4, below) and gives the User the option of using AltaVista to conduct a search;

When Yahoo! initiates a query to AltaVista, using the VAL interface, the query will be transmitted to the AltaVista Index, where it will be processed, and the results will be sent using the VAL interface to the Yahoo! Property;

Yahoo! will format the results from the AltaVista search in a Results Page and will be able to incorporate advertising and other messaging into this Results Page. Each Results Page will contain an attribution to AltaVista; and

(d) The search process will not remove the User from the Yahoo! Property on which the User initiated the search.

made generally available to all persons accessing AltaVista.. In the event that the Interface Specifications need to be modified so that the VAL can support such extensions and enhancements, Digital shall promptly provide Yahoo! with such modified Interface Specifications.

YAHOO!'S RESPONSIBILITIES.

ENGINEERING CHANGES. Promptly following its receipt of the Interface Specifications, Yahoo! shall implement all engineering changes needed in the Yahoo! source code or object code necessary to install and support the VAL. In any event, Yahoo! will cause the VAL to be incorporated, and fully operational, in the Yahoo! Properties according to the following schedules: (i) in the Yahoo! Principal Site within fifteen (15) days of the Effective Date and (ii) in Yahoo!igans! and in Yahoo! San Francisco should any such property contain WWW search functionality and in other mutually agreed upon Yahoo! properties according to a mutually agreed upon schedule

ALTAVISTA AS PREFERRED SEARCH ENGINE. Yahoo! shall establish AltaVista as the preferred search engine for all Yahoo! Properties that contain WWW search functionality. In this regard, Yahoo! shall, at a minimum:

incorporate the VAL into all Yahoo! Properties that contain WWW search functionality in accordance with the terms of this Agreement;

include a reference, to be provided to Yahoo! by Digital, in accordance with EXHIBIT "D," to the AltaVista search functionality, E.G., "Powered by AltaVista," prominently on each page that contains WWW search functionality of each Yahoo! Property;

(c) place AltaVista first in any list of available Search Engines if multiple Search Engines are available on such Yahoo! Property, unless Yahoo! provides the User with a choice of search engines from other entities in a list entitled "Other Search Engines" and in close proximity in the same viewing screen provides the User with the option, via the Navigation Option Bar, to select AltaVista in its capacity as a VAL. The term "Navigation Option Bar" for purposes of this provision means the following selection categories available to the User as set forth in Exhibit E: [Yahoo! Categories | Yahoo! Sites | AltaVista Web Pages];

(d) consider in good faith such other steps as Digital may reasonably request.

INTERFACE DESIGN AND RESULTS PAGES. Yahoo! shall use the mutually agreed upon design set forth in EXHIBIT "D" for each user interface from which the VAL can be accessed by Yahoo! users and the related search query page(s). In addition, each Results Page shall contain an attribution to AltaVista in the form set forth in EXHIBIT "E." Upon written notice to Yahoo!, Digital may from time to time make reasonable modifications to such attribution so long as the AltaVista name remains prominent or request that it be removed and Yahoo! shall promptly implement all such modifications, or remove such attributions, as the case may be.

4.4 CONTINUED OPERATION OF VAL. Once the VAL becomes operational for a Yahoo! Property, Yahoo! shall not de-activate or otherwise disconnect the VAL for any reason (other than due to a system failure or maintenance of such Yahoo! Property or of AltaVista) from

such Property. If any VAL is de-activated or otherwise disconnected by Yahoo!, this shall constitute a material breach of the Agreement.

PAYMENT.

RATE SCHEDULE. In consideration for the VAL to the AltaVista Index, each calendar quarter during the term of this Agreement Yahoo! shall pay Digital an amount in accordance with the following rate schedule (the "RATE SCHEDULE"):

XX
XX.

XX.
XX.
XX.
XX.
XX.
XX.

NETWORK AFFILIATE SITES.

Digital intends to maintain and operate AltaVista at various geographic locations, and to establish Network Affiliate sites in selected locations around the world. In the event Yahoo! desires to establish the VAL with any AltaVista sites maintained and operated by Digital, Digital agrees to implement the VAL at such site. In the event that Yahoo! desires to establish a VAL with one or more Network Affiliate Sites, Digital agrees to introduce Yahoo! to the operators of such Network Affiliate Sites. All other aspects of establishing such a VAL, including without limitation, the pricing of and support for the VAL, would be subject to a separate business arrangement between Yahoo! and the operator of such Network Affiliate Site.

PROPRIETARY RIGHTS.

ALTAVISTA. As between Digital and Yahoo!, Digital shall own all right, title and interest in and to AltaVista and the Intellectual Property Rights embodied therein. Except as expressly granted herein, nothing herein grants or shall be construed as granting Yahoo! any licenses or other rights, whether express or implied or otherwise, in, to or under AltaVista or any Intellectual Property Rights embodied therein.

YAHOO!. Subject to Digital's underlying ownership interests set forth in Section 7.1, as between Yahoo! and Digital, Yahoo! shall own all right, title and interest in and to the Yahoo! Properties.

TRADEMARKS AND MARKETING.

DIGITAL MARKS. Digital hereby grants to Yahoo! a non-exclusive license to use the Digital tradenames, logos and other Digital trademarks and service marks as set forth on EXHIBIT "F" hereto (the "DIGITAL MARKS") in connection with the Joint Marketing activities set forth in Section 8.5 below and Yahoo!'s advertising, marketing, promotion display and distribution of the VAL. Yahoo!'s use shall be in accordance with Digital's policies regarding advertising and trademark usage as established from time to time by Digital and as provided by Digital. Yahoo! agrees to cooperate with Digital in facilitating Digital's monitoring and control of the nature and quality of products and services bearing the Digital Marks, and to supply Digital with specimens of Yahoo!'s use of the Digital Marks upon request. In the event that Digital determines that Yahoo!'s use of the Digital Marks, or the service in connection which such Digital Marks are used, is inconsistent with Digital's quality standards, then upon Digital's written request, Yahoo! shall within a reasonable period thereafter conform such use or service to Digital's standards. If Yahoo! fails to conform such use or service, Digital shall have the right to suspend such use of the Digital Marks.

YAHOO! MARKS. Yahoo! hereby grants to Digital a non-exclusive license to use the Yahoo! tradenames, logos and other Yahoo! trademarks and service marks as set forth on EXHIBIT "G" hereto (the "YAHOO! MARKS") in connection with the Joint Marketing activities set forth in Section 8.5 below and Digital's advertising, marketing, promotion and distribution of the VAL. Digital's use shall be in accordance with Yahoo's policies regarding advertising and trademark usage as established from time to time by Yahoo and as provided by Yahoo!. Digital agrees to cooperate with Yahoo! in facilitating Yahoo's monitoring and control of the nature and quality of products and services bearing the Yahoo! Marks, and to supply Yahoo! with specimens of Digital's use of the Yahoo! Marks upon request. In the event that Yahoo! determines that Digital's use of the Yahoo! Marks is inconsistent with Yahoo's quality standards, then upon Yahoo's written request, Digital shall within a reasonable period thereafter conform such use or services to Yahoo's standards. If Digital fails to conform such use or services, Yahoo! shall have the right to suspend such use of the Yahoo! Marks.

Yahoo! acknowledges that the Digital Marks are trademarks and service marks of Digital. Yahoo! understands and agrees that the use of any Digital Mark in connection with this Agreement shall not create any right, title or interest, in or to the use of the Digital Mark and that all such use and goodwill associated with the Digital Mark will inure to the benefit of Digital.

Digital acknowledges that the Yahoo! Marks are trademarks and service marks of Yahoo! Digital understands and agrees that the use of any Yahoo! Mark in connection with the Agreement shall not create any right, title or interest, in or to the use of the Yahoo! Mark and that all such use and goodwill associated with the Yahoo! Mark will inure to the benefit of Yahoo.

MARKETING. Digital and Yahoo! shall both jointly and independently market the relationship between the parties. These activities include but are not limited to the following:

PRESS RELEASE. Subject to the provisions of Section 9 hereof, Digital and Yahoo! shall promptly after the Effective Date agree upon and issue a joint press release (the "PRESS RELEASE") describing in general terms the VAL.

ONGOING PUBLIC COMMUNICATIONS FOR NEWSWORTHY ANNOUNCEMENTS.

PRESS AND ANALYST BRIEFINGS.

PROMOTION OF ISBU HOME SITE (WWW.ALTAVISTA.SOFTWARE.DIGITAL.COM).

ALTAVISTA HOME SITE (WWW.ALTAVISTA.DIGITAL.COM) PROMOTION AT DIGITAL'S DISCRETION. Digital and Yahoo! acknowledge that Digital does not currently promote any of its AltaVista partners on the AltaVista home page (www.altavista.digital.com). In the event that Digital includes promotions of its AltaVista partners at this site, Digital will include a promotion for Yahoo! at that site in a form to be mutually decided by the parties.

PROMOTION ON YAHOO! HOME PAGES AND ON SPECIFIED YAHOO! PROPERTIES AT YAHOO!'S DISCRETION.

TRADESHOWS, SEMINARS.

SALESFORCE MATERIALS.

COLLATERAL MATERIALS.

ADVERTISING (ALL MEDIA).

APPOINTMENT OF A CONTACT PERSON IN EACH COMPANY TO COORDINATE ONGOING MARKETING ACTIVITIES.

CONFIDENTIALITY.

CONFIDENTIAL INFORMATION. "CONFIDENTIAL INFORMATION" means information about the disclosing party's business or activities that are proprietary or confidential, which shall include all business, financial, technical and other information (as well as the data and calculations supporting the payments to be made under Section 5 herein) of a party marked or designated by such party as "confidential" or proprietary"; or information which, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as confidential; PROVIDED THAT information shall not be considered Confidential Information of a party if it can be shown that such information: (i) is known to the recipient on the Effective Date directly or indirectly from a source other than one having an obligation of confidentiality to the providing party; (ii) hereafter becomes known (independently of disclosure by the providing party) to the recipient directly or indirectly from a source other than one having an obligation of confidentiality to the providing party; (iii) becomes publicly known or otherwise ceases to be confidential, except through a breach of this Agreement by the recipient; or (iv) was independently developed by the recipient without use of Confidential Information.

PROTECTION OF CONFIDENTIAL INFORMATION. The parties recognize that, in connection with the performance of this Agreement, each of them may disclose to the other its Confidential Information, including the creation of materials and the development of technology and techniques that are not generally known in the industry. . The party receiving any Confidential Information of the other party agrees to maintain the confidential status of such Confidential Information and not to use any such Confidential Information for any purpose other than the purposes for which it was originally disclosed to the receiving party, and not to disclose any of such Confidential Information to any third party. Upon expiration or termination of this Agreement, the receiving party shall return promptly to the other party or destroy, at that party's option, all tangible materials that disclose or embody Confidential Information

PERMITTED DISCLOSURE. The parties acknowledge and agree that each may disclose any given Confidential Information: (i) as required by law or generally accepted accounting practices; (ii) to their respective directors, officers, employees, attorneys, accountants and other advisors or independent contractors, who are under an obligation of confidentiality no less stringent than set forth herein, on a "need-to-know" basis; or (iii) in connection with disputes or litigation between the parties that relates to such Confidential Information and each party shall endeavor to limit disclosure to that purpose. In the event that the receiving party is ordered to disclose the other party's Confidential Information pursuant to a judicial or governmental request, requirement or order, the receiving party shall promptly notify the other party and take reasonable steps to assist that party in contesting such request, requirement, or order or in otherwise in protecting that party's rights prior to disclosure.

APPLICABILITY. The foregoing obligations shall apply to directors, officers, employees and representatives of the parties and any other person to whom the parties have delivered copies of, or permitted access to, such Confidential Information in connection with the performance of this Agreement, and each party shall advise each of the above of the obligations set forth in this Section 9.

THIRD PARTY CONFIDENTIAL INFORMATION. Any confidential information of a third party disclosed to either Digital or Yahoo! shall be treated by Digital or Yahoo!, as the case may be, in accordance with the terms under which such third party confidential information was disclosed; provided that: (i) the party disclosing such third party confidential information shall first notify the other party that such information constitutes third party confidential information and the terms applicable to such third party confidential information; and (ii) either party may, in its sole discretion, decline to accept all or any portion of such third party confidential information.

CONFIDENTIALITY OF AGREEMENT. Except as required by law or generally accepted accounting principles, and except to assert its rights hereunder or for disclosures on a "need-to-know" basis to its own officers, directors, employees and professional advisers or to prospective investors or acquirors in connection with a pending investment in or acquisition of such party, and under an obligation of confidentiality no less stringent than as set forth herein, each party hereto agrees that neither it nor its directors, officers, employees, consultants or agents shall disclose the terms of this Agreement or specific matters relating hereto without the prior consent of the other party.

DISCLAIMER OF WARRANTIES.

YAHOO! HEREBY ACKNOWLEDGES AND AGREES THAT THE VAL AND ALTAVISTA ARE BEING PROVIDED TO YAHOO! "AS IS, WITH ALL FAULTS," AND THAT DIGITAL MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE USEFULNESS, ACCURACY, COMPLETENESS, FEASIBILITY, RELIABILITY OR EFFECTIVENESS OF THE VAL, THE ALTAVISTA SEARCH ENGINE OR THE ALTAVISTA INDEX, OR THAT THE VAL OR ALTAVISTA WILL MEET THE OBJECTIVES OR NEEDS OF YAHOO! OR ANY THIRD PARTY, THAT THE OPERATION OF THE VAL OR ALTAVISTA WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE VAL OR ALTAVISTA HAVE BEEN OR WILL BE CORRECTED. IN PARTICULAR, AND WITHOUT LIMITING THE FOREGOING, DIGITAL MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OF SEARCH RESULTS OBTAINED BY USING THE ALTAVISTA INDEX. WITHOUT LIMITING THE FOREGOING, DIGITAL HEREBY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT (EXCEPT AS PROVIDED IN SECTION 12.2 BELOW) IN CONNECTION WITH THE VAL AND ALTAVISTA. IN NO EVENT SHALL DIGITAL BE LIABLE TO YAHOO! FOR ANY FAILURE, DISRUPTION, DOWNTIME, INTERRUPTION, MISCALCULATION, INCORRECT LINKAGE, DELAY, INACCURACY OR OTHER NONPERFORMANCE OF THE VAL OR ALTAVISTA.

INDEMNIFICATION AND REMEDIES.

DIGITAL INDEMNITY.

Subject to the limitations set forth below, Digital, at its own expense, shall indemnify, defend (or at Digital's option and expense, settle) and hold Yahoo! harmless from and against any judgment, losses, deficiencies, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), whether required to be paid to a third party or otherwise incurred in connection with or arising from any claim, suit, action or proceeding (collectively, a "CLAIM"), incurred or suffered by Yahoo! to the extent the basis of such Claim is that (1) any Digital software incorporated within the AltaVista Search Engine infringes any (i) patent issued as of the Effective Date of this Agreement and during the term of the Agreement; (ii) trademark or (iii) copyright; or (2) information received onto the Yahoo! Property directly from the link to the AltaVista Index and displayed by Yahoo! infringes any copyright of a third party, but only to the extent that such infringement would have been prevented by Digital's making available to users of the WWW information (compatible with the Robot Exclusion Standard) by which Web site owners could block access by the Search Engine to such Web sites; PROVIDED THAT Digital shall have no obligation to Yahoo! pursuant to this Section 11.1 (a) unless: (x) Yahoo! gives Digital prompt written notice of the Claim (except to the extent that Digital already has notice of such Claim); (y) Digital is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) Yahoo! reasonably cooperates with Digital in the defense or settlement thereof; and PROVIDED, FURTHER, that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Yahoo!, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Yahoo!'s written consent, which consent shall not be unreasonably withheld. In connection with the defense of any such Claim, Yahoo! may have its own counsel in attendance at all interactions and substantive negotiations at its own cost and expense.

Notwithstanding the foregoing, Digital assumes no liability for infringement claims to the extent that such claims arise from a combination of AltaVista with other functionality, products or content not supplied by Digital where such infringement would not have arisen from the use of AltaVista absent such combination.

(c) If Digital receives notice of an alleged infringement by AltaVista of any third party Intellectual Property Rights, Digital shall use reasonable efforts to, at its option: (i) obtain a license at no cost to Yahoo! permitting continued use of AltaVista on terms and conditions consistent with the terms set forth herein; (ii) modify the allegedly infringing component(s) of AltaVista to perform its intended function without infringing third party Intellectual Property Rights; and/or (iii) contest such allegation. In the event Digital is unable within a reasonable period of time to obtain a license or modify AltaVista, and deems not to contest such allegation, Digital may, in its sole discretion, terminate this Agreement immediately upon written notice to Yahoo!

11.2 CROSS-INDEMNITY FOR TRADEMARK INFRINGEMENT CAUSED BY USE OF ALTAVISTA AND YAHOO! TRADEMARKS.

(a) Subject to the limitations set forth below and the provisions of Section 11.1,, Digital, at its own expense, shall indemnify, defend (or at Digital's option and expense, settle) and hold Yahoo! harmless from and against any judgment, losses, deficiencies, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and

expenses), whether required to be paid to a third party or otherwise incurred in connection with or arising from any Claim, incurred or suffered by Yahoo! to the extent that the basis of such Claim is that the display of the "AltaVista" trademark infringes any trademark and service mark rights of a third party; provided that Digital shall have no obligation to Yahoo! pursuant to this Section 11.2 (a) unless: (i) Yahoo! gives Digital prompt written notice of the Claim (except to the extent that Digital already has notice of such Claim); (ii) Digital is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (iii) Yahoo! reasonably cooperates with Digital in the defense or settlement thereof; and provided, further, that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Yahoo!, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Yahoo!'s written consent, which consent shall not be unreasonably withheld. In connection with the defense of any such Claim, Yahoo! may have its own counsel in attendance at all interactions and substantive negotiations at its own cost and expense.

(b) Subject to the limitations set forth below and the provisions of Section 11.1 and this 11.2, Yahoo!, at its own expense, shall indemnify, defend (or at Yahoo!'s option and expense, settle) and hold Digital harmless from and against all judgments, losses, deficiencies, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), whether required to be paid to a third party or otherwise incurred in connection with or arising from any Claim, incurred or suffered by Digital to the extent the basis of such Claim is that the display of the "Yahoo!" trademark infringes any trademark rights of a third party; provided that Yahoo! shall have no obligation to Digital pursuant to this Section 11.2 (b) unless: (i) Digital gives Yahoo! prompt written notice of the Claim (except to the extent that Yahoo! already has notice of such Claim); (ii) Yahoo! is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (iii) Digital reasonably cooperates with Yahoo! in the defense or settlement thereof; and provided, further, that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Digital, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Digital's written consent, which consent shall not be unreasonably withheld. In connection with the defense of any such Claim, Digital may have its own counsel in attendance at all interactions and substantive negotiations at its own cost and expense.

11.3 DISCLAIMER. THE PROVISIONS OF SECTIONS 11.1 AND 11.2 HEREOF REPRESENT EACH PARTY'S RESPECTIVE ENTIRE OBLIGATION REGARDING ANY THIRD-PARTY CLAIM ARISING OUT OF THE VAL.

11.4 REMEDIES CUMULATIVE. Except as otherwise expressly specified herein, the rights and remedies granted to each party under this Agreement are cumulative and in addition to, and not in lieu of, any other rights or remedies that such party may possess at law or in equity.

11.5 LIMITATION OF LIABILITIES. EXCEPT FOR A BREACH OF SECTION 0 HEREOF OR EXCEPT TO THE EXTENT OF PAYMENTS EXPRESSLY PROVIDED FOR UNDER THIS AGREEMENT, IN NO EVENT SHALL A PARTY TO THIS AGREEMENT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, FOR LOST

PROFITS, IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT, EVEN IN THE EVENT SUCH PARTY HAS BEEN ADVISED AS TO THE POSSIBILITY OF SUCH DAMAGES.

GENERAL REPRESENTATIONS AND WARRANTIES.

YAHOO! REPRESENTATIONS AND WARRANTIES. Yahoo! hereby represents and warrants to Digital that as of the Effective Date:

(a) Yahoo! has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder;

the execution of this Agreement by Yahoo!, and the performance by Yahoo! of its obligations and duties hereunder, do not and will not violate any agreement to which Yahoo! is a party or by which it is otherwise bound;

Yahoo! acknowledges that Digital makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

DIGITAL REPRESENTATIONS AND WARRANTIES. Digital hereby represents and warrants to Yahoo! that as of the Effective Date:

(a) Digital has the full corporate right, power and authority to enter into this Agreement, to perform the acts required of it, and to grant the rights granted by it hereunder;

the execution of this Agreement by Digital, and the performance by Digital of its obligations and duties hereunder, do not and will not violate any agreement to which Digital is a party or by which it is otherwise bound; and

Digital acknowledges that Yahoo! makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

TERM AND TERMINATION.

TERM. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until XXXXXXXX after the Effective Date, unless earlier terminated in accordance with this Agreement. Thereafter, this Agreement will XXXXXXXXXXXXXXXXXXXXXXXX
XX.

EVENTS OF TERMINATION. This Agreement shall be subject to termination upon the occurrence of the following events:

if either party hereto defaults on any of its material obligations, representations or warranties under this Agreement, the non-defaulting party shall have the right, exercisable in its sole discretion, to terminate this Agreement by written notice

describing with reasonable specificity the nature of the default and requesting that it be cured, unless within ninety (90) calendar days after written notice of such default the defaulting party remedies the default;

if (a) either party files a petition for bankruptcy or is adjudicated a bankrupt; (b) a petition in bankruptcy is filed against either party; (c) either party becomes insolvent or makes an assignment for the benefit of its creditors or an arrangement for its creditors pursuant to any bankruptcy law; (d) either party discontinues its business; or (e) a receiver is appointed for either party or its business, then the other party shall have the right to terminate this agreement immediately upon written notice;

if Yahoo! fails to comply with Section 5, Payment, then Digital shall have the right, exercisable in its sole discretion, to terminate this Agreement if such failure is not cured within thirty (30) days written notice to Yahoo!;

(d) if Digital no longer complies with the Performance Criteria in Exhibit C, then Yahoo! shall have the right to terminate this Agreement if such noncompliance is not cured within ninety (90) days written notice to Digital ("Notice Period") and, if within the first thirty (30) days of the Notice Period, Digital fails to make commercially reasonable efforts to cure such noncompliance, then termination may become effective on the thirtieth (30th) day following Yahoo!'s written notice to Digital specifying in good faith the reasons for its conclusion that Digital has failed to take such steps;

(e) XXX;

(f) if Yahoo! has any change in the actual or beneficial ownership of more than fifty percent (50%) of its voting stock in one or more related transactions such that after such transaction(s), XXX, then Digital shall have the right to terminate this Agreement upon thirty (30) days prior written notice to Yahoo!.

EFFECT OF TERMINATION.

Termination of this Agreement by either party hereto shall not act as a waiver of any breach of this Agreement and shall not act as a release of either party hereto from any liability for breach of such party's obligations under this Agreement.

Within forty-five (45) calendar days of the expiration or termination of this Agreement, the parties shall pay to the other party all sums, if any, due and owing as of the date of expiration or termination.

SURVIVAL. The respective rights and obligations of Digital and Yahoo! under the provisions of Sections 1, 7, 8.3, 8.4 9, 10, 11, 12, 13.3, 13.4 and 14 hereof shall survive expiration or termination of this Agreement.

MISCELLANEOUS.

NO JOINT VENTURE. The sole relationship between the parties shall be that of licensor and licensee. Neither party shall make any warranties or representations, or assume or create any obligations, on the other party's behalf except as may be expressly permitted hereunder or in writing by such other party. Each party shall be solely responsible for the actions of all their respective employees, agents and representatives.

GOVERNING LAW. This Agreement shall be interpreted and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principles of conflicts of laws, and with the same force and effect as if fully executed and performed therein, and the laws of the United States of America.

AMENDMENT OR MODIFICATION. This Agreement may not be amended, modified or supplemented by the parties in any manner, except by an instrument in writing signed on behalf of each of the parties by a duly authorized officer or representative.

NO ASSIGNMENT. Neither party shall transfer or assign any rights or delegate any obligations hereunder, in whole or in part, whether voluntarily or by operation of law, without the prior written consent of the other party. Any purported transfer, assignment or delegation by either party without the appropriate prior written approval shall be null and void and of no force or effect. Notwithstanding the foregoing, without securing such prior consent, either party shall have the right to assign this Agreement and the obligations hereunder to any successor of such party by way of merger, consolidation, reorganization or the acquisition of substantially all of the business and assets of the assigning party relating to the Agreement.

NOTICES. Any notice or other communication to be given hereunder shall be in writing and shall be (as elected by the party giving such notice): (i) personally delivered; (ii) transmitted by postage prepaid registered or certified airmail, return receipt requested; or (iii) deposited prepaid with a nationally recognized overnight courier service. Unless otherwise provided herein, all notices shall be deemed to have been duly given on: (a) the date of receipt (or if delivery is refused, the date of such refusal) if delivered personally or by courier; or (b) three (3) days after the date of posting if transmitted by mail. Either party may change its address for purposes hereof on not less than three (3) days prior notice to the other party. Notices hereunder shall be directed :

If to Yahoo!, to: Gary Valenzuela
Senior Vice President, Finance and Administration
and CFO
Yahoo! Inc.
635 Vaqueros Avenue
Sunnyvale, CA 94086

If to Digital, to: Robert E. Hult
Vice President, Finance & Operations
Internet Software Business Unit
Digital Equipment Corporation
30 Porter Road
Littleton, MA 01460

ENTIRE AGREEMENT. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and/or contemporaneous agreements and understandings, written or oral between the parties with respect to the subject matter hereof. The parties hereby acknowledge and agree that the Letter of Intent dated as of June 5, 1996 between the parties is hereby terminated and of no further force or effect whatsoever.

WAIVER. Any of the provisions of this Agreement may be waived by the party entitled to the benefit thereof. Neither party shall be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the waiving party, and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

NO THIRD PARTY BENEFICIARIES. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever.

FEES AND EXPENSES. Each party shall be responsible for the payment of its own costs and expenses, including attorneys' fees and expenses, in connection with the negotiation and execution of this Agreement.

SEVERABILITY. If the application of any provision or provisions of this Agreement to any particular facts or circumstances shall be held to be invalid or unenforceable by any court of competent jurisdiction, then: (i) the validity and enforceability of such provision or provisions as applied to any other particular facts or circumstances and the validity of other provisions of this Agreement shall not in any way be affected or impaired thereby; and (ii) such provision or provisions shall be reformed without further action by the parties hereto and only to the extent necessary to make such provision or provisions valid and enforceable when applied to such particular facts and circumstances.

COUNTERPARTS; FACSIMILES. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one and the same instrument. Each party shall receive a duplicate original of the counterpart copy or copies executed by it. For purposes hereof, a facsimile copy of this Agreement, including the signature pages hereto, shall be deemed to be an original. Notwithstanding the foregoing, the parties shall each deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

IN WITNESS WHEREOF, the parties to this Agreement by their duly authorized representatives have executed this Agreement as of the date first above written.

DIGITAL EQUIPMENT
CORPORATION

YAHOO! INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

CONFIDENTIAL

VALUE-ADDED LINK AGREEMENT

by and between

DIGITAL EQUIPMENT CORPORATION

and

YAHOO! INC.

July 3, 1996

CONFIDENTIAL

JOINT VENTURE AGREEMENT

Between
SOFTBANK Corporation
and
Yahoo! Inc.

Dated as of April 1, 1996

hereto as Exhibit A is a true and correct copy of the Articles of Incorporation of the Company ("teikan") and a true and complete English translation thereof.

(d) The Company's authorized capital is XXXXXX shares of Common Stock, par value XXXXXX per share, of which XXXXXX shares are issued and outstanding. Prior to the Closing, SOFTBANK purchased such XXXXXX shares for a purchase price of XXXXXX per share in cash, and SOFTBANK owns all of such issued and outstanding shares of the Company. There are no options, warrants or commitments of any kind relating to the capital stock of the Company, including any preemptive or other rights to purchase its capital stock.

(e) The Shares have been duly authorized (including any required approval by the Board of Directors of the Company) and validly issued and are fully paid and non-assessable. Title to the Shares will be transferred from SOFTBANK to Yahoo upon physical delivery of the stock certificates to Yahoo at the Closing, free and clear of all liens, encumbrances, equities or claims.

(f) Prior to the Closing, the Company has not been engaged in any business or activities and has not entered into to any contracts, except as contemplated by this Agreement and the Company has net assets of XXXXXX in the form of cash and cash equivalents.

(g) The Company has no liabilities, contingent or otherwise, and the Company has complied in all material respects with all laws and regulations. There is no litigation pending or threatened, and no basis therefor known to the Company, to which the Company is or would be a party, to which any of the Company's assets are or would be subject, or which question or challenge this Agreement or the transactions contemplated hereby.

(h) No consent, approval or authorization of or declaration or filing with any governmental authority or other person or entity on the part of SOFTBANK is required in connection with the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby other than as described in Section 15 hereof.

(i) A certified copy of the commercial register of the Company (and a true and complete English translation thereof) is attached to this Agreement as Exhibit B, and all information contained therein is complete and accurate.

4. REPRESENTATIONS AND WARRANTIES OF YAHOO

Yahoo represents and warrants to SOFTBANK as follows:

(f) No change shall be made in the number and/or allocation of Directors, Statutory Auditor or Representative Director as stated in this Section 6 or in the Articles of Incorporation of the Company; provided that if the parties' respective shareholdings change, the parties shall adjust the number and allocation of Directors and the designation or nomination of the Statutory Auditor or Representative Director if and to the extent appropriate so that their respective representation on the Board and in the Company is generally proportionate to their respective shareholdings.

7. MANAGEMENT OF THE COMPANY

(a) The Board of Directors of the Company shall be responsible for establishing the overall policy and operating procedures with respect to the business affairs of the Company.

(b) Except as otherwise required by mandatory provisions of law and as otherwise provided herein, resolutions of the Board of Directors shall be adopted only by the affirmative vote of a majority of the Directors present at a meeting duly called at which a quorum is present. A majority of the Board of Directors shall constitute a quorum for the transaction of business provided at least one Director designated by Yahoo is present. Board meetings shall be held in Japan in accordance with applicable law provided that the Board of Directors shall meet no less frequently than once in each calendar month. Any Director may attend a Board meeting by conference telephone.

(c) Notwithstanding the general provisions set forth above, in addition to any special approval requirements under the Articles of Incorporation or under law, each of the following corporate actions may be taken by the Company only (i) in the case of any action that is permitted by law or under the Articles of Incorporation to be taken by the Board of Directors alone, upon authorization by affirmative vote of at least one SOFTBANK director and at least one Yahoo director and (ii) in the case of actions required by law or the Articles of Incorporation to be approved by the Company's shareholders, upon authorization by affirmative vote of both Yahoo and SOFTBANK as shareholders:

(i) any merger or consolidation, whether or not the Company is the surviving corporation; any sale, lease, exchange or other disposition of all or substantially all of the assets of the Company; any acquisition of all or substantially all of the capital stock or assets of any other entity; or the liquidation or voluntary dissolution of the Company;

(ii) any sale, lease, exchange or other disposition of substantial assets (except in the ordinary course of business) of the Company;

(iii) any capital expenditure of Y10 million or more;

(iv) the raising of additional equity capital or the issuance or sale of any debt or equity securities (including any shareholder loan or guaranty) and the terms thereof, whether or not in connection with a call for additional capital pursuant to Section 8 hereof;

(v) any declaration or payment of any dividend or other distribution, directly or indirectly, on account of any shares of capital stock of the Company, or any redemption, retirement, purchase or other acquisition, directly or indirectly, by the Company of any such shares (or of any warrants, rights or options to acquire any such shares);

(vi) the incurrence or guarantee (directly or indirectly) by the Company with respect to any indebtedness for borrowed money in excess of Y10 million;

(vii) any amendment, alteration or repeal of any provision of the Articles of Incorporation of the Company; or

(viii) engagement in any business other than as set forth in Section 1 hereof and activities incidental thereto, either directly or through any corporation or other entity in which the Company has, directly or indirectly, an equity interest;

(ix) approval of an annual business plan and operating budget for the Company (which shall be made no later than thirty (30) days prior to the commencement of each fiscal year of the Company), and any deviation in any material respect from such business plan or budget as so approved;

(x) the authorization of execution of any contract or agreement (i) having a period of performance greater than one year, (ii) involving aggregate payments or consideration in excess of Y10 million, (iii) involving any license of trademarks, patents, copyrights or other intellectual property rights of the Company, and (iv) between the Company and any officer, shareholder or Director of the Company (or their respective affiliates), and any waiver or variance of any contract described in (i)-(iv) above; or

(xi) compensation for all officers, Directors and Statutory Auditors of the Company.

To the extent permitted by Japanese law, the foregoing approval requirements shall at all times also be set forth in the Articles of Incorporation of the Company, unless amended as set forth.

8. ADDITIONAL CAPITAL

Subject to Section 7(c) hereof, the Board may, by written notice to the parties, call for the parties to subscribe for additional shares of capital stock of the Company or to make loan guarantees or loans to the Company in proportion to their respective holdings of Common Stock at any time. Each party agrees to provide such additional capital or support in accordance with the Board's action.

9. DISPOSITION OF COMMON STOCK

Neither party shall directly or indirectly sell, assign, transfer or otherwise dispose of, or pledge or otherwise encumber, any shares of Common Stock of the Company without the prior consent of the other party; provided that, at such time as the shares of the Company are publicly traded, either party shall be entitled to make sales of its shares in the open market to the extent permitted by applicable law.

10. ACCOUNTING; ACCESS TO INFORMATION

(a) The fiscal year of the Company shall be from the first day of April of each year to the 31st day of March of the following year.

(b) The Company shall maintain its accounts and prepare its financial statements (including, without limitation, a balance sheet, profit and loss statement and statement of cash flows) in accordance with generally accepted accounting principles in Japan, and shall cause its annual financial statements to be audited by an internationally recognized independent auditing firm reasonably acceptable to each party, and such financial statements and the auditors' opinion to be delivered to each party no later than sixty (60) days following the end of each fiscal year. The Company also shall deliver to each party unaudited monthly and quarterly financial statements within thirty days following the end of each month or fiscal quarter, as the case may be, certified (in the case of quarterly financial statements) by the chief accounting officer of the Company. All financial statements shall be accurately and completely translated into English prior to delivery to Yahoo, and shall be accompanied by a reasonably detailed schedule that sets forth the differences between Japanese generally accepted accounting principles and U.S. generally accepted accounting principles as applied to such financial statements.

(c) Each party shall, during all business hours and at all other times as reasonable, have access to the books and records of the Company and to the legal, tax and auditing personnel of the Company, internal and external; provided, however, that the cost and expense necessary for such inspection shall be borne by the party making the inspection.

11. DIVIDENDS

(c) Termination of this Agreement for any reason shall not release either party from any liability which at the time of termination has already accrued to the other party or which thereafter may accrue in respect of any act or omission prior to such termination.

14. CONFIDENTIALITY

Each party shall hold and shall cause its respective representatives to hold in confidence all confidential information made available to it or its representatives by the other party, directly or through the Company, and shall not pass such information on, wholly or partly, to third parties without the written consent of the other party, unless such information (i) becomes generally available to the public other than as a result of a disclosure by such party or its representatives, (ii) becomes available to such party from other sources not known by such party to be bound by a confidentiality obligation, or (iii) is independently acquired by such party as a result of work carried out by any employee or representative of such party to whom no disclosure of such information has been made.

15. GOVERNMENT FILINGS

(a) Promptly after execution of this Agreement, notification of such execution shall be submitted by SOFTBANK to the Fair Trade Commission of Japan. In the event the Fair Trade Commission advises the parties hereto to amend this Agreement and/or the License Agreement, the parties shall promptly comply with such request; provided, however, that if either party considers such amendment to be material and adverse to it, then such party may terminate this Agreement by giving written notice to such effect to the other party hereto.

(b) Within fifteen (15) days following the date of this Agreement, Yahoo will submit the required notification to the Bank of Japan under the Foreign Exchange and Foreign Trade Control Law.

(c) If any Japanese withholding taxes are imposed on dividends payable to Yahoo by the Company under Section 11, the Company shall (or SOFTBANK shall cause the Company to) withhold such amounts, pay the same to the Japanese tax authority, and promptly furnish Yahoo with appropriate documentation of the amounts so withheld as soon as practicable. The Company shall (or SOFTBANK shall cause the Company to) cooperate with Yahoo to make any necessary filings to utilize the lowest withholding rate available under any treaty between Japan and the United States.

16. OTHER VENTURES

(a) XXX

(c) Any and all notices, requests, demands and other communications required or otherwise contemplated to be made under this Agreement shall be in writing and in English and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, upon receipt of a transmittal confirmation, (c) if sent by registered airmail, return receipt requested, postage prepaid, on the sixth business day following the date of deposit in the mail or (d) if by international courier service, on the second business day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed to the sender by such courier service. All such notices, requests, demands and other communications shall be addressed as follows:

(i) If to SOFTBANK:

SOFTBANK Corporation
24-1, Nihonbashi-Hakozakicho
Chuo-ku, Tokyo 103, Japan

Attention: Mr. Masayoshi Son
President and Chief
Executive Officer

Telephone: (813) 5642-8020
Facsimile: (813) 5641-3400

with a copy to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004

Attention: Stephen A. Grant, Esq.

Telephone: (212) 558-3504
Facsimile: (212) 558-3588

(ii) If to the Company:

Yahoo! Inc.
635 Vaqueros Ave.
Sunnyvale, California 94086

Attention: Mr. Timothy Koogle
President

Telephone: (408) 328-3300
Facsimile: (408) 328-3301

with a copy to:

Venture Law Group
A Professional Corporation
2800 Sand Hill Road
Menlo Park, California 94025

Attention: James L. Brock, Esq.

Telephone: (415) 854-4488
Facsimile: (415) 854-1121

or in each case to such other address or facsimile number as the party may have furnished to the other party in writing.

(d) In the event of the invalidity of any part or provision of this Agreement, such invalidity shall not affect the enforceability of any other part or provision of this Agreement.

(e) No waiver by any party of any default in the performance of or compliance with any provision herein shall be deemed to be a waiver of the performance and compliance as to any other provision, or as to such provision in the future; nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter. No remedy expressly granted herein to any party shall be deemed to exclude any other remedy which would otherwise be available.

(f) This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and shall supersede all prior understandings and agreements between the parties with respect to such subject matter. This Agreement may

be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Nothing herein express or implied, is intended to or shall be construed to confer upon or give to any person, firm, corporation or legal entity, other than the parties hereto and their affiliates, any interests, rights, remedies or other benefits with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the day and year first above written.

SOFTBANK CORPORATION

By: _____
Name: Masayoshi Son
Title: President

YAHOO! INC.

By: _____
Name: Timothy Koogle
Title: President

Attachments:

Exhibit A	Articles of Incorporation of the Company
Exhibit B	Commercial Register of the Company
Exhibit C	License Agreement
Exhibit D	Milestones for Required Dividend Payments

YAHOO! JAPAN LICENSE AGREEMENT

This YAHOO! JAPAN LICENSE AGREEMENT (the "AGREEMENT") is entered into as of this first day of April, 1996 (the "EFFECTIVE DATE") by and between:

YAHOO! INC., a California corporation ("YAHOO") with its principal offices at 625 Vaqueros Avenue, Sunnyvale, California 94086; and

YAHOO JAPAN CORPORATION, ("YJC"), with its principal offices at 3-42-3, Nihonbashi-Hamcho, Chuo-ku, Tokyo 103 Japan; with reference to the following:

RECITALS

The following provisions form the basis for, and are hereby made a part of, this Agreement:

A. Yahoo owns, operates and distributes a leading index and directory of Internet resources, including a hierarchical index, information indexing and retrieval software and certain other elements of content and software;

B. YJC has been organized with XXX owned by SOFTBANK Corporation, a Japanese corporation, and XXX owned by Yahoo, pursuant to a joint venture agreement entered into concurrently herewith (the "JOINT VENTURE AGREEMENT"), in order to manage in Japan a mirror site of the Yahoo Internet Guide, to develop related Japanese on-line navigational services, and to conduct certain other businesses relating to such activities; and

C. Upon the terms and conditions set forth below, YJC and Yahoo will offer a version of certain Yahoo software and services through YJC in Japan.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I: DEFINITIONS; RULES OF CONSTRUCTION

1.1 DEFINITIONS. For purposes of this Agreement, in addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the meanings ascribed to them below:

1.1.1 "ADVERTISING REVENUE" shall mean the sum of the aggregate amounts collected plus the fair market value of any other compensation (such as barter advertising) received by or on behalf of a party hereunder arising from the license or sale of any Advertising Rights, excluding amounts allocable to any credits granted for unused services, any direct costs of

collection, and any third party agency fees paid by the party in connection with development or sale of the Advertising Rights.

1.1.2 "ADVERTISING RIGHTS" shall mean any advertising sponsorship, linking and similar promotional rights sold or licensed in connection with (x) the Mirror Site, or (y) Related Print Publications.

1.1.3 "AFFILIATE" shall mean any corporation, limited liability company, partnership or other entity (collectively, an "ENTITY"): (1) that is controlled by or controls a party (collectively, a "CONTROLLED ENTITY"); or (2) that is controlled by or controls any such Controlled Entity, in each instance of clause (1) or (2) for so long as such control continues. For purposes of this definition, "control" shall mean the possession, directly or indirectly, of a majority of the voting power of such entity (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

1.1.4 "COMPETITIVE NAVIGATIONAL TOOL" shall mean any third party Internet directory or Internet search tool that is used to perform either a directory function or a search function, including without limitation, those Competitive Navigational Tools owned, operated, or offered by the companies listed in EXHIBIT D attached hereto. No service or tool shall be deemed to be a "Competitive Navigational Tool" solely because it is offered by a third party that also offers services or tools that are "Competitive Navigational Tools."

1.1.5 "COMPONENTS" shall mean information, materials, products, features, services, content, computer software, designs, artistic renderings, drawings, sketches, characters, layouts, and the digital implementations thereof, PROVIDED, HOWEVER, that "Components" shall not include Local Content.

1.1.6 "CONFIDENTIAL INFORMATION" shall mean any information disclosed in the course of this Agreement, which is identified as or should be reasonably understood to be confidential or proprietary to the disclosing party, including, but not limited to know-how, trade secrets, log data, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, projections, and marketing data. "Confidential Information" shall not include information which: (i) is known or becomes known to the recipient on the Effective Date directly or indirectly from a third party source other than one having an obligation of confidentiality to the providing party; (ii) hereafter becomes known (independently of disclosure by the providing party) to the recipient directly or indirectly from a source other than one having an obligation of confidentiality to the providing party; (iii) becomes publicly known or available or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the recipient; or (iv) is or was independently developed by the recipient without use of or reference to the providing party's Confidential Information, as shown by evidence in the recipient's possession.

1.1.7 "DERIVATIVE WORK" shall mean all "derivative works" and "compilations" within the meaning of such terms as defined in the U.S. Copyright Act (17 U.S.C. Section 101 et seq.).

1.1.8 "INTELLECTUAL PROPERTY RIGHTS" shall mean trade secrets, patents, copyrights, trademarks, know-how, moral rights and similar rights of any type under the laws of any governmental authority, domestic or foreign including all applications and registrations relating to any of the foregoing.

1.1.9 "JOINT ENHANCEMENTS" shall mean any enhancements, added functionalities, additions, extensions or improvements to Yahoo Japan that are created or developed jointly by YJC, on the one hand, and Yahoo, its Affiliates or their agents, on the other hand, including any Components which are jointly contributed to Yahoo Japan.

1.1.10 "LAUNCH DATE" shall mean the first date on which Yahoo Japan is made generally available to the public in Japan.

1.1.11 "LOCAL CONTENT" shall mean content, including URL's, added to Yahoo Japan by YJC and that is: (i) specific to the Japanese market; and (ii) originates in or arises from activities in Japan.

1.1.12 "LOG DATA" shall mean all data generated by an Internet server that relates to file requests, user identification, session times and similar available information, as set forth by EXHIBIT F.

1.1.13 "MIRROR SITE" shall mean YJC's mirror site(s) in Japan of the Yahoo Service site through which the Yahoo Japan will be made available to YJC Users.

1.1.14 "OPEN NETWORK" shall mean an information technology and electronic communication system that any person can access via the Internet.

1.1.15 "RELATED PRINT PUBLICATIONS" shall mean tangible printed material, including magazines, books and periodicals, that relate directly and substantially to Yahoo Japan, and have a title in each case that includes the word, "Yahoo!" (such as "Yahoo! Japan").

1.1.16 "UPGRADES" shall mean all error corrections, upgrades, enhancements, new releases, and new versions of Yahoo Japan.

1.1.17 "YJC USERS" shall mean Internet-users to whom YJC provides access to Yahoo Japan.

1.1.18 "YAHOO BRAND FEATURES" shall mean Yahoo trademarks, trade names, service marks, service names, distinct elements of the Yahoo Service Look and Feel and all other Components specifically associated with the "Yahoo!" brand or as to which Yahoo has established trademark or trade dress rights, and any modifications to the foregoing that may be created during the Term of this Agreement (as defined in Section 9.1 hereof).

1.1.19 "YAHOO BRAND GUIDELINES" shall mean the guidelines for use of the Yahoo Brand Features in Yahoo Japan, as specifically set forth in EXHIBIT B attached hereto.

1.1.20 "YAHOO JAPAN ENHANCEMENTS" shall mean any enhancements, added functionalities, additions, extensions or improvements to Yahoo Japan that are created or developed by Yahoo, its Affiliates or their agents, including any Components which are contributed to Yahoo Japan by such persons or Entities.

1.1.21 "YAHOO JAPAN" shall mean any version of the Yahoo Service that is customized and localized specifically for all or any portion of Japan and the Japanese market in any and all languages specifically relevant to the Japanese market.

1.1.22 "YAHOO JAPAN SITE" shall mean one or more servers on which, collectively, Yahoo Japan and the Mirror Site will be made available pursuant to this Agreement.

1.1.23 "YAHOO JAPAN DERIVATIVE WORK" shall mean Derivative Work, including any Japanese translations and customizations as necessary for the Japanese customer market, created by YJC from Yahoo Properties for use in Yahoo Japan.

1.1.24 "YAHOO PROPERTIES" shall mean collectively: (i) the Yahoo Service, including both the Yahoo Service Look and Feel and the Yahoo Brand Features; (ii) Yahoo Japan; (iii) Yahoo Tools; and (iv) Yahoo Japan Enhancements.

1.1.25 "YAHOO SERVICE" shall mean, collectively, the following (in each case as the same may be modified, upgraded, updated or enhanced during the term of this Agreement):

(i) the aggregate collection of Internet-based products, services, software and other features which Yahoo makes generally available now or in the future through the World Wide Web portion of the Internet (currently located at <http://www.yahoo.com>), as described in EXHIBIT A attached hereto, including: (a) Yahoo Brand Features; (b) Yahoo Service Look and Feel; (c) the collection of HTML files and certain related scripts comprising a directory to URLs, including the search tools currently included with such directory as the same may be modified from time to time; and (d) Yahoo's hierarchical index, information indexing and retrieval software (commonly referred to as Yahoo's "search engine"); and

(ii) all other directory-, index- or search-related elements of content and software that may be offered by Yahoo in the future in connection with the service described in (i) above; and

(iii) any enhancements, upgrades, improvements or modifications of the Yahoo's search engine, and all written materials, documents and manuals containing functional information or operating instructions for the foregoing as the same may be modified from time to time, PROVIDED, HOWEVER, the Yahoo Services shall not include any content licensed to Yahoo from a third party (including without limitation, in sports, news, weather, entertainment, and other such content and information), unless Yahoo has express rights from such third party to sublicense such content.

(iv) a non-exclusive right and license to use and reproduce for internal purposes any and all software (in object code and source code forms) associated with the Yahoo Properties solely to facilitate the exploitation of the Yahoo Properties and YJC's internal use in furtherance of YJC's rights, as anticipated and described in this Agreement; and

(v) subject to the terms and limitations set forth in Section 2.3 of this Agreement, a non-exclusive right to make Yahoo Japan Derivative Works, solely for use, incorporation, and integration in Yahoo Japan and solely as necessary for the Japanese consumer market in Japan;

(vi) the exclusive worldwide right to develop, create, maintain, operate, commercially exploit, market, promote and otherwise distribute Yahoo Japan through any electronic means, subject to the exceptions set forth in Section 2.7 hereto.

PROVIDED, HOWEVER, that YJC Users' right to access and use the Yahoo Properties shall be subject to such customary limitations and restrictions on use and reproduction as Yahoo may impose with respect to the Yahoo Properties. No rights or licenses are granted by Yahoo to YJC except for those expressly granted in this Section 2.1.

2.2 NO OTHER RIGHTS. Except as expressly provided in this Agreement, YJC shall neither: (i) distribute or make available the Yahoo Service or Yahoo Japan except in its entirety as a complete work; (ii) distribute or make available the Yahoo Service or Yahoo Japan other than in on-line electric form; (iii) modify, adapt, translate, or create derivative works based on the Yahoo Service or Yahoo Japan; nor (iv) remove any copyright or other proprietary rights notices from the Yahoo Properties.

2.3 YAHOO JAPAN CONTENT. Prior to the Launch Date, Yahoo shall provide to YJC with Yahoo Properties to the extent necessary to launch the Yahoo Japan Site and for YJC to create Yahoo Japan Derivative Works for incorporation into Yahoo Japan. In the event that YJC wants to post or incorporate any new service, content (other than Local Content), or sponsorships on Yahoo Japan, YJC shall obtain Yahoo's prior written consent, which consent shall not be unreasonably withheld.

2.3.1 MINIMUM CONTENT SPECIFICATIONS. Yahoo Japan shall, at a minimum, contain all directories, including categories, subcategories, and URL's, contained within the Yahoo Service, as such service or any portion thereof may be modified, upgraded, updated or otherwise enhanced during the Term of this Agreement; PROVIDED, HOWEVER, that Yahoo Japan does not include any content licensed by Yahoo from a third party. Yahoo warrants that Yahoo Japan shall be the most comprehensive, highest quality and "state of the art" Internet index and directory which is owned, operated and/or distributed by Yahoo, and will be provided in substantially the same format and under substantially the same editorial policies as currently govern the Yahoo Service (except to the extent otherwise agreed upon by YJC).

2.3.2 YJC CONTENT MODIFICATIONS. YJC shall have the right to direct Yahoo to eliminate from Yahoo Japan any Components which: (i) relate to a new feature or service added to Yahoo Japan after the date of this Agreement, which new feature or service would give rise to a breach of any agreement between YJC and any third party entered into prior to the addition of such new

feature or service; (ii) would violate any applicable law, regulation or third party right; or (iii) involve a Component that YJC determines, in its reasonable good faith judgment, has resulted or would be expected to result in substantial adverse publicity, legal liability or adverse relations with a significant number of YJC Users as a result of such Component being offensive, inaccurate or otherwise objectionable. In addition, YJC may eliminate from Yahoo Japan such other Components unrelated to directory, index or search functions as YJC deems appropriate, subject to Yahoo's prior approval, which approval shall not be unreasonably withheld nor delayed.

2.4 LOCAL CONTENT.

2.4.1 YJC RESPONSIBILITIES. YJC shall be solely responsible for collecting and classifying Local Content, which Local Content may be integrated, at Yahoo's sole discretion, into the Yahoo Services under a directory for such Local Content (the "LOCAL CONTENT DIRECTORY"), which directory shall be created and maintained by Yahoo.

2.4.2 LICENSE GRANTED BY YJC. Subject to all of the terms and conditions of this Agreement, YJC hereby grants Yahoo a non-exclusive, royalty free worldwide license to use Local Content solely for the purpose of incorporating such Local Content into Yahoo Japan and into the Yahoo Service and related Yahoo properties to the extent provided for hereunder. Subject to the foregoing license grant, YJC retains all right, title to and interest in the Local Content.

2.5 YAHOO OWNERSHIP. Yahoo shall retain all ownership rights in and to the Yahoo Properties, Yahoo Japan Enhancements, and the Yahoo Japan Derivative Works. YJC assigns any interest it may be deemed to possess in such Yahoo Properties to Yahoo and will assist Yahoo in every reasonable way, at Yahoo's expense, to obtain, secure, perfect, maintain, defend and enforce for Yahoo's benefit all Intellectual Property Rights with respect to the Yahoo Properties.

2.6 JOINT ENHANCEMENTS. The respective ownership interests of YJC and Yahoo in any Joint Enhancements shall be as agreed upon by the parties at the time such Joint Enhancements are created or contributed; PROVIDED, HOWEVER, that, if the parties cannot reach agreement as to the ownership of any Joint Enhancement, then such Joint Enhancement shall be deemed to be jointly owned by YJC and Yahoo and any subsequent use of such Joint Enhancement by either party shall require the prior approval of the other party, which approval shall not be unreasonably withheld or delayed.

2.7 EXCLUSIVITY. After the Launch Date, Yahoo shall not, either directly or indirectly, grant any right or license, whether exclusive or non-exclusive, to any person, to use, display, reproduce or permit others to use the Yahoo Service in electronic, on-line form in Japan; PROVIDED, HOWEVER, that nothing herein shall be construed as prohibiting, preventing, restricting, or otherwise limiting the ability of a person in Japan from electronically accessing the Yahoo Service on a server located in any jurisdiction outside Japan. YJC's rights of exclusivity above and in Sections 2.1 hereto shall be subject to: (i) the rights granted by Yahoo to Microsoft Corporation concerning the "Microsoft Network", pursuant to the

agreement between Yahoo and Microsoft Corporation dated August 17, 1995; and (ii) the rights granted by Yahoo to Global Network Navigator, Inc., pursuant to the agreement between Yahoo and Global Network Navigator, Inc., dated October 13, 1995.

ARTICLE 3: LOCALIZED SERVICE SITE DEVELOPMENT AND OPERATIONS

3.1 DEVELOPMENT OF YAHOO JAPAN SITE. Yahoo shall assist in developing the Yahoo Japan Site in substantial conformance with the development specifications set forth in EXHIBIT A attached hereto.

3.2 UPGRADES. If Yahoo creates any Upgrades of Yahoo Japan (including any Upgrades of the Yahoo Service which will be reflected through Yahoo Japan) which materially modify the format or functionality of Yahoo Japan, Yahoo shall provide YJC with the opportunity to review and test each such Upgrade prior to its public release.

3.3 YJC TRAINING. YJC shall send at least two (2) of its employees to attend a training session organized or conducted by Yahoo regarding the Yahoo Service, prior to installation of the Yahoo Japan Site. Such training session shall be conducted at a location to be selected by Yahoo and for a period of time to be determined by Yahoo. YJC shall pay all travel, lodging, and other related expenses associated with attendance of its employees at such session.

ARTICLE 4: PROMOTIONAL MATERIALS, ADVERTISING, AND TRADEMARKS

4.1 YJC'S EFFORTS. As a material condition to this Agreement, YJC shall use all commercially reasonable efforts during the Term to offer Yahoo Japan to the general public via the Internet, in accordance with user performance (as measured by factors such as latency of user response) consistent with other high traffic on-line services, to market and promote the commercial exploitation of Yahoo Japan in Japan, and to sell advertising and promotional services in Yahoo Japan.

4.2 PROMOTIONAL MATERIALS/PRESS RELEASES. YJC and Yahoo shall mutually agree to the form of a joint press release (the "PRESS RELEASE") to be issued on or prior to the Launch Date, which will describe in general terms the creation of Yahoo Japan. Each party shall submit to the other party, for its prior written approval, which shall not be unreasonably withheld or delayed, disclosures, press releases or other similar announcements relating to this Agreement or the parties' relationship as described herein. Notwithstanding the foregoing, either party may issue press releases and other disclosures as required by law or as reasonably advised by legal counsel without the consent of the other party and in such event prompt notice thereof shall be provided to the other party prior to three (3) business days of the issuance of such press release or disclosure. YJC shall supply Yahoo with specimens of each of all promotional materials using the Yahoo Brand Features, all of which shall comply with the Yahoo Brand Guidelines and other provisions of this Agreement. YJC shall remedy any violation of the Yahoo Brand Guidelines or of this Agreement as soon as practicable following receipt of notice from Yahoo of such violation. YJC shall consider in good faith any suggestions or comments of Yahoo in the content and design of any and all promotional materials.

4.3 TRADEMARKS.

4.3.1 ACKNOWLEDGMENT OF OWNERSHIP. YJC acknowledges that: (i) as between YJC and Yahoo, Yahoo owns all right, title and interest in the Yahoo Brand Features; and (ii) neither YJC nor any other persons will acquire any ownership interest in the Yahoo Brand Features or associated goodwill by virtue of this Agreement or the use of the Yahoo Service pursuant to this Agreement.

4.3.2 USAGE GUIDELINES. YJC's use of the Yahoo Brand Features shall be subject to Yahoo's prior written approval and consent and shall adhere to the Yahoo Brand Guidelines set forth in EXHIBIT B attached hereto; PROVIDED, HOWEVER, YJC may use the mark "YAHOO JAPAN" and the associated logo (the "YAHOO JAPAN MARKS") without any such consent so long as YJC uses such Yahoo Japan marks: (i) in a manner and form consistent with Yahoo's use of its Yahoo Brand Features; (ii) without making any modifications or changes thereto; (iii) in an advertising campaign, promotional or other event or product that has high consumer visibility; and (iv) without co-branding or other similar collaboration with any third party brand features. YJC may use the Yahoo Japan Marks in the manners set forth in Subsections 4.3.2(i), (ii), (iii), and (iv) subject to Yahoo's prior approval and consent. In any event, YJC's use of the Yahoo Brand Features shall be at least of a quality and standard reasonably commensurate with YJC's use of its own trademarks. Throughout the Term of this Agreement, Yahoo shall promptly provide YJC with all written details of, specifications for and artwork for all Yahoo Brand Features as required by YJC for performing its rights and obligations under this Agreement. If any use of the Yahoo Brand Features by YJC fails to satisfy such quality standards, Yahoo may terminate YJC's right to use such Yahoo Brand Features; PROVIDED, HOWEVER, that YJC has failed to cure such failure to satisfy within thirty (30) business days from receipt by YJC of a notice of such failure to satisfy quality standards sent by Yahoo.

4.3.3 NO ADVERSE CLAIM. YJC agrees that it will not at any time during or after this Agreement assert any claim or interest in or do anything which may adversely affect the validity or enforceability of any Yahoo Brand Features. Unless otherwise agreed to between the parties, YJC will not register, seek to register, or cause to be registered any of the Yahoo Brand Features without Yahoo's prior written consent, and YJC shall not adopt or use Yahoo Brand Features or any confusingly similar word or symbol as part of YJC's company name, nor allow Yahoo Brand Features to be used by others, without Yahoo's prior written consent. With respect to any trademark registrations and pending trademark applications for any Yahoo Brand Features in Japan owned or filed by YJC without Yahoo's prior written consent ("YAHOO JAPAN MARKS"), YJC shall promptly transfer ownership in such Yahoo Japan Marks to Yahoo, and Yahoo shall promptly reimburse YJC its reasonable costs incurred in obtaining such registration and in filing such applications. Failure of YJC to transfer ownership in such Yahoo Japan Marks within one hundred twenty (120) days of the Effective Date of this Agreement shall be considered a material breach of this Agreement. Such Yahoo Japan Marks shall be considered part of and included in the Yahoo Brand Features for purposes of this Agreement.

4.4 RESTRICTIVE COVENANT. During the Term, YJC agrees that it shall not: (i) enter into a commercial arrangement or transaction with any person for the customization or localization of a Competitive Navigational Tool for the Japan market and for use within Japan without Yahoo's prior written approval; or (ii) develop, commercialize, market or promote any Competitive Navigational Tool. Without limiting the foregoing, YJC shall not provide any on-line advertising that contains a direct hypertext link to any Competitive Navigational Tool.

4.5 YAHOO JAPAN ADVERTISING. Subject to the provisions of Section 4.7 hereto, YJC shall have the exclusive right to include advertising, marketing and promotional information in Yahoo Japan. The parties hereto agree that all revenues and income derived by each of Yahoo and YJC in connection with advertising, marketing and promotional information in Yahoo Japan shall accrue solely to YJC, subject to the calculation and payment of the Fees as set out in EXHIBIT E attached hereto. YJC shall be solely and exclusively responsible for ensuring that all advertising, marketing and promotional information conducted and provided by YJC complies with all Japanese local, federal, and other governmental laws and regulations that may be applicable thereto.

4.6 LOG DATA. YJC will provide Yahoo with access to all Log Data containing the categories set forth in EXHIBIT F from use of Yahoo Japan via Yahoo's Log Data Tool as described in EXHIBIT A. All Log Data shall be maintained as Confidential Information by each of YJC and Yahoo.

4.6.1 LIMITED DISCLOSURE TO THIRD PARTIES. Notwithstanding the foregoing, no party shall be prohibited from providing Log Data to any third party (on a confidential basis) for aggregation or analysis, or otherwise on an aggregated basis to advertisers, potential advertisers and other third parties in connection with the sale of advertising, or to third parties in connection with market research and similar publishing; provided that neither party will use such information in a misleading fashion so as to understate or overstate to any third party the magnitude of usage of Yahoo Japan.

4.6.2 OWNERSHIP OF LOG DATA. Yahoo shall own all rights, title, and interest in and to any and all Log Data generated on Mirror Site; PROVIDED, HOWEVER, Yahoo shall grant to YJC a non-exclusive, royalty-free license to use and reproduce such Log Data for internal, non-commercial purposes. Yahoo shall own all rights, title, and interest in and to any and all Log Data generated on any Yahoo Service mirror site.

4.7 MESSAGE BAR. Yahoo may, upon seven (7) business days advance notice to YJC, place content on the home page of Yahoo Japan for up to five (5) consecutive days.

ARTICLE 5: CONFIDENTIAL INFORMATION

5.1 PROTECTION OF CONFIDENTIAL INFORMATION. The parties recognize that, in connection with the performance of this Agreement, each of them may disclose to the other its Confidential Information. The party receiving any Confidential Information agrees to maintain the confidential status of such Confidential Information and not to use any such Confidential Information for any purpose other than the purpose for which it was originally disclosed to the

receiving party, and not to disclose any of such Confidential Information to any third party. Neither party shall disclose the other's Confidential Information to its employees and agents except on a need-to-know basis.

5.2 PERMITTED DISCLOSURE. The parties acknowledge and agree that each may disclose Confidential Information: (i) as required by law; (ii) to their respective directors, officers, employees, attorneys, accountants and other advisors, who are under an obligation of confidentiality, on a "need-to-know" basis; (iii) to investors or joint venture partners, who are under an obligation of confidentiality, on a "need-to-know" basis; or (iv) in connection with disputes or litigation between the parties involving such Confidential Information and each party shall endeavor to limit disclosure to that purpose and to ensure maximum application of all appropriate judicial safeguards (such as placing documents under seal). In the event a party is required to disclose Confidential Information as required by law, such party will, to the extent practicable, in advance of such disclosure, provide the other party with prompt notice of such requirement. Such party also agrees, to the extent legally permissible, to provide the other party, in advance of any such disclosure, with copies of any information or documents such party intends to disclose (and, if applicable, the text of the disclosure language itself) and to cooperate with the other party to the extent the other party may seek to limit such disclosure.

5.3 APPLICABILITY. The foregoing obligations of confidentiality shall apply to directors, officers, employees and representatives of the parties and any other person to whom the parties have delivered copies of, or permitted access to, such Confidential Information in connection with the performance of this Agreement, and each party shall advise each of the above of the obligations set forth in this Article 5.

5.4 THIRD PARTY CONFIDENTIAL INFORMATION. Any Confidential Information of a third party disclosed to either party shall be treated by YJC or Yahoo, as the case may be, in accordance with the terms under which such third party Confidential Information was disclosed; PROVIDED, HOWEVER, that the party disclosing such third party Confidential Information shall first notify the other party that such information constitutes third party Confidential Information and the terms applicable to such third party Confidential Information and provided further that either party may decline, in its sole discretion, to accept all or any portion of such third party Confidential Information.

5.5 CONFIDENTIALITY OF AGREEMENT. Except as required by law or generally accepted accounting principles, and except to assert its rights hereunder or for disclosures to its own officers, directors, employees and professional advisers on a need-to-know basis or in confidence to investors, investment bankers, financial institutions or other lenders or acquirers, each party hereto agrees that neither it nor its directors, officers, employees, consultants or agents shall disclose the terms of this Agreement or specific matters relating hereto without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed.

5.6 FUTURE BUSINESS ACTIVITIES. This Agreement shall not limit either party's present and future business activities of any nature, including business activities which could be competitive with the other party, except: (i) to the extent such activities would involve a breach of the confidentiality restrictions contained in this Article 5; (ii) to the extent provided in Section 4.4, or (iii) as otherwise expressly provided herein. Nothing in this Agreement will be construed as a representation or agreement that the recipient of Confidential Information will not develop or have developed for it products, concepts, systems or techniques contemplated by or embodied in such Confidential Information, provided that such recipient does not violate any of its obligations under this Article 5 in connection with such development.

ARTICLE 6: FEES AND PAYMENT

6.1 FEES. YJC shall pay to Yahoo, as full and complete remuneration for the performance of all of Yahoo's obligations hereunder, the fees and amounts that are set forth in EXHIBIT E attached hereto (the "FEES"). All payments under this Agreement shall be made by wire transfer to an account designated by Yahoo within thirty days of the end of the quarter in which such amounts are collected by YJC, and shall be accompanied by a written report signed by an authorized YJC officer setting forth a description of transactions given rise to payments in detail sufficient to support calculations of the amounts paid, as well as such other similar information as Yahoo may reasonably request.

6.2 CURRENCY. In this Agreement, all references to currency shall be references to the lawful currency of the United States of America. Any and all conversions shall be based on the exchange rate noted in the Foreign Exchange, Telegraphic Transfer Exchange Rate for Sale vis-a-vis Customers, as reported in the Nihon Keizai Shinbun on the date each payment is due.

6.3 INTEREST. Any late payment of fees made by YJC under this Agreement shall bear interest at the annual rate of ten percent (10%) from the date on which such payment was due.

6.4 TAXES. All Fees paid by YJC to Yahoo hereunder shall be inclusive of all excise and customs duties and other similar taxes imposed by any governmental authority relating to the export of the Yahoo Properties, and all withholding taxes that may be required by either the Japanese or the United States governments under the relevant tax laws and treaties, all of which taxes shall be paid by Yahoo. All Fees paid by YJC to Yahoo hereunder shall be exclusive of all sales, goods and services, use and other similar taxes imposed by any governmental authority concerning the use of the Yahoo Properties in accordance with this Agreement, all of which taxes shall be paid by YJC.

6.5 WITHHOLDING. If any Japanese withholding taxes are imposed on payments to Yahoo by YJC under this Article 6, YJC shall withhold such amounts, pay the same to the Japanese tax authority, and promptly furnish Yahoo with appropriate documentation of the amounts so withheld as soon as practicable. The parties shall cooperate to make any necessary filings to

utilize the lowest withholding rate available under any treaty between Japan and the United States.

6.6 AUDITING RIGHTS. To ensure compliance with the terms of this Agreement, Yahoo shall have the right, at its own expense, to direct an independent certified public accounting firm to inspect and audit all of the accounting and sales books and records of YJC which are relevant to Fees payable to Yahoo; PROVIDED, HOWEVER, that: (i) Yahoo provides fifteen (15) business days notice prior to such audit; (ii) any such inspection and audit shall be conducted during regular business hours in such a manner as not to interfere with normal business activities; (iii) in no event shall audits be made hereunder more frequently than once (1) per calendar year; (iv) if any audit should disclose an underpayment by YJC, YJC shall promptly pay such amount to the other party; and (v) the reasonable fees and expenses relating to of any audit which reveals an underpayment in excess of five percent (5%) of the amount owing for the reporting period in question shall be borne entirely by YJC.

ARTICLE 7: REPRESENTATIONS AND WARRANTIES

7.1 MUTUAL REPRESENTATIONS AND WARRANTIES. Each party represents and warrants to the other party that:

- (i) such party has been duly incorporated and is validly existing under the laws such party is incorporated;
- (ii) such party has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder;
- (iii) the execution of this Agreement by such party, and the performance by such party of its obligations and duties hereunder, do not and will not violate any agreement to which such party is a party or by which it is otherwise bound;
- (iv) when executed and delivered by such party, this Agreement will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and
- (v) such party acknowledges that the other party makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

7.2 YJC REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Section 7.1 hereto, YJC further represents and warrants:

- (i) the Components and Local Content which YJC includes in or associates with Yahoo Japan do not and shall neither: (i) infringe on or violate any copyright, U.S. patent or any other proprietary right of any third party; nor (ii) violate any applicable law, regulation or third party right;

(ii) YJC's performance of this Agreement shall comply in all material respects with, and shall neither contravene, breach nor infringe, any laws or regulations of Japan; and

(iii) the Local Content provided by YJC shall not contain any obscene or defamatory materials, information, data or content.

7.3 YAHOO REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Section 7.1 hereto, Yahoo further represents and warrants:

(i) the Components which Yahoo includes in or associates with Yahoo Japan do not and shall neither: (i) infringe on or violate any copyright, U.S. patent or any other proprietary right of any third party; nor (ii) violate any applicable law, regulation or third party right;

(ii) the Yahoo Japan Site shall operate and function substantially at the level of performance at which Yahoo's principal site for Yahoo Service operates and functions in the United States;

(iii) Yahoo has sufficient right, title and ownership of all Intellectual Property rights being licensed to YJC pursuant to this Agreement, without infringement of the rights of third parties, and with respect to any third party materials being licensed to YJC hereunder, solely to the extent that Yahoo has received a warranty and representation from such third party; and

(iv) Yahoo has not granted, conveyed or otherwise provided any other Entity with the right to create, commercially exploit, or otherwise use a version of the Yahoo Properties specifically designed for the Japanese market, except for those rights granted to: (x) Ziff-Davis Publishing Company pursuant to an agreement to be executed and delivered between Yahoo and Ziff-Davis Publishing Company with respect to YAHOO! INTERNET LIFE magazine and related products; (y) IDG Books Worldwide, Inc., pursuant to the agreement between Yahoo and IDG Books Worldwide, Inc., dated June 2, 1995, with respect to books and related products; and (z) those companies stated in Section 2.7 hereto.

ARTICLE 8: LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION

8.1 LIABILITY. EXCEPT AS PROVIDED IN SECTION 8.3, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING FROM ANY PROVISION OF THIS AGREEMENT, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS.

8.2 NO ADDITIONAL WARRANTIES. EXCEPT AS SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE PRODUCTS AND SERVICES CONTEMPLATED BY THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR

FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

8.3 INDEMNIFICATION.

8.3.1 YAHOO INDEMNITY. Subject to the limitations set forth below, Yahoo, at its own expense, shall indemnify, defend (or at Yahoo's option and expense, settle, provided that Yahoo provides YJC with prior notice of any settlement that will significantly impact YJC's rights hereunder) and hold YJC and any YJC Affiliates and their officers, directors, employees, agents, distributors and licensees (the "YJC INDEMNIFIED PARTY(IES)") harmless from and against any judgment, losses, deficiencies, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), whether required to be paid to a third party or otherwise incurred in connection with or arising from any claim, suit, action or proceeding (collectively, a "CLAIM"), against a YJC Indemnified Party to the extent the basis of such Claim is that: (i) the Yahoo Properties infringe any Intellectual Property Rights of a third party; (ii) Yahoo does not have the right to license the Yahoo Properties as set forth herein; (iii) Yahoo has materially breached any of its duties, representations or warranties under this Agreement; or (iv) a third party has been or may be injured or damaged in any way by any defamation, libel, slander or similar wrongful action arising from the Yahoo Properties; PROVIDED, HOWEVER, that Yahoo shall have no obligation to the YJC Indemnified Parties pursuant to this Section unless: (x) YJC gives Yahoo prompt written notice of the Claim; (y) Yahoo is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) YJC provides Yahoo with reasonable assistance in the defense or settlement thereof; and provided further that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts YJC or any YJC Affiliate, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require YJC's written consent, which consent shall not be unreasonably withheld or delayed. In connection with the defense of any such Claim, each YJC Indemnified Party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

8.3.2 NO YAHOO LIABILITY. Notwithstanding the foregoing, Yahoo assumes no liability for infringement claims arising from: (i) a combination of the Yahoo Properties or any part thereof with other Components not provided by Yahoo where such infringement would not have arisen from the use of the Yahoo Properties or portion thereof absent such combination; or (ii) modification of the Yahoo Properties or portion thereof by anyone other than Yahoo or on its behalf where such infringement would not have occurred but for such modifications.

8.3.3 YAHOO LIABILITY. If Yahoo receives notice of an alleged infringement relating to the Yahoo Properties, Yahoo, at its option and expense, shall use all reasonable efforts to: (i) obtain a license at no cost to YJC permitting continued use of the Yahoo Properties on terms and conditions consistent with the rights granted to YJC hereunder; (ii) modify the infringing portion of the Yahoo Properties to perform its intended function without infringing third party rights; or (iii) provide a substitute for such infringing portion. If none of the foregoing options are reasonably available to Yahoo, then upon written notice by Yahoo to YJC, YJC shall thereupon take the necessary action to discontinue further distribution of the Yahoo Properties to the extent that and only for so long as such use would be infringing, with an appropriate adjustment in Fees. Notwithstanding the foregoing, this Agreement shall remain in full force and effect in accordance with the terms hereof with respect to all noninfringing portions of the Yahoo

Properties; PROVIDED, HOWEVER, that YJC shall be entitled to terminate this Agreement and/or seek damages as a result of any material discontinuation.

8.3.4 YJC INDEMNIFICATION. Subject to the limitations set forth below, YJC, at its own expense, shall indemnify, defend (or at YJC's option and expense, settle, provided that YJC provides Yahoo with prior notice of any settlement that will significantly affect Yahoo's rights hereunder) and hold Yahoo and any Yahoo Affiliates and their officers, directors, employees, agents, distributors and licensees (the "YAHOO INDEMNIFIED PARTY(IES)") harmless from and against any judgment, losses, deficiencies, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), whether required to be paid to a third party or otherwise incurred in connection with or arising from any Claim against a Yahoo Indemnified Party to the extent the basis of such Claim is that: (i) any Yahoo Japan Derivative Work, or any Local Content infringes any Intellectual Property Rights of a third party; (ii) YJC does not have the right to license the Local Content as set forth herein; (iii) YJC has materially breached any of its duties, representations or warranties under this Agreement; or (iv) a third party has been or may be injured or damaged in any way by any defamation, libel, slander or similar wrongful action arising from any Local Content or any Yahoo Japan Derivative Work; PROVIDED, HOWEVER, that YJC shall have no obligation to the Yahoo Indemnified Parties pursuant to this Section unless: (x) Yahoo gives YJC prompt written notice of the Claim; (y) YJC is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) Yahoo provides YJC with reasonable assistance in the defense or settlement thereof; and provided further that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Yahoo or any Yahoo Affiliate, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Yahoo's written consent, which consent shall not be unreasonably withheld or delayed. In connection with the defense of any such Claim, each Yahoo Indemnified Party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

8.3.5 NO YJC LIABILITY. Notwithstanding the foregoing, YJC assumes no liability for infringement claims arising from: (i) a combination of the Local Content or any part thereof with other Components not provided by YJC where such infringement would not have arisen from the use of the Local Content or portion thereof absent such combination; or (ii) modification of the Local Content or Yahoo Japan or any portion thereof by anyone other than YJC or on its behalf where such infringement would not have occurred but for such modifications.

ARTICLE 9: TERM

9.1 TERM. Unless earlier terminated as provided herein or unless otherwise provided in the Joint Venture Agreement, this Agreement shall be effective during the period (the "TERM") from the date of this Agreement until the sooner of: (i) the date on which the parties hereto mutually agree to terminate this Agreement; (ii) the date on which this Agreement is terminated under Section 9.2, or (iii) the date of termination of the Joint Venture Agreement OTHER THAN: (a) as a result of SOFTBANK'S purchase of all shares of YJC from Yahoo; or (b) as a result of SOFTBANK terminating the Joint Venture Agreement under Section 13 for breach of the Joint Venture Agreement by Yahoo, in which event this Agreement shall

continue perpetually until terminated in accordance with Section 9.2 of this Agreement. Notwithstanding the foregoing, in the event that, and on the date that, prior to any other termination hereunder, the common stock of YJC is publicly traded in Japan or the United States, on a principal stock exchange or trading system, the licenses granted hereunder shall become exclusive, worldwide, perpetual (subject to termination under Section 9.2 hereto), licenses, with the scope of rights and licenses as set forth in Section 2.1 hereto, and all of the terms and conditions of this Agreement shall remain in full force and effect.

9.2 EARLY TERMINATION. Either party may terminate this Agreement upon written notice in the event of (i) any material breach of any warranty, representation or covenant of this Agreement by the other party which remains uncured thirty (30) days after notice of such breach, or (ii) in the event of any bankruptcy, insolvency, receivership or similar proceeding of the other party which continues for twenty (20) days from filing.

9.3 RETURN OF INFORMATION. Within thirty (30) calendar days after the termination or expiration of this Agreement, each party hereto shall either deliver to the other, or destroy, all copies of any tangible Confidential Information of the other party provided hereunder in its possession or under its control, and shall furnish to the other party an affidavit signed by an officer of its company certifying that to the best of its knowledge, such delivery or destruction has been fully effected.

9.4 REMAINING PAYMENT. Within forty-five (45) calendar days of the expiration or termination of this Agreement, each party shall pay to the other party all sums, if any, due and owing as of the date of expiration or termination.

9.5 SURVIVAL. The respective rights and obligations of the parties under Sections 1, 2.5, 2.6, 4.3.1, 4.3.3, 4.4, 9.3, 9.4, 9.5 and Articles 5, 7, 8, and 10 shall survive expiration or termination of this Agreement. No termination or expiration of this Agreement shall relieve any party for any liability for any breach of or liability accruing under this Agreement prior to termination.

ARTICLE 10: MISCELLANEOUS

10.1 GOVERNING LAW. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, with the same force and effect as if fully executed and performed therein, and the laws of the United States of America. Each of YJC and Yahoo hereby consents and submits to the personal jurisdiction of the United States and state courts of the State of California, and expressly agrees that the venue for any action arising under this Agreement shall be the appropriate court sitting within the Northern District of California.

10.2 AMENDMENT OR MODIFICATION. This Agreement may not be amended, modified or supplemented by the parties in any manner, except by an instrument in writing signed on behalf of each of the parties by a duly authorized officer or representative.

10.3 NO ASSIGNMENT. Neither party shall transfer or assign any rights or delegate any obligations hereunder, in whole or in part, whether voluntarily or by operation of law, without

the prior written consent of the other party. Any purported transfer, assignment or delegation by either party without the appropriate prior written approval shall be null and void and of no force or effect. Notwithstanding the foregoing, without securing such prior consent, each party shall have the right to assign this Agreement or any of its rights or obligations to an Affiliate and either party shall have the right to assign this Agreement and the obligations hereunder to any successor of such party by way of merger or consolidation or the acquisition of substantially all of the business and assets of the assigning party relating to the Agreement.

10.4 NOTICES. Except as otherwise provided herein, any notice or other communication to be given hereunder shall be in writing and shall be (as elected by the party giving such notice): (i) personally delivered; (ii) transmitted by postage prepaid registered or certified airmail, return receipt requested; (iii) deposited prepaid with a nationally recognized overnight courier service; (iv) sent via facsimile, with a confirmation copy sent via first class mail; or (v) sent via electronic mail, with a confirmation copy sent via first class mail. Unless otherwise provided herein, all notices shall be deemed to have been duly given on: (x) the date of receipt (or if delivery is refused, the date of such refusal) if delivered personally, by courier, or by facsimile; or (y) five (5) days after the date of posting if transmitted by mail or by electronic mail. Either party may change its address for notice purposes hereof on not less than five (5) days prior notice to the other party. Notice hereunder shall be directed to a party at the address for such party which is set forth below:

To Yahoo: Yahoo! Inc.
635 Vaqueros Avenue
Sunnyvale, California 94086
Attention: Tim Koogle, President
Fax: (408) 328-3301

Copy to: James L. Brock
Venture Law Group
2800 Sand Hill Road
Menlo Park, California 94025
Fax (415) 233-8386

To YJC: Masayoshi Son
Yahoo Japan Corporation
3-42-3, Nihonbashi-Hamacho
Chuo-ku, Tokyo 103, Japan
Fax: 011-813-5641-3400

Copy to: Stephen A. Grant
Sullivan & Cromwell
125 Broad Street, Floor 32
New York, NY 10004

10.5 ENTIRE AGREEMENT. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and/or contemporaneous agreements and understandings, written or oral between the parties with respect to the subject matter hereof.

10.6 WAIVER. Any of the provisions of this Agreement may be waived by the party entitled to the benefit thereof. Neither party shall be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the waiving party, and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

10.7 WAIVER OF JURY TRIAL. EACH OF YJC AND YAHOO DO HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE ANY RIGHT ANY PARTY MAY HAVE TO A JURY TRIAL IN EVERY JURISDICTION IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER PARTY HERETO OR THEIR RESPECTIVE AFFILIATES, SUCCESSORS OR ASSIGNS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY ANY PARTY IN CONNECTION THEREWITH (INCLUDING WITHOUT LIMITATION ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT AND ANY CLAIMS OR DEFENSES ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR OTHERWISE VOID OR VOIDABLE).

10.8 FEES AND EXPENSES. Each party shall be responsible for the payment of its own costs and expenses, including attorneys' fees and expenses, in connection with the negotiation and execution of this Agreement.

10.9 RECOVERY OF COSTS AND EXPENSES. If either party to this Agreement brings an action against the other party to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including, without limitation, attorneys' fees and costs incurred in connection with such action, including any appeal of such action.

10.10 SEVERABILITY. If the application of any provision or provisions of this Agreement to any particular facts or circumstances shall be held to be invalid or unenforceable by any court of competent jurisdiction, then: (i) the validity and enforceability of such provision or provisions as applied to any other particular facts or circumstances and the validity of other provisions of this Agreement shall not in any way be affected or impaired thereby; and (ii) such provision or provisions shall be reformed without further action by the parties hereto and only to the extent necessary to make such provision or provisions valid and enforceable when applied to such particular facts and circumstances.

10.11 OTHER AGREEMENTS. Neither party shall agree to any contractual provision or term in any agreement with any third party which contains a provision or term which cause such party to be in breach of or violates this Agreement.

10.12 NO DISCLOSURE. Without the prior written consent of the other party, neither party shall, in any manner, disclose, advertise, or publish the terms of, or any information concerning, this Agreement; PROVIDED, HOWEVER, that either party may disclose such portions of this Agreement as may be required by law, subject to the provisions of Article 5 hereto.

10.13 NO THIRD PARTY BENEFICIARIES. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever.

10.14 COUNTERPARTS; FACSIMILES. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one and the same instrument. Each party shall receive a duplicate original of the counterpart copy or copies executed by it. For purposes hereof, a facsimile copy of this Agreement, including the signature pages hereto, shall be deemed to be an original. Notwithstanding the foregoing, the parties shall each deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

IN WITNESS WHEREOF, the parties to this Agreement by their duly authorized representatives have executed this Agreement as of the date first above written.

YAHOO JAPAN CORPORATION

YAHOO! INC.

By: _____
Name: Masayoshi Son
Title: President & CEO

By: _____
Name: Timothy Koogle
Title: President

YAHOO! JAPAN LICENSE AGREEMENT

by and between

YAHOO! INC.

and

YAHOO JAPAN CORPORATION

APRIL 1, 1996

CONFIDENTIAL

Thereafter, this Letter Agreement shall automatically renew for four (4) additional one (1) year terms, unless terminated by Yahoo! upon written notice to SOFTBANK within 30 days prior to the termination of the then current term of Yahoo!'s intent not to renew.

5. Advertising Exclusive of Other Minimum Requirements: The advertising space purchased by SOFTBANK pursuant to this Letter Agreement shall not reduce any minimum advertising purchase requirements that SOFTBANK or any other SOFTBANK Affiliated Entity (including, but not limited to, Interactive Marketing, Inc.) may currently be, or in the future may become, obligated.

6. Miscellaneous: The terms of this Letter Agreement will become binding upon the execution by the parties of the definitive agreements between Yahoo and SOFTBANK relating to Yahoo! Japan, and neither party will have any liability to the other under this Letter Agreement unless and until the Yahoo! Japan agreements are executed. This Letter Agreement shall be governed by and construed in accordance with California law. This Letter Agreement and its exhibits are the complete and exclusive agreement between the parties with respect to the subject matter hereof.

If you are in agreement, please execute this letter below.

Sincerely,

Yahoo! Inc.

By: _____

Jerry Yang

Agreed:

SOFTBANK Group

By: _____

Name:

Title:

YAHOO! INC.

COMPUTATION OF NET LOSS PER SHARE

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 1996	JUNE 30, 1995 (a)	JUNE 30, 1996	JUNE 30, 1995 (a)
NET LOSS	(\$1,366,000)	(\$355,000)	(\$1,285,000)	(\$355,000)
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTATION:				
COMMON STOCK	26,456,000	10,013,000	22,887,000	10,013,000
PREFERRED STOCK		7,738,000		7,738,000
NUMBER OF COMMON SHARES ISSUED IN ACCORDANCE WITH STAFF ACCOUNTING BULLETIN NO. 83		4,790,000		4,790,000
TOTAL	26,456,000	22,541,000	22,887,000	22,541,000
NET LOSS PER COMMON AND COMMON EQUIVALENT				
SHARE	(\$0.05)	(\$0.02)	(\$0.06)	(\$0.02)

(a) INCLUDES THE COMPANY'S RESULTS FROM MARCH 5, 1995 (INCEPTION) THROUGH JUNE 30, 1995.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM YAHOO! INC. FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS		
	DEC-31-1996	
	JAN-01-1996	
	JUN-30-1996	
		62,954,000
		24,252,000
		1,999,000
		0
		0
	90,115,000	679,000
		0
	105,768,000	
	2,740,000	
		0
	0	
		0
		99,000
	102,929,000	
105,768,000		
		0
	5,007,000	
		0
		687,000
	6,766,000	
		0
		0
	(1,285,000)	
		0
(1,285,000)		
		0
		0
		0
	(1,285,000)	
		(.06)
		0.00