

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended December 31, 1996

Commission File Number 0-28018

YAHOO! INC.

(Exact name of Registrant as specified in its charter)

CALIFORNIA 77-0398689
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

3400 CENTRAL EXPRESSWAY
SUITE 201, SANTA CLARA, CALIFORNIA 95051
(Address of principal executive offices)

Registrant's telephone number, including area code: (408) 731-3300

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, \$.001 PAR VALUE
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed 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 Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of January 31, 1997, the aggregate market value of voting stock held by non-affiliates of the Registrant, based upon the closing sales price for the Registrant's Common Stock, as reported in the NASDAQ National Market System, was \$172,717,000. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

The number of shares of the Registrant's Common Stock outstanding as of January 31, 1997 was 27,237,784.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or parts thereof) are incorporated by reference into the following parts of this Form 10-K:

- (1) 1996 Annual Report to Shareholders
 - Items 5, 6, 7, 8 and 14(a)(1).

- (2) Proxy Statement for the 1997 Annual Meeting of Shareholders
- Items 10, 11, 12 and 13.

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PART I

Item 1. Business

THE FOLLOWING DESCRIPTION OF THE COMPANY'S BUSINESS CONTAINS FORWARD-LOOKING STATEMENTS WHICH INVOLVE RISKS AND UNCERTAINTIES. THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF A NUMBER OF FACTORS, INCLUDING THOSE SET FORTH IN THIS ANNUAL REPORT UNDER THE HEADING, "RISK FACTORS."

OVERVIEW

Yahoo! Inc. ("Yahoo!" or the "Company") offers a family of branded online media properties, including its flagship property YAHOO! (R), that are among the most widely-used sources of information and discovery on the World Wide Web. YAHOO! was developed and first made available in 1994 by the Company's founders, David Filo and Jerry Yang, while they were graduate students at Stanford University. The Company was incorporated in March 1995 and completed its initial public offering in April 1996.

Under the "Yahoo!" brand, the Company provides intuitive, context-based guides to online content, Web search capabilities, aggregated third-party content and community and personalization features. In December 1996, Internet users viewed an average of over 20 million Web pages per day in "Yahoo!" branded properties.

The Company believes that as one of the pioneer Internet guides, Yahoo! has a strong, globally-prominent brand presence, and is one of the most visible and recognizable names generally associated with the Internet. The Company seeks to further extend its brand position and audience by continuing to aggregate and develop Web content that serves focused groups of Internet users with specific subject-area, demographic and geographic characteristics. As of the date of this Report, in addition to YAHOO!, the Company offered fourteen geographically focused versions of YAHOO! including five international versions for Canada, Japan, France, Germany, and the United Kingdom and Ireland, and regionally focused properties for nine U.S. metropolitan areas; two subject-matter focused properties organizing timely content about sports and stocks and investing information; and two demographically focused properties for children and women.

The Company makes its properties available without charge to users, and generates revenue primarily through the sale of banner advertising. Advertising on Yahoo! properties is sold through the Company's internal advertising sales force and third party agents. During the fourth quarter of 1996, more than 550 advertisers purchased advertising on Yahoo! properties.

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PRODUCTS AND MEDIA PROPERTIES

YAHOO! MAIN SITE

The Company's principal offering, YAHOO!, provides a comprehensive, intuitive and user-friendly online guide to Web navigation and aggregated information content. YAHOO! includes a hierarchical, subject-based directory of Web sites, which enables Web users to locate and access desired information and services through hypertext links included in the directory. As of December 1996, YAHOO! organized over 500,000 Web site listings under the following 14 principal categories: Arts and Humanities, Business and Economy, Computers and Internet, Education, Entertainment, Government, Health, News and Media, Recreation and Sports, Reference, Regional, Science, Social Science, and Society and Culture. Web sites are further organized under these major headings by hierarchical subcategories. Users can browse the directory listings by subject matter through a rapid keyword search request that scans the contents of the entire directory or any subcategory

within YAHOO!. The basic Web site listings are in many cases supplemented with brief descriptive commentary, and a special symbol is used to indicate listings that, in the view of the Company's editorial staff, provide unique presentation or content within their topic area. YAHOO! also provides Web-wide text search results from the AltaVista search engine. These results are integrated into the directory search function so that Web-wide search results are presented in the absence of relevant listings from the YAHOO! directory.

YAHOO! also incorporates a rich set of current and reference information from leading content providers, including real-time news (provided by Reuters New Media), stock quotes (Reuters), business profiles (Hoover's), stock investing commentary (Motley Fool), sports scores (ESPN SportsTicker), television listings (TVGuide), weather information (Weathernews, Inc.), maps with driving directions (Vicinity), searchable yellow pages (Vicinity), and People Search white pages and e-mail listings (Four11). YAHOO! also organizes hypertext links to Web sites featuring current events and issues of interest, such as elections, holidays, political issues and major weather conditions, organized in a topical format and updated regularly.

TARGETED ONLINE PROPERTIES

The comprehensive subject-based, demographic and geographic listings in YAHOO! have provided a platform for the Company to develop and offer independent navigational tools and information services that are targeted to particular interests and Web users and are presented within the familiar YAHOO! framework and style. The Company works with appropriate strategic partners who develop localized or targeted content and, in some cases, promote and sell advertising. The Company also has developed Web based media properties that allow the user to personalize and tailor the presentation of information and navigational resources. The Company believes that, if implemented successfully, these services further strengthen customer loyalty to the "Yahoo!" brand and create additional revenue opportunities through a broader end user and advertiser base and increasingly targeted advertising opportunities.

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GEOGRAPHIC PROPERTIES

The Company seeks to build upon its global user base by developing Internet properties focused on geographic regions, which include foreign countries as well as domestic major metropolitan areas. As of the date of this Report, the Company had launched fourteen geographically targeted Web properties.

INTERNATIONAL ONLINE PROPERTIES. The Company has developed international online properties including localized versions of YAHOO! in Canada, Japan, France, Germany, and the United Kingdom and Ireland. For international properties, the Company has relied primarily upon the editorial efforts of third parties in such geographical areas to localize YAHOO! for language, customs and cultural interests, language-specific search capabilities, and to maintain Web site listings that are relevant to the country or metropolitan areas. For example, YAHOO! JAPAN--Yahoo!'s first geographic property--was developed through a joint venture between the Company and SOFTBANK, one of the Company's principal shareholders and Japan's largest distributor of computer software, peripherals and systems, as well as one of Japan's largest publishers of computer-related magazines and books.

REGIONAL ONLINE PROPERTIES. As of the date of this Report, the Company offered regional Yahoo! properties for Austin, Boston, Chicago, Dallas, Los Angeles, New York, the San Francisco Bay Area, Seattle, and Washington D.C. These offerings, which are developed and maintained by the Company, include listings from the main YAHOO! service selected and organized on the basis of regional focus, as well as aggregated local content, such as local news, weather, traffic and Yellow pages listings licensed from third party content providers including local television and radio stations, newspapers and entertainment guides, and localized community features, such as bulletin boards, personals and classifieds listings. In addition, the Company offers YAHOO! GET LOCAL (TM), which provides users with local online resources for more than 30,000 U.S. cities, which are organized and presented to users on the basis of the user's zip-code. The Company believes that these local properties provide local advertisers a cost-effective means of targeting their online audience, as well as allowing national advertisers to target key geographic markets.

SUBJECT-BASED PROPERTIES

The Company has developed subject-based Internet properties, including YAHOO! SCOREBOARD (sports scores and information) and YAHOO! FINANCE (stock quotes and company and industry information). The Company currently is developing a YAHOO! branded property focused on Internet resources for online shopping for goods and services and MTV/YAHOO! UNFURLED (TM) focused on music-related Web resources, produced in conjunction with MTV Networks. Yahoo! intends to continue to seek relationships with leading content providers to develop additional Internet properties focused on interest areas that the Company believes to be desirable advertising vehicles.

DEMOGRAPHIC PROPERTIES

The Company also has developed and offers online properties focused on targeted demographic groups, initially children and women. In March 1996, the Company

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introduced YAHOO! LIGANS! (TM), a version of YAHOO! designed for children aged 7 to 12. The Web sites included in YAHOO! LIGANS! are selected by professional educators as appropriate for children. In January 1997, the Company, together with Wire Networks Inc.--the producers of Women's Wire, a leading interactive Web magazine for women -- launched BEATRICE'S WEB GUIDE (TM), an online property providing navigation and content targeted to women. The Company seeks to develop additional Internet properties that are focused on specific demographic groups which provide attractive advertising opportunities.

PERSONALIZED INFORMATION SERVICES

In July 1996, the Company launched MY YAHOO! (TM), a personalized Web information service. MY YAHOO! allows users to create a personal profile which directly organizes and delivers to the user information of personal interest such as personalized stock quotes, stock portfolio management, local and national headlines, local and national weather and sports news, as well as the user's favorite Web searches and YAHOO! categories. The Company has developed a universal registration system that permits YAHOO! users to easily use several YAHOO! services under a single username, including MY YAHOO!, YAHOO! CHAT and YAHOO! CLASSIFIEDS. The Company also recently entered into an agreement to develop a property to be known as "NETSCAPE GUIDE BY YAHOO!", which will be a personalized navigation and information service made available in connection with Netscape's Web site and browser. See "Distribution Alliances -- Leading Web Sites and Browsers."

PRINT AND OTHER OFFLINE PROPERTIES

The Company seeks to extend the "Yahoo!" brand into print and other offline media, primarily for the purpose of promoting the brand and creating greater demand for the Company's online properties. The Company has entered into an agreement with Ziff-Davis Publishing Company, a subsidiary of SOFTBANK, for the publication of YAHOO! INTERNET LIFE (TM), a monthly print magazine companion to the online magazine. The Company also has entered into a multiple-book publishing arrangement with IDG Books Worldwide, Inc., a leading publisher of computer books and magazines. Under this agreement, several guides to the Internet have been published, including YAHOO! UNPLUGGED, YAHOO! WILD WEB RIDES, and YAHOO! LIGANS! WAY COOL WEB SITES. Royalty revenues under these arrangements have been and are expected to continue to be nominal.

ADVERTISING SALES AND PRICING

The Company has derived substantially all of its revenues to date from the sale of advertisements and promotions on Yahoo! properties. The Company's advertising products currently consist primarily of banner advertisements that appear on the top of pages within Yahoo! properties, as well as higher profile promotional sponsorships that are typically focused on a particular event, such as a sweepstakes. Hypertext links are embedded in each banner advertisement to provide the user with instant access to the advertiser's Web site, to obtain additional information, or to purchase products and services.

Although a substantial majority of advertising purchases on Yahoo! properties are for general rotation on pages within the services, the Company seeks to offer increasingly better targeted properties that will deliver greater value to advertisers through more focused audiences. By developing an extended family of "Yahoo!" branded properties, the Company seeks to offer advertisers a wide range of placement options.

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During the year ended December 31, 1996, SOFTBANK Corporation, a 36% shareholder of the Company, purchased directly and through SOFTBANK affiliates (including companies in which SOFTBANK has invested) \$2,075,000 of advertising at rates which are comparable with other large customers.

ADVERTISING SALES ORGANIZATION

In late 1996, the Company established an internal sales force. As of February 28, 1997, 21 advertising sales professionals were employed in six locations across the U.S., including Atlanta, Chicago, Dallas, Los Angeles, New York, and San Francisco. SOFTBANK Interactive Marketing, a subsidiary of SOFTBANK, served as the Company's exclusive advertising sales representative through the end of 1996, and continues to represent a significant proportion of Yahoo!'s advertising sales. The Company's advertising sales organization consults regularly with agencies and customers on design and placement of Web-based advertising, and provides clients with measurement and analysis of advertising effectiveness.

In international markets, Yahoo!'s advertising sales are handled primarily by the international affiliate responsible for localization and operation of the service within the territory, with support and assistance from the Company's internal sales representatives.

ADVERTISING PRICING

The Company's contracts with advertisers typically guarantee the advertiser a minimum number of "impressions," or times that an advertisement appears in pages viewed by users of Yahoo! properties. Yahoo!'s standard rates for banner advertisements currently range from \$0.02 to \$0.07 per impression, depending upon location of the advertisement within Yahoo!'s properties and the extent to which it is targeted for a particular audience. Discounts may be provided from standard rates for high volume, longer-term contracts.

The Company also offers context-based keyword advertising, which permits advertisers to target users based upon specified keywords that a user enters when searching within YAHOO!. For example, if a user enters the term "automobile" or "car," an automobile manufacturer's advertisement could appear on pages displaying the results of such a search. The Company's standard rate for context-based keyword advertisements currently ranges from \$0.03 to \$0.08 per impression. Discounts may be provided from standard rates for high volume, longer-term contracts.

In addition to banner advertising, the Company offers premium positions on the top page of Yahoo! properties that typically are used in connection with promotions and special events. The Company's strategy is to use these sponsorship positions for high-profile promotions that can also result in additional visibility and awareness for Yahoo!. Promotions partners during 1996 included American Express, Citibank, Sony, Toyota, Wells Fargo, and Southwest Airlines. Yahoo! has also created special holiday- and event-oriented promotional spaces for events such as New Year's Eve in Times Square, the Grammy Awards, and the Presidential Inauguration.

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STRATEGIC ALLIANCES

In order to serve users more effectively and to extend the "Yahoo!" brand to new media properties, the Company has entered into strategic relationships with business partners who offer unique content, technology and distribution capabilities.

CONTENT AND COMMERCE ALLIANCES

Yahoo! has entered into strategic alliances with selected leading providers--including Ziff-Davis, SOFTBANK, Rogers Communications, Reuters, Granite Broadcasting, Women's Wire, MTV, and the Motley Fool--which permit the Company to bring "Yahoo!"-branded, targeted media products to market more quickly, while avoiding the cost of producing original editorial content. The Company's agreements with its third-party content providers typically provide for the sharing of advertising revenues received from banners appearing on pages with licensed content.

TECHNOLOGY ALLIANCES

The Company supplements its Internet directory listings with full-text Web search results provided by AltaVista, a division of Digital Equipment Corporation, under a non-exclusive, multi-year agreement signed in July 1996. The Company has agreed to share revenues from advertising on pages returning results from Web-wide searches using the AltaVista search engine. YAHOO! users continue to experience YAHOO!'S popular look and feel, directory services, unique content and search results, while gaining the benefits of AltaVista's powerful, comprehensive performance for full-text searching of the World Wide Web.

DISTRIBUTION ALLIANCES

In order to broaden YAHOO!'s user base, the Company has established co-promotional relationships with commercial online services, Internet access providers and operators of leading Web sites. The Company believes these arrangements are important to the promotion of YAHOO!, particularly among new Web users who may first access the Web through these services or Web sites. These co-promotional arrangements typically are terminable upon short or no notice.

LEADING WEB SITES AND BROWSERS. The Company seeks to establish co-promotional relationships with the operators of leading Web sites in order to draw additional users to YAHOO!. In March 1997, the Company entered into an agreement with Netscape Communications Corporation whereby it will be designated as one of four "Premier Providers." Under the terms of the agreement, the Company will be required to make minimum payments of \$3,200,000 in cash and \$1,500,000 in the Company's advertising services in return for certain minimum guaranteed exposures over the course of the one-year term of the agreement, which will commence in May of 1997. To the extent that the minimum guaranteed exposures are exceeded, the Company is obligated to purchase additional traffic in return for additional payments of cash and the Company's advertising services.

In March 1997, the Company entered into an agreement with Netscape Communications Corporation under which the Company will develop and operate an Internet information navigation service to be called "NETSCAPE GUIDE BY YAHOO!." The personalized guide will be designed to provide Internet users with a central comprehensive source of sites, news and other valuable services on the Web. NETSCAPE GUIDE BY YAHOO! will be accessible through the Netscape Internet site and from the tool bar of Netscape Communicator by clicking on the "Guide" button or a comparably titled button. The navigational service will provide users with central access to eight of the most popular information categories on the Web. The agreement provides that revenue from advertising on the Guide, which will be managed by the Company, will be shared between the Company and Netscape. Under the terms of this agreement, the Company will be required to make a one-time non-refundable trademark license fee payment of \$5,000,000 in March 1997 and the Company will provide Netscape with guarantees against shared advertising revenues of \$10,000,000 in the first year of the agreement and \$15,000,000 in the second year of the agreement, subject in the second year to certain minimum levels of advertising impressions being reached on the Guide. See "Risk Factors -- Risks Associated With NETSCAPE GUIDE BY YAHOO!."

INTERNET ACCESS PROVIDERS. The Company also has relationships with companies such as Pacific Bell, US West, WebTV, and Bell South under which these Internet access

promotional activities.

OPERATIONS AND TECHNOLOGY

The Company makes YAHOO! available to users through a set of network servers operating with public domain server software that has been optimized internally to provide an efficient and responsive user experience. The Company has developed a set of proprietary database tools that it uses to maintain and update directory listings on YAHOO! and other directory properties. Substantially all of the listings on YAHOO! are submitted by Web site developers. The Company's "surfers" review submissions and categorize them into appropriate category headings. The Company also uses automated systems to regularly check Web sites in the YAHOO! directory listings, and to remove sites that are no longer available.

YAHOO! includes an internally developed responsive keyword search function that is used to locate listings within the directory. This search function not only returns relevant Web site listings but also appropriate category headings, which link to further listings that may be relevant to the user's query. In establishing other media properties, including international versions of YAHOO!, the Company licenses its directory and search tools to affiliates that operate and maintain these properties. The Company has also internally developed an extensive classifieds system capable of listing and searching millions of items in multiple categories. Additionally, Yahoo! has internally developed a personalization system, MY YAHOO!, to allow users to customize and localize the information they would normally view like stock quotes, sports scores, and weather.

The Company utilizes the Web-wide searching technology and Web index from AltaVista, under a multi-year agreement. Yahoo! features AltaVista as its preferred search engine, with the results displayed on the YAHOO! web site. YAHOO! users continue to experience YAHOO!'S popular look and feel, directory services, unique content and search results, while gaining the benefits of AltaVista's powerful, comprehensive performance for full-text searching of the World Wide Web.

COMPETITION

The market for Internet products and services is highly competitive and competition is expected to continue to increase significantly. In addition, the Company expects the market for Web-based advertising, to the extent it continues to develop, to be intensely competitive. There are no substantial barriers to entry in these markets, and the Company expects that competition will continue to intensify. Although the Company believes that the diverse segments of the Internet market will provide opportunities for more than one supplier of products and services similar to those of the Company, it is possible that a single supplier may dominate one or more market segments.

The Company competes with many other providers of online navigation, information and community services. Many companies offer competitive products or services addressing Web navigation services, including, among others, Digital Equipment Corporation (AltaVista), Excite, Inc. (including WebCrawler and NetFind), Infoseek Corporation, Inktomi, Lycos, Inc. (Lycos and A2Z), Open Text Corporation (Open Text Index) and Wired

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(hotbot). In addition, the Company competes with metasearch services and software applications, such as C|NET's search.com service, that allow a user to search the databases of several directories and catalogs simultaneously. The Company also competes indirectly with database vendors that offer information search and retrieval capabilities with their core database products. The Company also faces competition from providers of Web browser software and other Internet products and services that incorporate search and retrieval features into their offerings. For example, Web browsers offered by Netscape and Microsoft, which are the most widely used browsers, may incorporate prominent search buttons or similar features that direct search traffic to competing services. In addition, entities that sponsor or maintain high-traffic Web sites, such as the Regional Bell Operating Companies, could develop or acquire Internet search and navigation functions that compete with those offered by the Company. A large number of Web sites and online services (including, among others, the Microsoft Network, America

Online ("AOL"), and other Web navigation companies such as Excite, Lycos and Infoseek) offer informational and community features, such as news, stock quotes, sports coverage, Yellow Pages and e-mail listings, weather news, chat services and bulletin board listings, that are competitive with the services offered by the Company. Several companies, including large companies such as Microsoft and AOL and their affiliates, also are developing or currently offer online information services for local markets, which compete with the Company's regional Yahoo! online properties. The Company also faces intense competition for "Yahoo!" branded online properties in international markets, including competition from U.S.-based competitors as well as media and online companies that are already well established in those foreign markets. Many of the Company's existing competitors, as well as a number of potential new competitors, have significantly greater financial, technical and marketing resources than the Company. In addition, providers of Internet tools and services may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well-financed companies, such as Microsoft or Netscape. For example, AOL is a significant shareholder of Excite, and Excite has been designated as the exclusive Internet search service for use by AOL's subscribers. Greater competition resulting from such relationships could have a material adverse effect on the Company's business, operating results and financial condition.

In the future, the Company expects to face competition in the various special interest, demographic and geographic markets addressed by media properties that are under development. This competition may include companies that are larger and better capitalized than the Company and that have expertise and established brand recognition in these markets. There can be no assurance that the Company's competitors will not develop Internet products and services that are superior to those of the Company or that achieve greater market acceptance than the Company's offerings. Moreover, a number of the Company's current advertising customers, licensees and partners have also established relationships with certain of the Company's competitors, and future advertising customers, licensees and partners may establish similar relationships.

The Company also competes with online services and other Web site operators, as well as traditional offline media such as television, radio and print for a share of advertisers' total advertising budgets. The Company believes that the number of companies selling Web-based advertising and the available inventory of advertising space have increased substantially during the past year. Accordingly, the Company may face increased pricing pressure for the sale of advertisements. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that competition will not have a

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material adverse effect on the Company's business, operating results and financial condition.

The Company believes that the principal competitive factors in its markets are brand recognition, ease of use, comprehensiveness, independence, quality and responsiveness of search results and the availability of targeted content and focused value added products and services. Competition among current and future suppliers of Internet navigational and informational services, high-traffic Web sites, as well as competition with other media for advertising placements, could result in significant price competition and reductions in advertising revenues. Moreover, many of the Company's current and potential competitors have significantly greater financial, technical, marketing and other resources than the Company. There can be no assurance that the Company will be able to compete successfully against current and future sources of competition or that the competitive pressures faced by the Company will not have a material adverse effect on the Company's business, operating results and financial condition.

PROPRIETARY RIGHTS

The Company regards its copyrights, trademarks, trade dress, trade secrets and similar intellectual property as critical to its success, and the Company relies upon trademark and copyright law, trade secret protection and confidentiality and/or license agreements with its employees, customers, partners and others to protect its proprietary rights. The Company pursues the registration of its trademarks in the United States and (based upon anticipated

use) internationally, and has applied for the registration of a number of its trademarks, including "Yahoo!" and "Yahooligans!." Effective trademark, copyright and trade secret protection may not be available in every country in which the Company's products and media properties are distributed or made available through the Internet. The Company has licensed in the past, and it expects that it may license in the future, elements of its distinctive trademarks, trade dress and similar proprietary rights to third parties, including in connection with branded mirror sites of YAHOO! and other media properties that may be controlled operationally by third parties. Substantially all content appearing in the Company's online properties, such as news, weather, sports scores and stock quotes, is licensed from third parties under short-term agreements.

EMPLOYEES

As of December 31, 1996, the Company had 155 full-time employees, including 44 "surfers" involved in the classification and organization of listings within YAHOO!, 58 in sales and marketing, 17 in administration and finance, and 35 in research and product development. Yahoo!'s future success is substantially dependent on the performance of its senior management and key technical personnel, and its continuing ability to attract and retain highly qualified technical and managerial personnel.

RISK FACTORS

In addition to the other information in this Report, the following factors should be considered carefully in evaluating the Company's business and prospects:

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EXTREMELY LIMITED OPERATING HISTORY; ANTICIPATED LOSSES

The Company was incorporated in March 1995 and did not commence generating advertising revenues until August 1995. Accordingly, the Company has a limited operating history upon which an evaluation of the Company can be based, and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services, including the Web-based advertising market. Specifically, such risks include, without limitation, the failure to continue to develop and extend the "Yahoo!" brand, the failure to develop new media properties, the failure to effectively develop and implement the NETSCAPE GUIDE BY YAHOO!, the rejection of the Company's services by Web consumers and/or advertisers, the inability of the Company to maintain and increase the levels of traffic on Yahoo! properties, the development of equal or superior services or products by competitors, the failure of the market to adopt the Web as an advertising medium, the failure to successfully sell Web-based advertising through the Company's recently developed internal sales force, potential reductions in market prices for Web-based advertising, the inability of the Company to effectively integrate the technology and operations or any other acquired businesses or technologies with its operations, and the inability to identify, attract, retain and motivate qualified personnel. There can be no assurance that the Company will be successful in addressing such risks. As of December 31, 1996, the Company had an accumulated deficit of \$2,968,000. The extremely limited operating history of the Company and the uncertain nature of the markets addressed by the Company make 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 that the results for any period should not be relied upon as an indication of future performance. Although the Company reported a nominal profit for the quarter ended December 31, 1996, 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. The Company also has made \$25 million in advertising revenue guarantees to Netscape over the next two years in connection with a co-branded navigational service to be developed and operated by the Company under an agreement with Netscape. See "Risks Associated With NETSCAPE GUIDE BY YAHOO!". As a result of these factors, there can be no assurance that the Company will not incur significant losses on a

quarterly and annual basis for the foreseeable future.

FLUCTUATIONS IN QUARTERLY OPERATING RESULTS

As a result of the Company's extremely limited operating history, the Company does not have historical financial data for a significant number of periods on which to base planned operating expenses. The Company derives substantially all of its revenues from the sale of advertisements under short-term contracts, which are difficult to forecast accurately. The Company's expense levels are based in part on its expectations concerning future revenue and to a large extent are fixed. The Company also has fixed expenses in the form of prepaid license fees and advertising revenue guarantees of up to \$30 million over the next two years relating to the NETSCAPE GUIDE BY YAHOO!, which subject the Company to additional risk in the event that advertising revenues from this property are not sufficient to offset guaranteed payments and related operating expenses. 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 and 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

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expectations would have an immediate adverse effect on the Company's business, operating results and financial condition. In addition, the Company plans to continue to significantly increase its operating expenses to expand its sales and marketing operations, to continue to develop and extend the "Yahoo!" brand, to develop and implement the NETSCAPE GUIDE BY YAHOO!, 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, operating results 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 Internet usage and advertising placements, the addition or loss of advertisers, the level of user traffic on YAHOO! and the Company's other online media properties, 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 for Web-based advertising, technical difficulties with respect to the use of YAHOO! or other media properties developed by the Company, incurrence of costs relating to acquisitions, 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 business combinations that could have a material adverse effect on the Company's business, results of operations and financial condition. The Company also has experienced, and expects to continue to experience, seasonality in its business, with user traffic on YAHOO! and the Company's other online media properties being lower during the summer and year-end vacation and holiday periods, when usage of the Web and the Company's services typically decline. Additionally, seasonality may also affect the amount of customer advertising dollars placed with the Company in the first and third calendar quarters as advertisers historically spend less during these quarters.

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.

RISKS ASSOCIATED WITH NETSCAPE GUIDE BY YAHOO!

In March 1997, the Company entered into an agreement to develop and

operate an Internet information navigation service to be called "NETSCAPE GUIDE BY YAHOO!" The personalized guide will be designed to provide Internet users with a central comprehensive source of sites, news and other valuable services on the Web. NETSCAPE GUIDE BY YAHOO! will be accessible through the Netscape Internet site and from the tool bar of Netscape Communicator by clicking on the "Guide" button or a comparably titled button. The agreement provides that revenue from advertising on the Guide, which will be managed by the Company, will be shared between the Company and Netscape. Under the terms of this agreement, the Company will be required to make a one-time non-refundable trademark license fee payment of \$5,000,000 in March 1997 and the Company will provide Netscape with guarantees against shared advertising revenues of \$10,000,000 in the first year of the agreement and \$15,000,000 in the second year of the agreement, subject to certain minimum levels of advertising impressions being reached on the Guide.

The Netscape Guide agreement exposes the Company to a number of significant risks and uncertainties, including, without limitation: the risk that the Company and its sales agents will fail to generate sufficient advertising revenue to offset the initial and future guaranteed payments to Netscape, including any failure that results from negative trends in the Web-based advertising business (such as price erosion) or the inability of the Company and its agents to rapidly expand their advertising sales and management efforts to match the additional inventory currently anticipated from the Guide; the risk that projected user traffic levels for the Guide will not be achieved, which could occur as a result of several factors, such as the Company's failure to successfully implement or market the Guide or to provide a compelling user experience, the effect of competitive personalized information services from other parties, or declines or slower growth in the number of users of Netscape's browser products, particularly as a result of increased competition from Microsoft Corporation products, such as Internet Explorer; the risk that the Netscape Guide and any related services will divert substantial user traffic away from the Company's other online media properties, including the YAHOO! main site and the MY YAHOO! personalized information service, and thus reduce the Company's advertising revenues from such other services (which are not subject to the revenue sharing arrangements with Netscape), and potentially dilute the strength of the Company's "Yahoo!" brand; the risk that Netscape does not elect to renew the agreement at the end of the two year term, after which the agreement permits Netscape to use certain elements of the user interface developed by the Company without payment of any consideration to the Company; and the risk that the Company will not effectively manage the substantial additional complexity and scope of operations required for successful development and operation of the Guide, including, among others, the difficulties associated with higher levels of user traffic and challenges in licensing and integrating content from a large number of third party content providers on acceptable terms. As a result of the foregoing factors, there can be no assurance that the Company will implement the Guide successfully, or that the Guide activities will not have a material adverse effect on the Company's business, operating results or financial condition.

DEPENDENCE ON CONTINUED GROWTH IN USE OF THE INTERNET

The Company's future success is substantially dependent upon continued growth in the use of the Internet and the Web in order to support the sale of advertising on the Company's online media properties. Rapid growth in the use of and interest in the Internet and the Web is a recent phenomenon. There can be no assurance that communication or commerce over the Internet will become widespread or that extensive content will continue to be provided over the Internet. The Internet may not prove to be a viable commercial marketplace for a number of reasons, including potentially inadequate development of the necessary infrastructure, such as a reliable network backbone, or timely development and commercialization of performance improvements, including high

speed modems. In addition, to the extent that the Internet continues to experience significant growth in the number of users and level of use, there can be no assurance that the Internet infrastructure will continue to be able to support the demands placed upon it by such potential growth or that the performance or reliability of the Web will not be adversely affected by this continued growth. In addition, the Internet could lose its viability due to delays in the development or adoption of new standards and protocols required to

handle increased levels of Internet activity, or due to increased governmental regulation. Changes in or insufficient availability of telecommunications services to support the Internet also could result in slower response times and adversely affect usage of the Web and the Company's online media properties. If use of the Internet does not continue to grow, or if the Internet infrastructure does not effectively support growth that may occur, the Company's business, operating results and financial condition would be materially and adversely affected.

DEVELOPING MARKET; UNPROVEN ACCEPTANCE OF THE COMPANY'S PRODUCTS AND MEDIA PROPERTIES

The markets for the Company's products and media properties have only recently begun to develop, are rapidly evolving and are characterized by an increasing number of market entrants who have introduced or developed information navigation products and services for use on the Internet and the Web. As is typical in the case of a new and rapidly evolving industry, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. Because the market for the Company's products and media properties is new and evolving, it is difficult to predict the future growth rate, if any, and size of this market. There can be no assurance either that the market for the Company's products and media properties will develop or that demand for the Company's products or media properties will emerge or become sustainable. The Company's ability to successfully develop additional targeted media properties depends substantially on use of the YAHOO! main site to promote such properties. If use of YAHOO! fails to continue to grow, the Company's ability to establish other targeted properties would be materially and adversely affected. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, or if the Company's products and media properties do not achieve or sustain market acceptance, the Company's business, operating results and financial condition will be materially and adversely affected.

RISKS ASSOCIATED WITH BRAND DEVELOPMENT

The Company believes that establishing and maintaining the "Yahoo!" brand is a critical aspect of its efforts to attract and expand its Internet audience and that the importance of brand recognition will increase due to the growing number of Internet sites and the relatively low barriers to entry. Promotion and enhancement of the "Yahoo!" brand will depend largely on the Company's success in providing high quality products and services, which cannot be assured. If consumers do not perceive the Company's existing products and services to be of high quality, or if the Company introduces new products and services or enters into new business ventures that are not favorably received by consumers, the Company will be unsuccessful in promoting and maintaining its brand, and will risk diluting its brand and decreasing the attractiveness of its audiences to

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advertisers. Furthermore, in order to attract and retain Internet users and to promote and maintain the "Yahoo!" brand in response to competitive pressures, the Company may find it necessary to increase substantially its financial commitment to creating and maintaining a distinct brand loyalty among consumers. If the Company is unable to provide high quality products and services or otherwise fails to promote and maintain its brand, or if the Company incurs excessive expenses in an attempt to improve its products and services or promote and maintain its brand, the Company's business, operating results and financial condition will be materially and adversely affected.

RELIANCE ON ADVERTISING REVENUES AND UNCERTAIN ADOPTION OF THE WEB AS AN ADVERTISING MEDIUM

The Company derives substantially all of its revenues from the sale of advertisements on its Web pages under short-term contracts, and expects to continue to do so for the foreseeable future. Most of the Company's advertising customers have only limited experience with the Web as an advertising medium, have not devoted a significant portion of their advertising expenditures to Web-based advertising and may not find such advertising to be effective for promoting their products and services relative to traditional print and broadcast media. The Company's ability to generate significant advertising revenues will depend upon, among other things, advertisers' acceptance of the

Web as an effective and sustainable advertising medium, the development of a large base of users of the Company's services possessing demographic characteristics attractive to advertisers, and the ability of the Company to develop and update effective advertising delivery and measurement systems. No standards have yet been widely accepted for the measurement of the effectiveness of Web-based advertising, and there can be no assurance that such standards will develop sufficiently to support Web-based advertising as a significant advertising medium. Certain advertising filter software programs are available that limit or remove advertising from an Internet user's desktop. Such software, if generally adopted by users, may have a materially adverse effect upon the viability of advertising on the Internet. The Company also recently completed the transition from a third-party advertising sales agent to internal advertising sales personnel, which involves additional risks and uncertainties, including (among others) risks associated with the recruitment, retention, management, training and motivation of sales personnel. As a result of these factors, there can be no assurance that the Company will sustain or increase current advertising sales levels. Failure to do so will have a material adverse effect on the Company's business, operating results and financial position.

In addition, there is intense competition in the sale of advertising on the Internet, including competition from other Internet navigational tools as well as other high-traffic sites, which has resulted in a wide range of rates quoted by different vendors for a variety of advertising services, which makes it difficult to project future levels of Internet advertising revenues that will be realized generally or by any specific company. Competition among current and future suppliers of Internet navigational services or Web sites, as well as competition with other traditional media for advertising placements, could result in significant price competition and reductions in advertising revenues. There also can be no assurance that the Company's advertising customers will accept the internal and third-party measurements of impressions received by advertisements on

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YAHOO!, the Company's online media properties, or that such measurements will not contain errors.

SUBSTANTIAL DEPENDENCE UPON THIRD PARTIES

The Company depends substantially upon third parties for several critical elements of its business including, among others, technology and infrastructure, development of targeted content for localized Internet navigational guides, distribution activities and advertising sales.

TECHNOLOGY AND INFRASTRUCTURE

The Company supplements its Internet directory listings with full-text Web search results provided by AltaVista, a division of Digital Equipment Corporation ("Digital"), under a non-exclusive agreement. The Company believes that these search results provide a key competitive element for its Internet navigation services. The Company therefore depends substantially upon ongoing maintenance and technical support from Digital to ensure accurate and rapid presentation of such search results to the Company's customers. Any failure of Digital to effectively provide such search results could have a material adverse effect on the Company's business, operating results and financial condition. In addition, any termination of the agreement with Digital or Digital's failure to renew such agreement upon expiration could result in substantial additional costs to the Company in developing or licensing replacement technology, and could result in a loss of levels of use of the Company's navigational services. The Company also relies on a private third party provider, I-Systems, Inc. ("ISI"), to provide the Company with access to three partial T3 (45 megabit per second) Internet connections. Any disruption in the Internet access provided by ISI or any failure of ISI to handle current or higher volumes of queries could have a material adverse effect on the Company's business, operating results and financial condition. The Company also licenses technology and related databases from third parties for certain elements of Yahoo! properties, including, among others, technology underlying chat services, street mapping, telephone and e-mail listings and similar services. Any errors, failures or delays experienced in connection with these third party technologies and information services could negatively impact the Company's relationship with users and adversely affect the Company's brand and its business.

CONTENT DEVELOPMENT

A key element of the Company's strategy involves the implementation of Yahoo! branded media properties targeted for interest areas, demographic groups and geographic areas. In these efforts, the Company has relied and will continue to rely substantially on content development and localization efforts of third parties. For example, the Company has entered into an agreement with Ziff-Davis pursuant to which Ziff-Davis publishes two online publications and a print magazine under the "Yahoo!" brand. The Company also expects to rely exclusively on third party affiliates, including SOFTBANK in Japan, Rogers Communications ("Rogers") in Canada, and Ziff-Davis in European countries to localize, maintain and promote these services and to sell advertising in local markets. There can be no assurance that the Company's current or future third-party affiliates will effectively implement these properties, or that their efforts will result in significant revenue to the Company. Any failure of these parties to develop and maintain high-quality and successful media properties also could result in dilution to the "Yahoo!"

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brand, which could have a material adverse effect on the Company's business, results of operations and financial condition.

DISTRIBUTION RELATIONSHIPS

The Company has entered into certain distribution agreements and informal relationships with software vendors and operators of online networks and leading Web sites, such as Microsoft Corporation ("Microsoft") and Netscape. The Company believes these arrangements are important to the promotion of the Company's online media properties particularly among new Web users who may first access the Web through these services or Web sites. The Company's business relationships with these companies consist of cooperative marketing programs and licenses to include YAHOO! in online networks or services offered by these parties, which are intended to increase the use and visibility of YAHOO!. These distribution arrangements typically are not exclusive, and may be terminable upon little or no notice. Third parties that provide distribution channels for the Company may also assess fees or otherwise impose additional conditions on the listing of YAHOO! or other online properties of the Company, such as Netscape's requirement of payments for placement of YAHOO! on the "Net Search" Web page accessible from a button on the Netscape Web browser for a twelve month period beginning in April 1996, and the similar one-year agreement commencing May 1997, which involves minimum payments of \$3.2 million in cash and \$1.5 million in barter advertising. The Company also recently entered into an agreement with Netscape to develop and operate a property to be accessible from the Netscape browser. See "Risks Associated With NETSCAPE GUIDE BY YAHOO!." In addition, these companies may terminate or reduce their joint marketing activities with the Company, or develop and market their own Internet navigational guides or those of the Company's competitors. Any such events could have a material adverse effect on the Company's business, results of operations and financial condition.

THIRD PARTY ADVERTISING SALES AGENTS

Although the Company has recently established an internal sales force, the Company continues to rely on a third party sales representative firm, SOFTBANK Interactive Marketing, Inc. ("SIM") for the sale of a substantial amount of advertising. The Company also relies and expects to continue to rely on third parties to sell advertising on mirror sites of YAHOO! and targeted media products, particularly versions of YAHOO! that are localized for international markets. There can be no assurance that the Company's advertising representatives will achieve the Company's advertising sales objectives, or that such advertising sales will be sufficient to offset advertising revenue guarantees that the Company may make to third parties, such as the advertising revenues made to Netscape in connection with the NETSCAPE GUIDE BY YAHOO!. Because advertising sales have constituted and are expected to continue to constitute substantially all of the Company's revenues, any failure of the Company's third party sales representatives to achieve successful advertising sales could have a material adverse effect on the Company's business, operating results and financial condition.

ENHANCEMENT OF YAHOO! MAIN SITE AND DEVELOPMENT OF NEW MEDIA PROPERTIES

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality, features and content of the YAHOO! main site, as well as the Company's other branded media properties, such as the NETSCAPE GUIDE BY YAHOO!. There can be no assurance that the Company will be able to successfully maintain competitive user response time or implement new features and functions, such as greater levels of user personalization, localized content filter and information delivery through "push" methods, which will involve the development of increasingly complex technologies.

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The Company's future success also depends in part upon the timely processing of Web site listings submitted by users and Web content providers, which have increased substantially in recent periods. The Company has from time to time experienced significant delays in the processing of submissions, and further delays could have a material adverse effect on the Company's goodwill among Web users and content providers, and on the Company's business.

A key element of the Company's business strategy is the development and introduction of new YAHOO! branded navigational products targeted for specific interest areas, user groups with particular demographic characteristics and geographic areas. There can be no assurance that the Company will be successful in developing, introducing and marketing such products or media properties or that such products and media properties will achieve market acceptance, enhance the Company's brand name recognition or increase traffic on Yahoo!'s online properties. The Company depends substantially on third party efforts in the development and operation of these new media properties. The introduction of new media properties also may be subject to delays that may negatively affect advertising revenues and the Company's competitive position. Furthermore, enhancements of or improvements to YAHOO! or new media properties may contain undetected errors that require significant design modifications, resulting in a loss of customer confidence and user support and a decrease in the value of the Company's brand name recognition. Any failure of the Company to effectively develop and introduce these properties, or failure of such properties to achieve market acceptance, could adversely affect the Company's business, results of operations and financial condition.

TECHNOLOGICAL CHANGE

The market for Internet products and services is characterized by rapid technological developments, evolving industry standards and customer demands, and frequent new product introductions and enhancements. These market characteristics are exacerbated by the emerging nature of this market and the fact that many companies are expected to introduce new Internet products and services in the near future. The Company's future success will depend in significant part on its ability to continually improve the performance, features and reliability of YAHOO! and other properties in response to both evolving demands of the marketplace and competitive product offerings, and there can be no assurance that the Company will be successful in doing so. In addition, the widespread adoption of new Web functionality through developments such as the Java programming language and increasingly personalized information filtering and delivery could require fundamental changes in the Company's services and could fundamentally affect the nature, viability and measurability of Web-based advertising, which could adversely affect the Company's business, operating results and financial condition.

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MANAGEMENT OF POTENTIAL GROWTH

The Company's recent growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. To manage its potential growth, the Company must continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The Company also currently intends to establish mirror, or duplicate, sites in other geographic locations, which will create additional operational and management complexities, including the need for continual updating and maintenance of directory listings among geographically dispersed network servers. The Company also expects that its operational and

management systems will face additional strain as a result of the development and operation of the NETSCAPE GUIDE BY YAHOO!. See "Risks Associated with NETSCAPE GUIDE BY YAHOO!". The process of managing advertising within large, high traffic Web sites such as YAHOO! is an increasingly important and complex task. The Company relies on both internal and licensed third party advertising inventory management and analysis systems. To the extent that any extended failure of the Company's advertising management system results in incorrect advertising insertions, the Company may be exposed to "make good" obligations with its advertising customers, which, by displacing advertising inventory, could defer advertising revenues and thereby have a material adverse effect on the Company's business, operating results and financial condition. There can be no assurance that the Company will be able to effectively manage the expansion of its operations, that the Company's systems, procedures or controls will be adequate to support the Company's operations or that Company management will be able to achieve the rapid execution necessary to fully exploit the market opportunity for the Company's products and media properties. Any inability to effectively manage growth, if any, could have a material adverse effect on the Company's business, operating results and financial condition.

RISK OF CAPACITY CONSTRAINTS AND SYSTEMS FAILURES

A key element of the Company's strategy is to generate a high volume of use of its online media properties. Accordingly, the performance of the Company's online media properties is critical to the Company's reputation, its ability to attract advertisers to the Company's Web sites and to achieve market acceptance of these products and media

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properties. Any system failure that causes interruption or an increase in response time of the Company's products and media properties could result in less traffic to the Company's Web sites and, if sustained or repeated, could reduce the attractiveness of the Company's products and media properties to advertisers and licensees. An increase in the volume of queries conducted through the Company's products and media properties could strain the capacity of the software or hardware deployed by the Company, which could lead to slower response time or system failures, and adversely affect the number of impressions received by advertising and thus the Company's advertising revenues. In addition, as the number of Web pages and users increase, there can be no assurance that the Company's products and media properties and infrastructure will be able to scale accordingly. The Company also faces technical challenges associated with higher levels of personalization and localization of content delivered to users of its services, which adds strain to the Company's development and operational resources. The Company is also dependent upon Web browsers and Internet and online service providers for access to its products and media properties. In particular, a private third party provider, ISI, provides the Company with access to three partial T3 (45 megabit per second) Internet connections. In the past, users have occasionally experienced difficulties due to system failures, including failures unrelated to the Company's systems. Any disruption in the Internet access provided by ISI or any failure of ISI to handle higher volumes of user traffic could have a material adverse effect on the Company's business, operating results and financial condition. Furthermore, the Company is dependent on hardware suppliers for prompt delivery, installation and service of servers and other equipment used to deliver the Company's products and services.

The Company's operations are dependent in part upon its ability to protect its operating systems against physical damage from fire, floods, earthquakes, power loss, telecommunications failures, break-ins and similar events. The Company does not presently have redundant, multiple site capacity in the event of any such occurrence. Despite the implementation of network security measures by the Company, its servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with the Company's computer systems. The occurrence of any of these events could result in interruptions, delays or cessations in service to users of the Company's products and media properties, which could have a material adverse effect on the Company's business, operating results and financial condition.

INTEGRATION OF POTENTIAL ACQUISITIONS

During 1996, the Company formed a number of joint ventures. As part of its

business strategy, the Company expects to enter into further business combinations and/or make significant investments in, complementary companies, products or technologies. Any such transactions would be accompanied by the risks commonly encountered in such transactions. Such risks include, among other things, the difficulty of assimilating the operations and personnel of the acquired companies, the potential disruption of the Company's ongoing business, the inability of management to maximize the financial and strategic position of the Company through the successful incorporation of acquired technology or content and rights into the Company's products and media properties, the difficulties of integrating personnel of acquired entities, additional expenses associated with amortization of acquired intangible assets, the maintenance of

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uniform standards, controls, procedures and policies, the impairment of relationships with employees and customers as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired businesses. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

TRADEMARKS AND PROPRIETARY RIGHTS

The Company regards its copyrights, trademarks, trade dress, trade secrets and similar intellectual property as critical to its success, and the Company relies upon trademark and copyright law, trade secret protection and confidentiality and/or license agreements with its employees, customers, partners and others to protect its proprietary rights. The Company pursues the registration of its trademarks in the United States and (based upon anticipated use) internationally, and has applied for the registration of certain of its trademarks, including "Yahoo!" and "Yahooligans!." Effective trademark, copyright and trade secret protection may not be available in every country in which the Company's products and media properties are distributed or made available through the Internet. The Company has licensed in the past, and it expects that it may license in the future, elements of its distinctive trademarks, trade dress and similar proprietary rights to third parties, including in connection with branded mirror sites of YAHOO! and other media properties that may be controlled operationally by third parties. While the Company attempts to ensure that the quality of its brand is maintained by such licensees, no assurances can be given that such licensees will not take actions that could materially and adversely affect the value of the Company's proprietary rights or the reputation of its products and media properties, either of which could have a material adverse effect on the Company's business. Also, the Company is aware that third parties have from time to time copied significant portions of YAHOO! directory listings for use in competitive Internet navigational tools and services, and there can be no assurance that the distinctive elements of YAHOO! will be protectible under copyright law. There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, trade dress and similar proprietary rights. In addition, there can be no assurance that other parties will not assert infringement claims against the Company.

Many parties are actively developing search, indexing and related Web technologies at the present time. The Company believes that such parties have taken and will continue to take steps to protect these technologies, including seeking patent protection. As a result, the Company believes that disputes regarding the ownership of such technologies are likely to arise in the future.

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. As of the date of this Report, the Company is not aware of any legal proceedings or claims that the

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Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

DEPENDENCE ON KEY PERSONNEL

The Company's performance is substantially dependent on the performance of its senior management and key technical personnel. In particular, the Company's success depends substantially on the continued efforts of its senior management team, which currently is composed of a small number of individuals who only recently joined the Company. The Company does not carry key person life insurance on any of its senior management personnel. The loss of the services of any of its executive officers or other key employees could have a material adverse effect on the business, operating results and financial condition of the Company.

The Company's future success also depends on its continuing ability to attract and retain highly qualified technical and managerial personnel. Competition for such personnel is intense and there can be no assurance that the Company will be able to retain its key managerial and technical employees or that it will be able to attract and retain additional highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material and adverse effect upon the Company's business, operating results and financial condition.

GOVERNMENT REGULATION AND LEGAL UNCERTAINTIES

The Company is not currently subject to direct regulation by any government agency in the United States, other than regulations applicable to businesses generally, and there are currently few laws or regulations directly applicable to access to or commerce on the Internet. Due to the increasing popularity and use of the Internet, it is possible that a number of laws and regulations may be adopted with respect to the Internet, covering issues such as user privacy, pricing and characteristics and quality of products and services. For example, the Company may be subject to the provisions of the recently enacted Communications Decency Act (the "CDA"). Although the constitutionality of the CDA, the manner in which the CDA will be interpreted and enforced and its effect on the Company's operations cannot be determined, it is possible that the CDA could expose the Company to substantial liability. The CDA could also dampen the growth in use of the Web generally and decrease the acceptance of the Web as a communications and commercial medium, and could, thereby, have a material adverse effect on the Company's business, results of operations and financial condition. A number of other countries also have enacted or may enact laws that regulate Internet Content. The adoption of such laws or regulations may decrease the growth of the Internet, which could in turn decrease the demand for the Company's products and media properties. Such laws and regulations also could increase the Company's cost of doing business or otherwise have an adverse effect on the Company's business, operating results and financial condition. Moreover, the applicability to the Internet of the existing laws governing issues such as property ownership, defamation, obscenity and personal privacy is uncertain, and the Company may be subject to claims that its services violate such laws. Any such new legislation or regulation or the application of existing laws and regulations to the Internet could have a

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material adverse effect on the Company's business, operating results and financial condition.

LIABILITY FOR INFORMATION SERVICES

Because materials may be downloaded by the online or Internet services operated or facilitated by the Company and may be subsequently distributed to others, there is a potential that claims will be made against the Company for defamation, negligence, copyright or trademark infringement, personal injury or other theories based on the nature and content of such materials. Such claims have been brought, and sometimes successfully pressed against online services in the past. In addition, the Company could be exposed to liability with respect to the selection of listings that may be accessible through the Company's YAHOO! branded products and media properties, or through content and materials that may be posted by users in classifieds, bulletin board and chat room services offered by the Company. It is also possible that if any information provided through the Company's services, such as stock quotes,

analyst estimates or other trading information, contains errors, third parties could make claims against the Company for losses incurred in reliance on such information. Also, to the extent that the Company provides users with information relating to purchases of goods and services, the Company or its operating subsidiaries could face claims relating to injuries or other damages arising from such goods and services. Although the Company carries general liability insurance, the Company's insurance may not cover potential claims of this type or may not be adequate to indemnify the Company for all liability that may be imposed. Any imposition of liability or legal defense expenses that are not covered by insurance or is in excess of insurance coverage could have a material adverse effect on the Company's business, operating results and financial condition.

RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS AND EXPANSION

A key part of the Company's strategy is to develop "Yahoo!" branded online properties in international markets. The Company has developed and operates, through joint ventures with SOFTBANK and SB Holdings (Europe) Ltd., versions of the YAHOO! Internet Guide localized for Japan, Germany, France and the U.K, and the Company offers a version of YAHOO! localized for Canada under an agreement with Rogers Communications. International revenues (sales outside of North America) were approximately 1% of total revenues for the year ended December 31, 1996.

To date, the Company has only limited experience in developing localized versions of its products and marketing and operating its products and services internationally, and the Company relies substantially on the efforts and abilities of its foreign business partners in such activities. If the international revenues are not adequate to offset investments in such activities, the Company's business, operating results and financial condition could be materially adversely affected. There can be no assurance that the Company or its partners will be able to successfully market and operate its products and services in foreign markets. In addition to the uncertainty as to the Company's ability to continue to generate revenues from its foreign operations and expand its international presence, there are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, export restrictions, trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, software piracy, seasonal reductions in business activity in certain other parts of the world and potentially adverse tax consequences, which could adversely impact the success of the Company's international operations. There can be no assurance that one or more of such factors will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, operating results and financial condition.

CONCENTRATION OF STOCK OWNERSHIP

As of January 31, 1997, the present directors, executive officers, greater than 5% shareholders and their respective affiliates beneficially owned approximately 81% of the outstanding Common Stock of the Company. As of January 31, 1997, SOFTBANK beneficially owned approximately 35% of the outstanding Common Stock of the Company. As a result of their ownership, the directors, executive officers, greater than 5% shareholders (including SOFTBANK) and their respective affiliates collectively are able to control all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying or preventing a change in control of the Company.

VOLATILITY OF STOCK PRICE

The trading price of the Company's Common Stock has been and may continue to be subject to wide fluctuations in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media properties by the Company or its competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable to the Company, and news reports relating to trends in the Company's markets. In addition, the stock market in general, and the market prices for Internet-related companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the trading price of the Company's Common Stock, regardless of the Company's operating performance.

ANTITAKEOVER EFFECT OF CERTAIN CHARTER PROVISIONS

The Board of Directors has the authority to issue up to 10,000,000 shares of Preferred Stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the shareholders. The rights of the holders of Common Stock may be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change of control of the Company without further action by the shareholders and may adversely affect the voting and other rights of the holders of Common Stock. The Company has no present plans to issue shares of Preferred Stock. Further, certain provisions of the Company's charter documents, including provisions eliminating the ability of shareholders to take action by written consent and limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice, may have the effect of delaying or preventing changes in control or management of the Company, which could have an adverse effect on the market price of the Company's Common Stock. In addition, effective upon qualification of the Company as a "listed corporation," as defined in Section 301.5(d) of the California Corporations Code, the Company's charter documents eliminated cumulative voting and provide that, at such time as the Company has at least six directors, the Company's Board of Directors will be divided into two classes, each of which serves for a staggered two-year term, which may make it more difficult for a third party to gain control of the Company's Board of Directors.

Item 2. Properties

Yahoo!'s headquarters facility is located in an office suite in Santa Clara, California. The Company occupies this leased facility which is approximately 33,579 square feet. The Company's previous headquarters facility was located in one building in Sunnyvale, California. The Company does not currently occupy this leased facility which is approximately 11,220 square feet, but anticipates moving certain employees to this facility during 1997. Office space for the Company's international subsidiaries is leased on a monthly basis in London, Munich, and Paris. The Company also leases sales offices in Chicago, Dallas, Los Angeles, and New York. The Company's principal Web server equipment and operations are maintained by I-Systems, Inc. in Mountain View, California.

The Company believes that its existing facilities are adequate to meet current requirements, and that suitable additional or substitute space will be available as needed to accommodate any further physical expansion of corporate operations and for any additional sales offices.

Item 3. Legal Proceedings

From time to time the Company is subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of trademarks and other intellectual property rights. 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 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 1996.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Incorporated by reference from the information under the caption "Stock Information" on page 38 of the Registrant's 1996 Annual Report to Shareholders.

Item 6. Selected Financial Data

Incorporated by reference from the information under the caption "Selected Financial Data" on page 17 of the Registrant's 1996 Annual Report to Shareholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Incorporated by reference from the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18 - 22 of the Registrant's 1996 Annual Report to Shareholders.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements together with the report thereon of Price Waterhouse LLP dated January 14, 1997, appearing in the Registrant's 1996 Annual Report to Shareholders, are incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Effective February 1, 1996, Price Waterhouse LLP was engaged as the Company's independent accountants. Prior to February 1, 1996, Coopers & Lybrand L.L.P. had been the Company's independent accountants. The decision to change independent accountants was approved by the Company's Board of Directors. Coopers & Lybrand L.L.P. has not audited or reported on any financial statements of the Company as of any date or for any period and has not consulted with the Company on any matters of accounting principles or practices. Prior to February 1, 1996, the Company had not consulted with Price Waterhouse LLP on any items which involved the Company's accounting principles or the form of audit opinion to be issued on the Company's financial statements.

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PART III

Item 10. Directors and Executive Officers of the Registrant

Incorporated by reference from the information under the caption "Proposal No. 1 - Election of Directors" in the Registrant's Proxy Statement for its 1997 Annual Meeting of Shareholders. The following sets forth certain information with respect to the other executive officers of Yahoo!:

David Filo (age 30), Chief Yahoo and a founder of the Company, has served as an officer of the Company since March 1995, and served as a director of the Company from its founding through February 1996. Mr. Filo co-developed YAHOO! in 1994 while working towards his Ph.D. in electrical engineering at Stanford University, and co-founded the Company in 1995. Mr. Filo holds a B.S. degree in computer engineering from Tulane University and a M.S. degree in electrical engineering from Stanford University.

Jeff Mallett (age 32) has served as the Company's Senior Vice President, Business Operations since October 1995. Prior to joining the Company, Mr. Mallett was Vice President and General Manager of the WordPerfect consumer division of Novell, Inc., a network operating system software company, from 1993 to 1995 and a member of Novell's Corporate Executive Marketing Group. Prior to that, Mr. Mallett was a member of the founding team of Reference Software International where he held various positions from 1988 to 1992, including Vice President, Sales and Marketing. From 1985 to 1987, Mr. Mallett held the position of Director, Sales and Marketing at IPT Corp., a privately held telecommunications company. Mr. Mallett holds a degree in Business Administration from Santa Rosa College.

Anil Singh (age 38) was promoted to Vice President, Advertising Sales in December 1996. Prior to that, Mr. Singh served as the Company's Director of

Sales since November 1995. Prior to joining the Company, Mr. Singh was Vice President of Sales for Socket Communications from 1994 to 1995. From 1992 to 1994, Mr. Singh was Vice President of Sales for Mountain Inc. From 1991 to 1992, Mr. Singh was Director of Sales for Novell Inc. Mr. Singh holds a B.S. degree in computer science from Imperial College at the University of London, England.

Gary Valenzuela (age 40) has served as the Company's Senior Vice President, Finance and Administration, and Chief Financial Officer since February 1996. From 1994 to 1996, Mr. Valenzuela served as Senior Vice President, Finance and Administration, and Chief Financial Officer of TGV Software, Inc., a publicly held developer of TCP/IP software products. Prior to joining TGV, Mr. Valenzuela was employed by Pyramid Technology Corporation, a then-publicly held manufacturer of UNIX minicomputers, where he last served as Senior Vice President, Finance and Chief Financial Officer. Mr Valenzuela holds a B.S. degree in Business Administration from San Jose State University, and is a Certified Public Accountant in the State of California.

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Farzad Nazem (age 35) has served as the Company's Senior Vice President, Product Development and Site Operations since March 1996. From 1985 to 1996, Mr. Nazem held a number of technical and executive management positions at Oracle Corporation, including, most recently, Vice President of Oracle's Media and Web Server Division and member of the Product Division Management Committee. Prior to that, Mr. Nazem was a member of the technical staff at SYDIS, Inc. and Rolm Corporation. Mr. Nazem holds a B.S. in Computer Science from California Polytechnic State University.

Item 11. Executive Compensation

Incorporated by reference from the information under the captions "Executive Officer Compensation," "Report of the Compensation Committee of the Board of Directors on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and "Performance Graph" in the Registrant's Proxy Statement for its 1997 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Incorporated by reference from the information under the captions "Record Date; Voting Securities" and "Information Regarding Beneficial Ownership of Principal Shareholders and Management" in the Registrant's Proxy Statement for its 1997 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions

Incorporated by reference from the information under the captions "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation" in the Registrant's Proxy Statement for its 1997 Annual Meeting of Shareholders.

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PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements:

The following consolidated financial statements of Yahoo! Inc. and the Report of Independent Accountants are incorporated herein by reference to the Registrant's 1996 Annual Report to Shareholders:

Consolidated Balance Sheets at December 31, 1996 and 1995	23
Consolidated Statements of Operations for the two years ended December 31, 1996	24
Consolidated Statements of Shareholders' Equity for the two years ended December 31, 1996	25
Consolidated Statements of Cash Flows for the two years ended December 31, 1996	26
Notes to Consolidated Financial Statements	27
Report of Independent Accountants	37

(2) Financial Statement Schedule:

The following financial statement schedule of Yahoo! Inc. is submitted herewith and should be read in conjunction with the consolidated financial statements:

	Page in Form 10-K -----
Report of Independent Accountants on Financial Statement Schedule	35
Schedule II - Valuation and Qualifying Accounts for the two years ended December 31, 1996	36

All other financial statement schedules required by Item 14(a)(2) have been omitted because they are inapplicable or the required information has been included in the consolidated financial statements or notes thereto.

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(3) Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K):

Exhibit Number -----	Description -----
3.1	Form of Amended and Restated Articles of Incorporation of Registrant (Filed as Exhibit 3.2 to the Company's Registration Statement on the Form SB-2, Registration No. 333-2142-LA, declared effective on April 11, 1996 [the "SB-2 Registration Statement"] and incorporated herein by reference.)
3.2	Amended and Restated Bylaws of Registrant (Filed as Exhibit 3.3 to the SB-2 Registration Statement and incorporated herein by reference.)
10.1	Form of Indemnification Agreement with the Registrant's officers and directors (Filed as Exhibit 10.1 to the SB-2 Registration Statement and incorporated herein by reference.)
10.2	1995 Stock Plan, as amended, and form of stock option agreement
10.3	Form of Management Continuity Agreement with the Registrant's Executive Officers (Filed as Exhibit 10.3 to the SB-2 Registration Statement and incorporated herein by reference.)
10.4	Stock Purchase Agreement dated March 3, 1995 with each of David Filo and Jerry Yang (Filed as Exhibit 10.4 to SB-2 Registration Statement and incorporated herein by reference.)
10.5	Series A Preferred Stock Agreement dated April 7, 1995 between the Registrant and Purchasers of Series A Preferred

- Stock (Filed as Exhibit 10.5 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.6 Form of Stock Restriction Agreements dated April 7, 1995 between the Registrant and Jerry Yang and David Filo (Filed as Exhibit 10.6 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.7 Series B Preferred Stock Agreement dated November 22, 1995 between the Registrant and Purchasers of Series B Preferred Stock (Filed as Exhibit 10.7 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.8 Series C Preferred Stock Agreement dated March 12, 1996 between the Registrant and SOFTBANK Holdings Inc. (Filed as Exhibit 10.8 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.9 Second Amended and Restated Investor Rights Agreement dated March 12, 1996 between the Registrant and certain shareholders (Filed as Exhibit 10.9 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.10 Second Amended and Restated Co-Sale Agreement dated March 12, 1996 between the Registrant and certain (Filed as Exhibit 10.10 to the SB-2 Registration Statement and incorporated herein by reference.)

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- 10.11 Second Amended and Restated Voting Agreement dated March 12, 1996 between the Registrant and certain shareholders (Filed as Exhibit 10.11 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.12+ Publishing Agreement dated June 2, 1995 between the Registrant and IDG Books Worldwide, Inc. (Filed as Exhibit 10.12 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.13+ Agency Agreement dated June 6, 1995 between the Registrant and Interactive Marketing, Inc. (Filed as Exhibit 10.13 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.14 Lease Agreement relating to the Registrant's office at 635 Vaqueros Avenue, Sunnyvale, California (Filed as Exhibit 10.18 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.15 Sublease Agreement dated June 6, 1996 relating to the Registrant's office at 3400 Central Expressway, Suite 201, Santa Clara, California
- 10.16+ Agreement dated January 15, 1996 between the Registrant and Ziff-Davis Publishing Company (Filed as Exhibit 10.19 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.17 1996 Employee Stock Purchase Plan and form of subscription agreement (Filed as Exhibit 10.20 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.18 1996 Directors' Stock Option Plan and form of option agreement (Filed as Exhibit 10.21 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.19+ Yahoo! Canada Affiliation Agreement dated February 29, 1996 between the Registrant and Rogers Multi-Media Inc. (Filed as Exhibit 10.23 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.20+ Directory Development Agreement dated February 14, 1996 between the Registrant and Ingenius, a Colorado Partnership (Filed as Exhibit 10.24 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.21 Standstill and Voting Agreement dated March 12, 1996 between the Registrant and SOFTBANK Holdings Inc. (Filed as Exhibit 10.26 to the SB-2 Registration Statement and incorporated herein by reference.)

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- 10.22 Premier Provider Agreement dated March 15, 1996 between the Registrant and Netscape Communications Corporation (Filed as Exhibit 10.27 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.23 Form of Common Stock Purchase Warrant issued by the Registrant to Visa International (Filed as Exhibit 10.29 to the SB-2 Registration Statement and incorporated herein by reference.)
- 10.24+ Value-Added Link Agreement dated July 3, 1996 by and between Yahoo! Inc. and Digital Equipment Corporation (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended June 30, 1996 [the "June 30, 1996 10-Q"] and incorporated herein by reference.)
- 10.25+ Joint Venture Agreement dated April 1, 1996 by and between Yahoo! Inc. and SOFTBANK Corporation (Filed as Exhibit 10.2 to the June 30, 1996 10-Q and incorporated herein by reference.)
- 10.26+ Yahoo! Japan License Agreement dated April 1, 1996 by and between Yahoo! Inc. and Yahoo! Japan Corporation (Filed as Exhibit 10.3 to the June 30, 1996 10-Q and incorporated herein by reference.)
- 10.27+ SOFTBANK Letter Agreement dated April 1, 1996 by and between Yahoo! Inc. and SOFTBANK Group (Filed as Exhibit 10.4 to the June 30, 1996 10-Q and incorporated herein by reference.)
- 10.28+ Yahoo! Marketplace Limited Liability Company Agreement dated August 26, 1996 by and between Yahoo! Inc., Visa Marketplace Inc., and Sterling Payot Capital, L.P. (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 [the "September 30, 1996 10-Q"] and incorporated herein by reference.)
- 10.29+ Yahoo! Marketplace Operating Agreement dated August 26, 1996 by and between Yahoo! Marketplace, Yahoo! Inc., and Visa International Service Association (Filed as Exhibit 10.2 to the September 30, 1996 10-Q and incorporated herein by reference.)
- 10.30* Joint Venture Agreement dated November 1, 1996 by and between Yahoo! Inc. and SB Holdings (Europe) Ltd.
- 10.31* Yahoo! UK License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! UK
- 10.32* Yahoo! Deutschland License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! Deutschland
- 10.33* Yahoo! France License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! France
- 10.34* Services Agreement dated November 1, 1996 by and between Yahoo! UK Ltd. and Ziff-Davis UK, Ltd.
- 10.35* Services Agreement dated November 1, 1996 by and between Yahoo! GmbH and Ziff-Davis Verlag, GmbH
- 10.36* Services Agreement dated November 1, 1996 by and between Yahoo! France, SARL and Ziff-Davis France, S.A.

- 10.37* Netscape Communications Corporation Co-Marketing Agreement dated March 17, 1996 by and between Netscape Communications Corporation and Yahoo! Inc.
- 10.38* Trademark License Agreement dated March 17, 1996 by and between Netscape Communications Corporation and Yahoo! Inc.
- 10.39* Netscape Communications Corporation U.S. English-Language Net Search Program Premier Provider Services Agreement dated March 17, 1996 by and between Netscape Communications Corporation and Yahoo! Inc.
- 11.1 Computation of Net Loss Per Share
- 13.1 Portions of the 1996 Annual Report to Shareholders
- 16.1 Letter dated March 6, 1996 from Coopers & Lybrand L.L.P., prior accountant of the Registrant (Filed as Exhibit 10.25 to the SB-2 Registration Statement and incorporated herein by reference.)
- 21.1 List of Subsidiaries
- 23.1 Consent of Independent Accountants
- 27.1 Financial Data Schedule

- + Confidential treatment granted.
- * Confidential treatment requested.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended December 31, 1996.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused the report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 31st day of March, 1997.

YAHOO! INC.

By: /s/ Timothy Koogle

 Timothy Koogle
 President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Timothy Koogle and Gary Valenzuela, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with Exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature -----	Title -----	Date -----
/s/ Timothy Koogle ----- Timothy Koogle	President and Chief Executive Officer (Principal Executive Officer)	March 31, 1997
/s/ Gary Valenzuela ----- Gary Valenzuela	Senior Vice President, Finance and Administration, and Chief Financial Officer (Principal Financial Officer)	March 31, 1997
/s/ James J. Nelson ----- James J. Nelson	Corporate Controller (Principal Accounting Officer)	March 31, 1997
/s/ Eric Hippeau ----- Eric Hippeau	Director	March 31, 1997
/s/ Arthur H. Kern ----- Arthur H. Kern	Director	March 31, 1997
/s/ Michael Moritz ----- Michael Moritz	Director	March 31, 1997
/s/ Jerry Yang ----- Jerry Yang	Director	March 31, 1997

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REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Yahoo! Inc.

Our audits of the consolidated financial statements referred to in our report dated January 14, 1997 which appears in the 1996 Annual Report to Shareholders of Yahoo! Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE LLP
San Jose, California
January 14, 1997

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SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts	Balance at Beginning of Year	Additions		Write-offs Net of Recoveries	Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
* 1995	\$ -	\$ 82,000	\$ -	\$ -	\$ 82,000
1996	\$ 82,000	\$ 524,000	\$ -	\$ 6,000	\$ 600,000

* Period comprised of only ten months from March 5, 1995 (Inception) through December 31, 1995.

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INDEX TO EXHIBITS

Exhibit Number	Description
10.2	1995 Stock Plan, as amended, and form of stock option agreement
10.15	Sublease Agreement dated June 6, 1996 relating to the Registrant's office at 3400 Central Expressway, Suite 201, Santa Clara, California
10.30*	Joint Venture Agreement dated November 1, 1996 by and between Yahoo! Inc. and SB Holdings (Europe) Ltd.
10.31*	Yahoo! UK License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! UK
10.32*	Yahoo! Deutschland License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! Deutschland
10.33*	Yahoo! France License Agreement dated November 1, 1996 by and between Yahoo! Inc. and Yahoo! France
10.34*	Services Agreement dated November 1, 1996 by and between Yahoo! UK Ltd. and Ziff-Davis UK, Ltd.
10.35*	Services Agreement dated November 1, 1996 by and between Yahoo! GmbH

and Ziff-Davis Verlag, GmbH

- 10.36* Services Agreement dated November 1, 1996 by and between Yahoo! France, SARL and Ziff-Davis France, S.A.
- 10.37* Netscape Communications Corporation Co-Marketing Agreement dated March 17, 1996 by and between Netscape Communications Corporation and Yahoo! Inc.
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- 11.1 Computation of Net Loss per Share
- 13.1 Portions of the 1996 Annual Report to Shareholders
- 21.1 List of Subsidiaries
- 23.1 Consent of Independent Accountants
- 27.1 Financial Data Schedule

- -----
*Confidential treatment requested

YAHOO! INC.

1995 STOCK PLAN

(AS AMENDED SEPTEMBER 1996)

1. PURPOSES OF THE PLAN. The purposes of this 1995 Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants of the Company and its Subsidiaries and to promote the success of the Company's business. Options granted under the Plan may be incentive stock options (as defined under Section 422 of the Code) or nonstatutory stock options, as determined by the Administrator at the time of grant of an option and subject to the applicable provisions of Section 422 of the Code, as amended, and the regulations promulgated thereunder. Stock purchase rights may also be granted under the Plan.

2. DEFINITIONS. As used herein, the following definitions shall apply:

(a) "ADMINISTRATOR" means the Board or any of its Committees appointed pursuant to Section 4 of the Plan.

(b) "AFFILIATE" shall mean an entity (including a partnership or limited liability company) in which the Company, directly or indirectly through any subsidiary, owns an equity interest, but which entity is not a Subsidiary.

(c) "APPLICABLE LAWS" has the meaning set forth in Section 4(a) below.

(d) "BOARD" means the Board of Directors of the Company.

(e) "CODE" means the Internal Revenue Code of 1986, as amended.

(f) "COMMITTEE" means the Committee appointed by the Board of Directors in accordance with Section 4(a) of the Plan.

(g) "COMMON STOCK" means the Common Stock of the Company.

(h) "COMPANY" means Yahoo! Inc., a California corporation.

(i) "CONSULTANT" means any person, including a Director, who is engaged by the Company or any Parent, Subsidiary or Affiliate to render services and is compensated for such services.

(j) "CONTINUOUS STATUS AS AN EMPLOYEE OR CONSULTANT" means the absence of any interruption or termination of service as an Employee or Consultant. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of: (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Administrator, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expi-

ration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; or (iv) in the case of transfers between locations of the Company or between the Company, its Subsidiaries or their respective successors. For purposes of this Plan, a change in status from an Employee to a Consultant or from a Consultant to an Employee will not constitute an interruption of Continuous Status as an Employee or Consultant.

(k) "DIRECTOR" means a member of the Board.

(l) "EMPLOYEE" means any person, including Named Executives, Officers and Directors, employed by the Company or any Parent, Subsidiary or Affiliate of the Company, with the status of employment determined based upon such minimum number of hours or periods worked as shall be determined by the Administrator in its discretion, subject to any requirements of the Code. The payment of a director's fee by the Company to a Director shall not be sufficient to constitute "employment" of the Director by the Company.

(m) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(n) "FAIR MARKET VALUE" means, as of any date, the fair market value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system including without limitation the National Market of the National Association of Securities Dealers, Inc. Automated Quotation ("Nasdaq") System, its Fair Market Value shall be the closing sales price for such stock as quoted on such system on the date of determination (if for a given day no sales were reported, the closing bid on that day shall be used), as such price is reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the Nasdaq System (but not on the National Market thereof) or regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the bid and asked prices for the Common Stock on the date of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(o) "INCENTIVE STOCK OPTION" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable written option agreement.

(p) "NAMED EXECUTIVE" means any individual who, on the last day of the Company's fiscal year, is the chief executive officer of the Company (or is acting in such capacity) or among the four highest compensated officers of the Company (other than the chief

executive officer). Such officer status shall be determined pursuant to the executive compensation disclosure rules under the Exchange Act.

(q) "NONSTATUTORY STOCK OPTION" means an Option not intended to qualify as an Incentive Stock Option, as designated in the applicable written option agreement.

(r) "OPTION" means a stock option granted pursuant to the Plan.

(s) "OPTIONED STOCK" means the Common Stock subject to an Option or a Stock Purchase Right.

(t) "OPTIONEE" means an Employee or Consultant who receives an Option or a Stock Purchase Right.

(u) "PARENT" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code, or any successor provision.

(v) "PLAN" means this 1995 Stock Plan.

(w) "REPORTING PERSON" means an Officer, Director, or greater than ten percent shareholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.

(x) "RESTRICTED STOCK" means shares of Common Stock acquired pursuant to a grant of a Stock Purchase Right under Section 11 below.

(y) "RULE 16B-3" means Rule 16b-3 promulgated under the Exchange Act, as the same may be amended from time to time, or any successor provision.

(z) "SHARE" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(aa) "STOCK EXCHANGE" means any stock exchange or consolidated stock price reporting system on which prices for the Common Stock are quoted at any given time.

(bb) "STOCK PURCHASE RIGHT" means the right to purchase Common Stock pursuant to Section 11 below.

(cc) "SUBSIDIARY" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code, or any successor provision.

3. STOCK SUBJECT TO THE PLAN. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be optioned and sold under the Plan is 13,000,000 shares of Common Stock. The Shares may be authorized, but unissued, or reacquired Common Stock. If an Option should expire or become unexercisable for any reason without having been exercised in full, the unpurchased Shares that were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan. In addition,

any Shares of Common Stock which are retained by the Company upon exercise of an Option or Stock Purchase Right in order to satisfy the exercise or purchase price for such Option or Stock Purchase Right or any withholding taxes due with respect to such exercise shall be treated as not issued and shall continue to be available under the Plan.

4. ADMINISTRATION OF THE PLAN.

(a) MULTIPLE ADMINISTRATIVE BODIES. If permitted by Rule 16b-3 and by the legal requirements relating to the administration of incentive stock option plans, if any, of applicable securities laws and the Code (collectively the "Applicable Laws"), grants under the Plan may be made by different bodies with respect to Directors, Officers who are not Directors and Employees or Consultants who are not Reporting Persons.

(b) ADMINISTRATION WITH RESPECT TO REPORTING PERSONS. With respect to grants of Options or Stock Purchase Rights to Employees or Consultants who are Reporting Persons, grants under the Plan shall be made by (A) the Board, if the Board may make grants under the Plan in compliance with Rule 16b-3, or (B) a Committee designated by the Board to make grants under the Plan, which committee shall be constituted in such a manner as to permit grants under the Plan to comply with Rule 16b-3, to qualify grants of Options to Named Executives as performance-based compensation under Section 162(m) of the Code and otherwise so as to satisfy the Applicable Laws.

(c) ADMINISTRATION WITH RESPECT TO OTHER PERSONS. With respect to grants of Options or Stock Purchase Rights to Employees or Consultants who are not Reporting Persons, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which committee shall be constituted in such a manner as to satisfy the Applicable Laws.

(d) GENERAL. If a Committee has been appointed pursuant to subsection (ii) or (iii) of this Section 4(a), such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies, however caused, and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by the Applicable Laws, and, in the case of a Committee appointed under subsection (ii), to the extent permitted by Rule 16b-3, and to the extent required under Section 162(m) of the Code to qualify grants of Options to Named Executives as performance-based compensation.

(e) POWERS OF THE ADMINISTRATOR. Subject to the provisions of the Plan and in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, including the approval, if required, of any Stock Exchange, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(m) of the Plan;

(ii) to select the Consultants and Employees to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine whether and to what extent Options and Stock Purchase Rights or any combination thereof are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each such award granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder, including, but not limited to, the share price and any restriction or limitation, the vesting of any Option or the acceleration of vesting or waiver of a forfeiture restructure, based in each case on such factors as the Administrator shall determine, in its sole discretion;

(vii) to determine whether and under what circumstances an Option may be settled in cash under Section 10(g) instead of Common Stock;

(viii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;

(ix) to determine the terms and restrictions applicable to Stock Purchase Rights and the Restricted Stock purchased by exercising such Stock Purchase Rights; and

(x) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(xi) in order to fulfill the purposes of the Plan and without amending the Plan, to modify grants of Options or Stock Purchase Rights to participants who are foreign nationals or employed outside of the United States in order to recognize differences in local law, tax policies or customs.

(f) EFFECT OF ADMINISTRATOR'S DECISION. All decisions, determinations and interpretations of the Administrator shall be final and binding on all holders of Options or Stock Purchase Rights.

5. ELIGIBILITY.

(a) RECIPIENTS OF GRANTS. Nonstatutory Stock Options and Stock Purchase Rights may be granted to Employees and Consultants; provided, however, that no person subject to the reporting requirements of Section 16 of the Exchange Act may receive an option or stock purchase right unless such person is employed by or a consultant to the Company or any Parent or Subsidiary. Incentive Stock Options may be granted only to Employees, provided, however,

that Employees of an Affiliate shall be not be eligible to receive Incentive Stock Options. An Employee or Consultant who has been granted an Option or Stock Purchase Right may, if he or she is otherwise eligible, be granted additional Options or Stock Purchase Rights.

(b) TYPE OF OPTION. Each Option shall be designated in the written option agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(b), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an Incentive Stock Option shall be determined as of the date of the grant of such Option.

(c) NO EMPLOYMENT RIGHTS. The Plan shall not confer upon any Optionee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with such Optionee's right or the Company's right to terminate his or her employment or consulting relationship at any time, with or without cause.

6. TERM OF PLAN. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the

shareholders of the Company as described in Section 20 of the Plan. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 16 of the Plan.

7. TERM OF OPTION. The term of each Option shall be the term stated in the Option Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof or such shorter term as may be provided in the Option Agreement and provided further that, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the written option agreement.

8. LIMITATION ON GRANTS TO EMPLOYEES. Subject to adjustment as provided in this Plan, the maximum number of Shares which may be subject to Options granted to any one Employee under this Plan for any fiscal year of the Company shall be 1,000,000.

9. OPTION EXERCISE PRICE AND CONSIDERATION.

(a) EXERCISE PRICE. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Board and set forth in the applicable agreement, but shall be subject to the following:

(i) In the case of an Incentive Stock Option that is:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option that is:

(A) granted to a person who, at the time of grant of such Option, is a Named Executive of the Company, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant; and

(B) granted to any person other than a Named Executive, the per Share exercise price shall be no less than 85% of the Fair Market Value per Share on the date of grant.

(b) PERMISSIBLE CONSIDERATION. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant) and may consist entirely of (1) cash, (2) check, (3) promissory note, (4) other Shares that (x) in the case of Shares acquired upon exercise of an Option, have been owned by the Optionee for more than six months on the date of surrender or such other period as may be required to avoid a charge to the Company's earnings, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) authorization for the Company to retain from the total number of Shares as to which the Option is exercised that number of Shares having a Fair Market Value on the date of exercise equal to the exercise price for the total number of Shares as to which the Option is exercised, (6) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price and any applicable income or employment taxes, (7) any combination of the foregoing methods of payment, or (9) such other consideration and method of payment for the issuance of Shares to the extent permitted under Applicable Laws. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

10. EXERCISE OF OPTION.

(a) PROCEDURE FOR EXERCISE; RIGHTS AS A SHAREHOLDER. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, and reflected in the written option agreement, which may include vesting requirements and/or performance criteria with respect to the Company and/or the Optionee.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and the Company has received full payment for the Shares with respect to which the Option is exercised. Full payment may, as authorized by the Board, consist of any consideration and method of payment allowable under Section 9(b) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, not withstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 13 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) TERMINATION OF EMPLOYMENT OR CONSULTING RELATIONSHIP. Subject to Section 10(c), in the event of termination of an Optionee's Continuous Status as an Employee or Consultant with the Company, such Optionee may, but only within three (3) months (or such other period of time not less than thirty (30) days and not more than twelve (12) months as is determined by the Administrator, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option and not exceeding three (3) months) after the date of such termination (but in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), exercise his or her Option to the extent that the Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise the Option at the date of such termination, or if Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate. No termination shall be deemed to occur and this Section 10(b) shall not apply if (i) the Optionee is a Consultant who becomes an Employee; or (ii) the Optionee is an Employee who becomes a Consultant.

(c) DISABILITY OF OPTIONEE. Notwithstanding Section 10(b) above, in the event of termination of an Optionee's Continuous Status as an Employee or Consultant as a result of his or her total and permanent disability (within the meaning of Section 22(e) (3) of the Code), Optionee may, but only within twelve (12) months from the date of such termination (but in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), exercise the Option to the extent otherwise entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise the Option at the date of termination, or if Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate.

(d) DEATH OF OPTIONEE. In the event of the death of an Optionee during the period of Continuous Status as an Employee or Consultant, or within thirty (30) days following the termination of the Optionee's Continuous Status as an Employee or Consultant, the Option

may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent the Optionee was entitled to exercise the Option at the date of death or, if earlier, the date of termination of the Continuous Status as an

Employee or Consultant. To the extent that Optionee was not entitled to exercise the Option at the date of death or termination, as the case may be, or if Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate.

(e) EXTENSION OF EXERCISE PERIOD. Notwithstanding the limitations set forth in Sections 10(b), (c) and (d) above, the Administrator has full power and authority to extend the period of time for which any Option granted under the Plan is to remain exercisable following termination of an Optionee's Continuous Status as an Employee or Consultant from the limited period set forth in the written option agreement to such greater period of time as the Administrator shall deem appropriate; provided, however, that in no event shall such Option be exercisable after the specified expiration date of the Option term.

(f) RULE 16b-3. Options granted to Reporting Persons shall comply with Rule 16b-3 and shall contain such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption for Plan transactions.

(g) BUYOUT PROVISIONS. The Administrator may at any time offer to buy out for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

11. STOCK PURCHASE RIGHTS.

(a) RIGHTS TO PURCHASE. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid (which price shall not be less than 85% of the Fair Market Value of the Shares as of the date of the offer), and the time within which such person must accept such offer, which shall in no event exceed thirty (30) days from the date upon which the Administrator made the determination to grant the Stock Purchase Right. The offer shall be accepted by execution of a Restricted Stock purchase agreement in the form determined by the Administrator. Shares purchased pursuant to the grant of a Stock Purchase Right shall be referred to herein as "Restricted Stock."

(b) REPURCHASE OPTION. Unless the Administrator determines otherwise, the Restricted Stock purchase agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including death or disability). The purchase price for Shares repurchased pursuant to the Restricted Stock purchase agreement shall be the original purchase price paid by

the purchaser and may be paid by cancellation of any indebtedness of the Purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(c) OTHER PROVISIONS. The Restricted Stock purchase agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock purchase agreements need not be the same with respect to each purchaser.

(d) RIGHTS AS A SHAREHOLDER. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. STOCK WITHHOLDING TO SATISFY WITHHOLDING TAX OBLIGATIONS. At the discretion of the Administrator, Optionees may satisfy withholding obligations as provided in this paragraph. When an Optionee incurs tax liability in connection with an Option or Stock Purchase Right, which tax liability is subject to tax withholding under applicable tax laws, and the Optionee is obligated to pay the Company an amount required to be withheld under applicable

tax laws, the Optionee may satisfy the withholding tax obligation by one or some combination of the following methods: (a) by cash payment, or (b) out of Optionee's current compensation, (c) if permitted by the Administrator, in its discretion, by surrendering to the Company Shares that (I) in the case of Shares previously acquired from the Company, have been owned by the Optionee for more than six months on the date of surrender, and (ii) have a fair market value on the date of surrender equal to or less than Optionee's marginal tax rate times the ordinary income recognized, or (d) by electing to have the Company withhold from the Shares to be issued upon exercise of the Option, or the Shares to be issued in connection with the Stock Purchase Right, if any, that number of Shares having a fair market value equal to the amount required to be withheld. For this purpose, the fair market value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date").

Any surrender by a Reporting Person of previously owned Shares to satisfy tax withholding obligations arising upon exercise of this Option must comply with the applicable provisions of Rule 16b-3.

All elections by an Optionee to have Shares withheld to satisfy tax withholding obligations shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

(a) the election must be made on or prior to the applicable Tax Date;

(b) once made, the election shall be irrevocable as to the particular Shares of the Option or Stock Purchase Right as to which the election is made; and

(c) all elections shall be subject to the consent or disapproval of the Administrator.

In the event the election to have Shares withheld is made by an Optionee and the Tax Date is deferred under Section 83 of the Code because no election is filed under Section 83(b) of the Code, the Optionee shall receive the full number of Shares with respect to which the Option or Stock Purchase Right is exercised but such Optionee shall be unconditionally obligated to tender back to the Company the proper number of Shares on the Tax Date.

13. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, CORPORATE TRANSACTIONS.

(a) CHANGES IN CAPITALIZATION. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option or Stock Purchase Right, and the number of shares of Common Stock that have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or that have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, the maximum number of Shares of Common Stock for which Options may be granted to any Employee under Section 8 of the Plan and the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination, recapitalization or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) CORPORATE TRANSACTIONS. In the event of the proposed dissolution or liquidation of the Company, the Option will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Administrator. The Administrator may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Administrator and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the

Company with or into another corporation, the Option shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Administrator determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the Optionee shall have the right to exercise the Option as to some or all of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. If the Administrator makes an Option exercisable in lieu of assumption or substitution in the event of a

merger or sale of assets, the Administrator shall notify the Optionee that the Option shall be exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period.

14. NON-TRANSFERABILITY OF OPTIONS AND STOCK PURCHASE RIGHTS. Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution; provided, however, that the Administrator may in its discretion grant transferable Nonstatutory Stock Options pursuant to option agreements specifying (i) the manner in which such Nonstatutory Stock Options are transferable and (ii) that any such transfer shall be subject to the Applicable Laws. Options and Stock Purchase Rights may be exercised or purchased during the lifetime of the Optionee or Stock Purchase Rights Holder only by the Optionee, Stock Purchase Rights Holder or a transferee permitted by this Section 14.

15. TIME OF GRANTING OPTIONS AND STOCK PURCHASE RIGHTS. The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other date as is determined by the Board. Notice of the determination shall be given to each Employee or Consultant to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

16. AMENDMENT AND TERMINATION OF THE PLAN.

(a) AMENDMENT AND TERMINATION. The Board may amend or terminate the Plan from time to time in such respects as the Board may deem advisable; provided that, the following revisions or amendments shall require approval of the shareholders of the Company in the manner described in Section 20 of the Plan:

(i) any increase in the number of Shares subject to the Plan, other than an adjustment under Section 14 of the Plan;

(ii) any change in the designation of the class of persons eligible to be granted Options; or

(iii) any change in the limitation on grants to employees as described in Section 8 of the Plan or other changes which would require shareholder approval to qualify options granted hereunder as performance-based compensation under Section 162(m) of the Code.

(b) SHAREHOLDER APPROVAL. If any amendment requiring shareholder approval under Section 16(a) of the Plan is made subsequent to the first registration of any class of equity securities by the Company under Section 12 of the Exchange Act, such shareholder approval shall be solicited as described in Section 20 of the Plan.

(c) EFFECT OF AMENDMENT OR TERMINATION. Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Board, which agreement must be in writing and signed by the Optionee and the Company.

17. CONDITIONS UPON ISSUANCE OF SHARES. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the

requirements of any Stock Exchange. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by law.

18. RESERVATION OF SHARES. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

19. AGREEMENTS. Options and Stock Purchase Rights shall be evidenced by written agreements in such form as the Administrator shall approve from time to time.

20. SHAREHOLDER APPROVAL.

(a) Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under applicable federal and state law and the rules of any stock exchange upon which the Shares are listed.

(b) In the event that the Company registers any class of equity securities pursuant to Section 12 of the Exchange Act, any required approval of the shareholders of the Company obtained after such registration shall be solicited substantially in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) If any required approval by the shareholders of the Plan itself or of any amendment thereto is solicited at any time otherwise than in the manner described in Section 20(b) hereof, then the Company shall, at or prior to the first annual meeting of shareholders held subsequent to the later of (1) the first registration of any class of equity securities of the Com-

pany under Section 12 of the Exchange Act or (2) the granting of an Option hereunder to an officer or director after such registration, do the following:

(i) furnish in writing to the holders entitled to vote for the Plan substantially the same information that would be required (if proxies to be voted with respect to approval or disapproval of the Plan or amendment were then being solicited) by the rules and regulations in effect under Section 14(a) of the Exchange Act at the time such information is furnished; and

(ii) file with, or mail for filing to, the Securities and Exchange Commission four copies of the written information referred to in subsection (i) hereof not later than the date on which such information is first sent or given to shareholders.

21. INFORMATION TO OPTIONEES. The Company shall provide to each Optionee, during the period for which such Optionee has one or more Options outstanding, copies of all annual reports and other information which are provided to all shareholders of the Company.

YAHOO! INC.
1995 STOCK PLAN
NOTICE OF STOCK OPTION GRANT

(NameofOptionee)
(AddressLine1)
(AddressLine2)

You have been granted an option to purchase Common Stock of Yahoo! Inc., a

California corporation (the "Company"), as follows:

Date of Grant (DateofGrant)

Vesting Commencement Date (VCD)

Exercise Price per Share \$(ExercisePrice)

Total Shares Subject to Option (NoShares)

Total Exercise Price \$(TotalExercisePrice)

Type of Option: (ISO) Incentive Stock Option

 (NQSO) Nonstatutory Stock Option

Term/Expiration Date: (ExpirationDate)

Vesting Schedule: This Option may be exercised, in whole or in part, in accordance with the following schedule:
 (Prevested) (FirstAmtVest) of the Shares subject to the Option shall vest and become exercisable on the first anniversary of the Vesting Commencement Date and (SecondAmtVest) of the Shares subject to the Option shall vest and become exercisable on each monthly anniversary of the Vesting Commencement Date thereafter (RemainderVest), such that the Option will be fully vested at the end of (Years) years following the Vesting Commencement Date.

Termination Period: This Option may be exercised for 30 days after termination of employment or consulting relationship except as set out in Sections 7 and 8 of the Stock Option Agreement (but in no event later than the Expiration Date).

By your signature and the signature of the Company's representative below, you and the Company agree that this option is granted under and governed by the terms and conditions of the Stock Option Agreement and the 1995 Stock Plan, all of which are attached and made a part of this document.

OPTIONEE: YAHOO! INC.

By: _____
(NameofOptionee) President

YAHOO! INC.
1995 STOCK PLAN
STOCK OPTION AGREEMENT

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING CONSULTANCY OR EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S STOCK OPTION PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH HIS RIGHT OR THE COMPANY'S RIGHT TO TERMINATE HIS EMPLOYMENT OR CONSULTANCY AT ANY TIME, WITH OR WITHOUT CAUSE.

1. GRANT OF OPTION. Yahoo! Inc., a California corporation (the "Company"), hereby grants to the Optionee named in the Notice of Grant (the "Optionee"), an option (the "Option") to purchase a total number of shares of Common Stock (the "Shares") set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price") subject to the terms, definitions and provisions of the Yahoo Corporation 1995 Stock Plan (the "Plan") adopted by the Company, which is incorporated herein by

reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option. If designated an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code.

2. EXERCISE OF OPTION. This Option shall be exercisable during its term in accordance with the Exercise Schedule set out in the Notice of Grant and with the provisions of Section 9 of the Plan as follows:

(i) RIGHT TO EXERCISE.

(a) This Option may not be exercised for a fraction of a share.

(b) In the event of Optionee's death, disability or other termination of employment, the exercisability of the Option is governed by Sections 6, 7 and 8 below, subject to the limitation contained in subsection 2(i)(c).

(c) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(ii) METHOD OF EXERCISE. This Option shall be exercisable only by written notice (in the form attached as Exhibit A) which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the Exercise Price. This Option shall be deemed to be exercised only upon receipt by the Company of such written notice accompanied by the Exercise Price.

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No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

3. OPTIONEE'S REPRESENTATIONS. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his Investment Representation Statement in the form attached hereto as Exhibit B, and shall read the applicable rules of the Commissioner of Corporations attached to such Investment Representation Statement.

4. METHOD OF PAYMENT. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

i. cash; or

ii. check; or

iii. surrender of other shares of Common Stock of the Company which (A) in the case of Shares acquired pursuant to the exercise of a Company option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (B) have a fair market value on the date of surrender equal to the Exercise Price of the Shares as to which the Option is being exercised; or

iv. such other consideration, including promissory notes, as may be determined by the Board in its absolute discretion to the extent permitted under Sections 408 and 409 of the California General Corporation Law.

5. RESTRICTIONS ON EXERCISE. This Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, including any rule under

Part 207 of Title 12 of the Code of Federal Regulations ("Regulation G") as promulgated by the Federal Reserve Board. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. TERMINATION OF RELATIONSHIP. In the event of termination of Optionee's consulting relationship or Continuous Status as an Employee, Optionee may, to the extent otherwise so entitled at the date of such termination (the "Termination Date"), exercise this Option during the Termination Period set out in the Notice of Grant. To the extent that Optionee was not entitled to exercise this Option at the date of such termination, or if Optionee does not exercise this Option within the time specified herein, the Option shall terminate.

7. DISABILITY OF OPTIONEE.

(i) Notwithstanding the provisions of Section 6 above, in the event of termination of Optionee's consulting relationship or Continuous Status as an Employee as a result of his total and permanent disability (as defined in Section 22(e)(3) of the Code), Optionee may, but only within twelve

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(12) months from the date of termination of employment (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), exercise this Option to the extent he was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise the Option at the date of termination, or if Optionee does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

(ii) Notwithstanding the provisions of Section 6 above, in the event of termination of Optionee's consulting relationship or Continuous Status as an Employee as a result of any disability not constituting a total and permanent disability (as defined in Section 22(e)(3) of the Code), Optionee may, but only within six (6) months from the date of termination of employment (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), exercise this Option to the extent he was entitled to exercise it at the date of such termination; provided, however, that if this is an Incentive Stock Option and Optionee fails to exercise this Incentive Stock Option within three (3) months from the date of termination of employment, this Option will cease to qualify as an Incentive Stock Option (as defined in Section 422 of the Code) and Optionee will be treated for federal income tax purposes as having received ordinary income at the time of such exercise in an amount generally measured by the difference between the exercise price for the Shares and the fair market value of the Shares on the date of exercise. To the extent that Optionee was not entitled to exercise the Option at the date of termination, or if Optionee does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

8. DEATH OF OPTIONEE. In the event of the death of Optionee:

(i) during the term of this Option and while an Employee or Consultant of the Company and having a consulting relationship with the Company or having been in Continuous Status as an Employee since the date of grant of the Option, the Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained a consultant or remained in Continuous Status as an Employee six (6) months after the date of death; or

(ii) within thirty (30) days after the termination of Optionee's Status as an Employee or Consultant, the Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

9. NON-TRANSFERABILITY OF OPTION. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and

may be exercised during the lifetime of Optionee only by him. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. TERM OF OPTION. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option. The limitations set out in Section 7 of the Plan regarding Options designated as Incentive Stock Options and Options granted to more than ten percent (10%) shareholders shall apply to this Option.

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11. TAXATION UPON EXERCISE OF OPTION. Optionee understands that, upon exercising a nonstatutory Option, he or she will recognize income for tax purposes in an amount equal to the excess of the then fair market value of the Shares over the exercise price. However, the timing of this income recognition may be deferred for up to six months if Optionee is subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). If the Optionee is an employee, the Company will be required to withhold from Optionee's compensation, or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income. Additionally, the Optionee may at some point be required to satisfy tax withholding obligations with respect to the disqualifying disposition of an Incentive Stock Option. The Optionee shall satisfy his or her tax withholding obligation arising upon the exercise of this Option by one or some combination of the following methods: (i) by cash payment, or (ii) out of Optionee's current compensation, or (iii) if permitted by the Administrator, in its discretion, by surrendering to the Company Shares which (a) in the case of Shares previously acquired from the Company, have been owned by the Optionee for more than six months on the date of surrender, and (b) have a fair market value on the date of surrender equal to or greater than Optionee's marginal tax rate times the ordinary income recognized, (iv) by electing to have the Company withhold from the Shares to be issued upon exercise of the Option that number of Shares having a fair market value equal to the amount required to be withheld. For this purpose, the fair market value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date").

If the Optionee is subject to Section 16 of the Exchange Act (an "Insider"), any surrender of previously owned Shares to satisfy tax withholding obligations arising upon exercise of this Option must comply with the applicable provisions of Rule 16b-3 promulgated under the Exchange Act ("Rule 16b-3") and shall be subject to such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

All elections by an Optionee to have Shares withheld to satisfy tax withholding obligations shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

- (1) the election must be made on or prior to the applicable Tax Date;
- (2) once made, the election shall be irrevocable as to the particular Shares of the Option as to which the election is made;
- (3) all elections shall be subject to the consent or disapproval of the Administrator;
- (4) if the Optionee is an Insider, the election must comply with the applicable provisions of Rule 16b-3 and shall be subject to such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

12. TAX CONSEQUENCES. Set forth below is a brief summary as of the date of this Option of some of the federal and California tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(i) EXERCISE OF ISO. If this Option qualifies as an ISO, there will be no regular federal income tax liability or California income tax liability upon the exercise of the Option, although the excess, if any, of the fair market value of the Shares on the date of exercise over the Exercise Price will be treated as an adjustment to the alternative minimum tax for federal tax purposes and may subject the Optionee to the alternative minimum tax in the year of exercise.

(ii) EXERCISE OF NONSTATUTORY STOCK OPTION. If this Option does not qualify as an ISO, there may be a regular federal income tax liability and a California income tax liability upon the exercise of the Option. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the fair market value of the Shares on the date of exercise over the Exercise Price. If Optionee is an employee, the Company will be required to withhold from Optionee's compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

(iii) DISPOSITION OF SHARES. In the case of an NSO, if Shares are held for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal and California income tax purposes. In the case of an ISO, if Shares transferred pursuant to the Option are held for at least one year after exercise and are disposed of at least two years after the Date of Grant, any gain realized on disposition of the Shares will also be treated as long-term capital gain for federal and California income tax purposes. If Shares purchased under an ISO are disposed of within such one-year period or within two years after the Date of Grant, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (1) the fair market value of the Shares on the date of exercise, or (2) the sale price of the Shares.

(iv) NOTICE OF DISQUALIFYING DISPOSITION OF ISO SHARES. If the Option granted to Optionee herein is an ISO, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee from the early disposition by payment in cash or out of the current earnings paid to the Optionee.

EXHIBIT A

1995 STOCK PLAN

EXERCISE NOTICE

Yahoo! Inc.
635 Vaqueros Avenue
Sunnyvale, CA 94086
Attention: Chief Financial Officer

1. EXERCISE OF OPTION. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase Zshares of the Common Stock (the "Shares") of Yahoo! Inc. (the "Company") under and pursuant to the Company's 1995 Stock Plan, as amended (the "Plan") and the Incentive or Nonstatutory Stock Option Agreement dated (DateofGrant) (the "Option Agreement").

2. REPRESENTATIONS OF OPTIONEE. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions. Optionee represents that Optionee is purchasing the Shares for Optionee's own account for investment and not with a view to, or for sale in connection with, a distribution of any of such Shares.

3. COMPLIANCE WITH SECURITIES LAWS. Optionee understands and

acknowledges that the Shares have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), and, notwithstanding any other provision of the Option Agreement to the contrary, the exercise of any rights to purchase any Shares is expressly conditioned upon compliance with the 1933 Act, all applicable state securities laws and all applicable requirements of any stock exchange or over the counter market on which the Company's Common Stock may be listed or traded at the time of exercise and transfer. Optionee agrees to cooperate with the Company to ensure compliance with such laws.

4. FEDERAL RESTRICTIONS ON TRANSFER. Optionee understands that the Shares have not been registered under the 1933 Act and therefore cannot be resold and must be held indefinitely unless they are registered under the 1933 Act or unless an exemption from such registration is available and that the certificate(s) representing the Shares may bear a legend to that effect. Optionee understands that the Company is under no obligation to register the Shares and that an exemption may not be available or may not permit Optionee to transfer Shares in the amounts or at the times proposed by Optionee. Specifically, Optionee has been advised that Rule 144 promulgated under the 1933 Act, which permits certain resales of unregistered securities, is not presently available with respect to the Shares and, in any event requires that the Shares be paid for and then be held for at least two years (and in some cases three years) before they may be resold under Rule 144.

5. RIGHTS AS SHAREHOLDER. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will

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be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 12 of the Plan.

Optionee shall enjoy rights as a shareholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal hereunder. Upon such exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

6. COMPANY'S RIGHT OF FIRST REFUSAL. Before any Shares held by Optionee or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(a) NOTICE OF PROPOSED TRANSFER. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) EXERCISE OF RIGHT OF FIRST REFUSAL. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) PURCHASE PRICE. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by

the Board of Directors of the Company in good faith.

(d) PAYMENT. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within 30 days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) HOLDER'S RIGHT TO TRANSFER. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice and provided further that any such sale or other transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its

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assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) EXCEPTION FOR CERTAIN FAMILY TRANSFERS. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's immediate family or a trust for the benefit of the Optionee's immediate family shall be exempt from the provisions of this Section. "Immediate Family" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) TERMINATION OF RIGHT OF FIRST REFUSAL. The Right of First Refusal shall terminate as to any Shares 90 days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the 1933 Act.

7. TAX CONSULTATION. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS.

(a) LEGENDS. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST

REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

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IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

Optionee understands that transfer of the Shares may be restricted by Section 260.141.11 of the Rules of the California Corporations Commissioner, a copy of which is attached to EXHIBIT B, the Investment Representation Statement.

(b) STOP-TRANSFER NOTICES. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) REFUSAL TO TRANSFER. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

9. MARKET STANDOFF AGREEMENT. In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, Optionee hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any Shares (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters.

10. SUCCESSORS AND ASSIGNS. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. INTERPRETATION. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Company's Board of Directors or the committee thereof that administers the Plan, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Board or committee shall be final and binding on the Company and on Optionee.

12. GOVERNING LAW; SEVERABILITY. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. NOTICES. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by

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certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. FURTHER INSTRUMENTS. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. DELIVERY OF PAYMENT. Optionee herewith delivers to the Company the full Exercise Price for the Shares.

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16. ENTIRE AGREEMENT. The Plan and Notice of Grant/Option Agreement are incorporated herein by reference. This Agreement, the Plan and the Notice of Grant/Option Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and is governed by California law, without reference to conflicts of laws principles.

Submitted by: Accepted by:
OPTIONEE: YAHOO! INC.

By: -----
(NameofOptionee) Title: -----
(AddressLine1) -----
(AddressLine2) 635 Vaqueros Avenue
Sunnyvale, CA 94086

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EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE: (NameofOptionee)
COMPANY: Yahoo! Inc.
SECURITY: Common Stock
AMOUNT: _____ shares
DATE: _____, _____

In connection with the purchase of the above-listed Securities, I, the Optionee, represent to the Company the following:

(a) I am aware of the Company's business affairs and financial condition, and have acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. I am purchasing these Securities for my own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Securities Act of 1933, as amended (the "Securities Act").

(b) I understand that the Securities have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of my investment intent as expressed herein. In this connection, I understand that, in the view of the Securities and Exchange Commission (the "SEC"), the statutory basis for such exemption may be unavailable if my representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future.

(c) I further understand that the Securities must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from registration is otherwise available. Moreover, I understand that the Company is under no obligation to register the Securities. In addition, I understand that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of

counsel for the Company.

(d) I am familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of issuance of the Securities, such issuance will be exempt from registration under the Securities Act. In the event the Company later becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter the securities exempt under

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Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including among other things: (1) the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, and the amount of securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), if applicable. Notwithstanding this paragraph (d), I acknowledge and agree to the restrictions set forth in paragraph (e) hereof.

In the event that the Company does not qualify under Rule 701 at the time of issuance of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires among other things: (1) the availability of certain public information about the Company, (2) the resale occurring not less than two years after the party has purchased, and made full payment for, within the meaning of Rule 144, the securities to be sold; and, in the case of an affiliate, or of a non-affiliate who has held the securities less than three years, (3) the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934) and the amount of securities being sold during any three month period not exceeding the specified limitations stated therein, if applicable.

(e) I further understand that in the event all of the applicable requirements of Rule 144 or Rule 701 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 and Rule 701 are not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 or Rule 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

(f) I understand that the certificate evidencing the Securities may be imprinted with a legend which prohibits the transfer of the Securities without the consent of the Commissioner of Corporations of California. I have read the applicable Commissioner's Rules with respect to such restriction, a copy of which is attached.

Signature of Optionee:

(Name of Optionee)

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STATE OF CALIFORNIA - CALIFORNIA ADMINISTRATIVE CODE

Title 10. Investment - Chapter 3. Commissioner of Corporations

260.141.11: RESTRICTION ON TRANSFER. (a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be

delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

- (1) to the issuer;
- (2) pursuant to the order or process of any court;
- (3) to any person described in Subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;
- (4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;
- (5) to holders of securities of the same class of the same issuer;
- (6) by way of gift or donation inter vivos or on death;
- (7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;
- (8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;
- (9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;
- (10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;
- (11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;
- (12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;
- (13) between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;
- (14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or
- (15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;
- (16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;
- (17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102;

provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OR CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

SUBLEASE

1. PARTIES

This Sublease is entered into as of June 6, 1996, by and between VISX, INCORPORATED, a Delaware corporation (Sublessor) and YAHOO! INC., a California corporation (Sublessee). Sublessor entered into that certain Lease dated June 16, 1992, and amended by that certain First Amendment to Lease dated October 2, 1992 and that certain Second Amendment to Lease dated March 8, 1996 (as amended, the "Master Lease"), with SOBRATO INTERESTS, a California limited partnership, as Landlord, and Sublessor as Tenant. A copy of the Master Lease is attached hereto as Exhibit A.

2. PROVISIONS CONSTITUTING SUBLEASE

A. This Sublease is subject to all of the terms and conditions of the Master Lease. Sublessee shall not commit or permit to be committed on the Subleased Premises any act or omission which shall violate any term or condition of the Master Lease. In the event of the termination of Sublessor's interest as Lessee under the Master Lease for any reason other than the default of Sublessor under the Master Lease or this Sublease, then this Sublease shall terminate coincidentally therewith without any liability of Sublessor to Sublessee.

B. All of the terms and conditions contained in the Master Lease as modified below are incorporated herein, except as provided herein, as terms and conditions of this Sublease, and, along with all of the following Sections set out in this Sublease, shall be the complete terms and conditions of this Sublease. For purposes of this Sublease, and except as provided in Section 2.C, each reference to Landlord incorporated from the Master Lease shall be deemed to refer to Sublessor hereunder, each reference to Tenant shall be deemed to refer to Sublessee hereunder, each reference to the Lease shall mean this Sublease, and each reference to the Premises shall mean the Subleased Premises. Sublessee shall assume and perform the obligations of Sublessor and Lessee in said Master Lease, to the extent said terms and conditions are incorporated herein as obligations of Sublessee. The following provisions are not incorporated into this Sublease: Sections 1 (Parties), 2 (Premises), 3 (Use), 4 (Term and Rental), 7 (Construction and Possession), 14 (Utilities), 19 (Indemnity), 37 (Option to Extend), 38 (Options), 40 (Brokers), 41 (Landlord's Liability), 44 (Right of First Offer), 45B (Management Fee), Exhibits A, B, C, D, E & F, and the First Amendment and Second Amendment to the Master Lease. Capitalized terms not otherwise defined herein shall have the meaning given them in the Master Lease.

C. The following provisions of the Master Lease are incorporated herein, modified as set forth below:

- SECTION 5 Security Deposit - The sum of Forty-Five Thousand and No/100 Dollars (\$45,000.00) is replaced by the sum of Thirty-Three Thousand Two Hundred Forty Three and 21/100 Dollars (\$33,243.21.)
- SECTION 6 Late Charge - Reference to ten (10) days shall be changed to five (5) days.
- SECTION 10 Alterations and Additions - Landlord shall mean both the Landlord under the Master Lease and Sublessor. The second paragraph beginning 'Notwithstanding...' is deleted
- SECTION 11 Maintenance of Premises - The percentages noted in Section 11(C) that currently read 48.09% and 12.69%, which represent Tenant's Allocable Share of Building Costs and Project Costs, respectively, shall instead read 30.85% and 8.15%. If any obligation to reimburse Common Area Costs incorporated into this Sublease would require Sublessee to pay the cost of any item properly capitalized under generally accepted accounting principles ("GAAP"), the cost of that item will be amortized, together with interest at

nine percent (9%) per annum, over its useful life, as determined in accordance with GAAP, and Sublessee shall pay the monthly amortized cost of that item, as the same time as payments of Common Area Costs are required to be made hereunder, until the earlier of the end of such useful life or the expiration of the term hereof.

In Sections 11(E) and (F), Landlord shall mean Landlord under the Master Lease only, and not Sublessor.

- SECTION 12 Hazard Insurance - Delete the language reading "the purpose described in Exhibit D" and substitute: the purpose described in Section 6 of this Sublease.
- SECTIONS 12(B) AND 12(C) Hazard Insurance - In Sections 12(B) and 12(C), Landlord shall mean Landlord under the Master Lease only, and not Sublessor. In Section 12(D), Landlord shall mean both Landlord under the Master Lease and Sublessor.
- SECTION 13 Taxes - The second paragraph beginning "Notwithstanding..." is deleted, but Sublessee will have no obligation to pay any more than its Allocable Share of any increase in real property taxes attributable to a change of ownership of the Building.
- SECTION 18 Toxic Waste and Environmental Damage - Landlord shall mean both the Landlord under the Master Lease and Sublessor. The introductory clause in Section 18(A), which reads "Except for the materials listed on Exhibit E" is deleted.

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- SECTION 19 The last two sentences of Section 19(A) are not incorporated into this Sublease.
- SECTION 20 Advertisements and Signs - Delete the language which reads "Landlord hereby consents to the placement of a sign with the dimensions and at the location described on Exhibit 'F.'"
- SECTION 22(b) AND (c) Tenant's Default - References to thirty (30) days in subsections (b) and (c) in the first paragraph are changed to twenty-five (25) days.
- SECTION 25 Landlord's Default - The reference to thirty (30) days shall be modified so that Sublessor shall have an additional five (5) days beyond that allotted to Master Lessor within which to perform any obligation of Master Lessor which is also the obligation of Sublessor, before Sublessor shall be deemed to be in default hereunder.
- SECTION 26 Notice - Reference to fifteen (15) days is changed to twenty (20) days.
- SECTION 27 Entry by Landlord - Landlord shall mean both the Landlord under the Master Lease and Sublessor.
- SECTION 28 Destruction of Premises - Landlord shall mean Landlord under the Master Lease only, and not Sublessor.
- SECTION 29(A) Assignment or Sublease - References to thirty (30) days are changed to thirty five (35) days.
- SECTION 31 Effect of Conveyance - References to Landlord shall mean Landlord under the Master Lease only, and not Sublessor.
- SECTION 32 Subordination - Landlord shall mean both the Landlord under the Master Lease and Sublessor.

- SECTION 33 Waiver - Landlord shall mean both the Landlord under the Master Lease and Sublessor.
- SECTION 34 Holding Over (last sentence only) - Landlord shall mean both the Landlord under the Master Lease and Sublessor.

D. Sublessor represents and warrants the following to Sublessee as of the date of this Sublease: (1) the document attached hereto as Exhibit A is a true, accurate and complete copy of the Master Lease, and there is no other document, agreement or understanding between Sublessor and Master Lessor with respect to the lease of the Premises; (2) Sublessor has not assigned, sublet or transferred any interest of Sublessor in the Master Lease or the Premises,

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except as set forth in this Sublease; (3) to the best of Sublessor's knowledge, there exists no default under the Master Lease, or any condition which with the passage of time or the giving of notice, or both, would constitute a default under the Master Lease, on the part of either Sublessor or Master Lessor; (4) the Commencement Date of the Master Lease was October 1, 1992 and the Expiration Date of the Master Lease, as amended, is May 23, 2003.

E. Sublessor shall perform all obligations of Tenant under the Master Lease, except to the extent such obligation is required to be performed by Sublessee hereunder. Sublessor shall use reasonable efforts (exclusive of filing any lawsuit or paying any monies or incurring any liabilities) to enforce the obligations of Master Lessor for the benefit of Sublessee, to the extent that the failure to perform any such obligation by Master Lessor has, or is reasonably anticipated to have, a material effect upon Sublessee. If Sublessor is not obligated, by the preceding sentence or otherwise, to enforce the obligations of Master Lessor for the benefit of Sublessee, and does not enforce such obligations in a timely manner, then, upon written request of Sublessee, Sublessor will assign to Sublessee any claim, cause of action, right or remedy available to enforce such obligation, and collect damages for such failure to perform, and Sublessor will thereafter cooperate with Sublessee as reasonably necessary to enforce such obligations. Sublessor will not modify the Master Lease (so as to materially decrease the obligations of Master Lessor with respect to the Subleased Premises, or to diminish the rights available to Sublessee hereunder) or terminate the Master Lease without the express written consent of Sublessee, notwithstanding that any such termination, may be permitted by the terms of the Master Lease.

F. Sublessor will indemnify, defend, protect and hold harmless Sublessee from and against any loss, cost, liability, expense, judgments or fees actually and proximately caused by the negligence or willful misconduct of Sublessor, its agents, employees or contractors, or a breach of the obligations or representations of Sublessor under this Sublease or the Master Lease. Neither Sublessor nor Sublessee shall be liable to the other for incidental, consequential, indirect or special damages of any kind, including any financial loss that would be properly characterized at any of the foregoing.

3. SUBLEASED PREMISES

Sublessor leases to Sublessee and Sublessee hires from Sublessor the premises (the "Subleased Premises") together with the appurtenances, situated in the City of Santa Clara, County of Santa Clara, State of California, and consisting of approximately Thirty Three Thousand Five Hundred Seventy Nine (33,579) square feet of office space on the second floor of the Building located at 3400 Central Expressway, as shown on Exhibit B.

4. RENTAL

Commencing on the earlier of: (i) July 31, 1996, or (ii) the date on which Sublessee occupies the entire Subleased Premises for the purposes of doing business therein (the "Rent Start Date"), Sublessee shall pay to Sublessor as monthly base rent (the "Base Rent") for the Subleased Premises in advance on the first day of each calendar month of the term of this Sublease without deduction, offset, prior notice or demand, in lawful money of the United States,

the sum of Thirty-Three Thousand Two Hundred Forty Three and 21/100 Dollars (\$33,243.21). If the Commencement Date is not the first day of the month, or if the Sublease termination date is not the last day of the month, a prorated monthly installment shall be paid at the then current rate for the fractional month during which the Sublease commences and/or terminates.

5. TERM

The term of this Sublease shall be thirty (30) months commencing on the date (the "Commencement Date") on which (i) the parties have executed and delivered this Sublease, and the conditions stated in Section 15 hereof have been satisfied or waived, and (ii) Sublessor delivers possession of the Subleased Premises to Sublessee, broom clean, and otherwise in the condition required hereunder.

6. USE

Sublessee shall use the Subleased Premises for general office use, and for no other purpose without the prior written consent of Sublessor. Sublessee's business shall be established and conducted throughout the term hereof in a first class-manner. Sublessee shall not use the Subleased Premises for, or carry on, or permit to be carried on, any offensive, noisy or dangerous trade, business, manufacture or occupation nor permit any auction sale to be held or conducted on or about the Subleased Premises. Sublessee shall not do or suffer anything to be done upon the Subleased Premises which will cause structural injury to the Subleased Premises or the Building. The Subleased Premises shall not be overloaded and no machinery, apparatus or other appliance shall be used or operated in or upon the Subleased Premises which will in any manner injure, vibrate or shake the Subleased Premises or the Building. No use shall be made of the Subleased Premises which will in any way impair the efficient operation of the sprinkler system (if any) within the Building. No musical instrument of any sort, or any noise making device will be operated or allowed upon the Subleased Premises for the purpose of attracting trade or otherwise. Sublessee shall not use or permit the use of the Subleased Premises or any part thereof for any purpose which will increase the existing rate of insurance upon the Building, or cause a cancellation of any insurance policy covering the Building or any part thereof. If any act on the part of Sublessee or use of the Subleased Premises by Sublessee shall cause, directly or indirectly, any increase of Sublessor's insurance expense, said additional expense shall be paid by Sublessee to Sublessor upon demand. No such payment by Sublessee shall limit Sublessor in the exercise of any other rights or remedies, or constitute a waiver of Sublessor's right to require Sublessee to discontinue such act or use.

7. RENTAL INCREASE

The Base Rent shall be increased on the first day of the thirteenth (13th) month and the first day of the twenty-fifth (25th) month of the term hereof (the "Adjustment Dates") as described herein. If the Index, as defined below, most recently published prior to the Adjustment Date (the Adjustment Date Index') has increased over the Beginning Index, as defined below, the Base Rent shall be increased by multiplying the Base Rent set forth in Paragraph 4 above by a fraction, the numerator of which is the Adjustment Date Index, and the denominator of which is the Beginning Index; provided, however, that the increase in Base Rent at any Adjustment Date

shall not be less than the equivalent of a four percent (4%) per year increase, nor greater than the equivalent of an eight percent (8%) per year increase. The Index, as used herein, shall mean the Consumer Price Index for All Urban Consumers - All Items (base year 1982-1984 = 100) for San Francisco-Oakland-San Jose published by the United States Department of Labor, Bureau of Labor Statistics. The Beginning Index shall mean the Index which is most recently published prior to the Commencement Date.

8. OPTION TO EXTEND

Sublessee shall have the option to extend the term of this Sublease for an additional six (6) months for a total term of thirty-six (36) months. Sublessee shall give notice of exercise no later than the end of the twenty-fourth (24th) month of the original Sublease term. The Base Rent shall be the same rate as for months 25-30.

9. SECURITY DEPOSIT AND FIRST MONTH'S RENT

Upon execution of the Sublease by both parties, and satisfaction of the conditions set forth in Section 15, Sublessee shall deliver to Sublessor a security deposit in the amount of Thirty-Three Thousand Two Hundred Forty Three and 21/100 Dollars (\$33,243.21) and the first month's rent in the amount of Thirty-Three Thousand Two Hundred Forty Three and 21/100 Dollars (\$33,243.21).

10. TENANT IMPROVEMENTS

A. As of the date hereof, the parties have approved architectural drawings and specifications (the "Working Drawings") depicting improvements (the "Tenant Improvements") to be constructed in the Subleased Premises as desired by Sublessee for the conduct of its business.

B. Sublessee shall submit the working Drawings to McLarney Construction (the "General Contractor"), which will act as general contractor for construction of the Tenant Improvement pursuant to an agreement between Sublessee and the General Contractor.

C. Sublessee shall cause the General Contractor to submit the Construction Drawings to all appropriate government agencies to obtain necessary permits and approvals, and shall thereafter cause the Tenant Improvements to be constructed in accordance with the Construction Drawings, the terms of this Sublease, and the requirements of applicable Laws.

D. [Intentionally omitted.]

E. Sublessor shall contribute up to Thirty Four Thousand Seven Hundred Ninety Dollars (\$34,790) (the "Tenant Improvement Allowance") to the actual cost of constructing the Tenant Improvements ("Construction Cost"). Sublessee shall pay the remaining cost of constructing the Tenant Improvements. Sublessor will pay the Tenant Improvement Allowance to Sublessee within no more than thirty (30) days after receipt of a statement from

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Sublessee, accompanied by documentation reasonably satisfactory to demonstrate that the funds for which reimbursement is requested were applied to construct the Tenant Improvements.

F. Sublessee shall be entitled to make changes to the approved Construction Drawings with the consent of Sublessor, which will not be unreasonably withheld or delayed.

G. Except as provided below with respect to certain shower facilities, Sublessor agrees that removal of the Tenant Improvements from the Subleased Premises, or payment of the cost of such removal by Sublessee, shall not be required. If such removal is required by Master Lessor, Sublessor will be entirely responsible, at its sole cost, for such removal.

H. On or before the expiration date of this Sublease, in those areas of the Subleased Premises in which the paid and/or carpet do not match the paint and/or carpet then currently installed in the portion of the Premises occupied by Sublessor, Sublessee shall repaint and install carpet as needed to match the paint and/or carpet then currently installed in the portion of the Premises occupied by Sublessor. Sublessor shall provide Sublessee written notice of the required specifications for the referenced carpet and paint, within no less than ninety (90) days before the scheduled expiration date of the Sublease.

I. Sublessor hereby consents to the construction by Sublessee of shower facilities serving the Subleased Premises subject to obtaining the

consent of Master Lessor to such installation. Sublessee shall remove such shower facilities at its sole cost on or before the expiration of the term hereof, unless otherwise directed in writing by Sublessor.

11. PARKING

Sublessor shall provide Sublessee with free parking during the term of the Sublease at a ratio of 3.5 stalls per 1,000 rentable square feet in the Subleased Premises. Central Technology Park does not allow for reserved parking spaces.

12. UTILITIES

A. From and after the Commencement Date, Sublessor shall cause the following utilities and services to be supplied to Sublessee, in quantities and according to specifications reasonably sufficient for the conduct, in the Subleased Premises, of the permitted use by Sublessee:

(1) electrical power; (2) heating, ventilating and air conditioning ("HVAC"); (3) water; (4) janitorial cleaning at least five (5) days per week of all second floor common space, including the coffee station, restrooms (including provision of janitorial supplies), common hallways (including stairs and elevator), and downstairs lobby; and (5) telephone access to the main panel or switch servicing the Subleased Premises.

B. The cost of the utilities and services supplied to Sublessee shall be paid, from and after the Rent Start Date, as follows:

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(1) for all utilities and services other than HVAC repairs and janitorial ("Utilities"), Sublessee will pay sixty percent (60%) of the monthly bill for the second floor, and Sublessor will pay forty percent (40%) of the monthly bill. Promptly following written request of either party, Sublessor and Sublessee shall review, at their joint cost, the actual use of Utilities by the parties, and if the use by either party exceeds that party's percentage share of the costs of Utilities set forth above by five percent (5%) or more, the parties shall thereafter adjust the percentage share of the Utilities costs payable by the parties to reflect accurately their actual use; (2) the cost of HVAC repairs shall be billed directly to Sublessee for repairs to package units serving the Subleased Premises; and (3) for janitorial services, Sublessee will pay Seventy-Three and 70/100 Dollars (\$73.70) per month for the second floor restroom cleaning services and One Hundred Fifty and 00/100 Dollars (\$150.00) per month (\$300.00/month divided by 2) for the common area restroom supplies.

Sublessor will reasonably allocate the costs for utilities and services payable by Sublessee hereunder, and upon request will provide reasonably satisfactory documentation specifying the costs so charged to Sublessee.

C. Yearly fire extinguisher service - Sublessee will maintain all fire extinguishers within the Subleased Premises. Service must be annual.

13. BROKERS.

Sublessor shall pay the commission due in connection with this Sublease to Grubb & Ellis.

14. SIGNS.

Sublessor hereby approves installation of signs by Sublessee at the following locations: (i) on the lower half of the monument sign facing Central Expressway; (ii) on the freestanding sign along the lobby entry sidewalk; (iii) on the center lobby door; and (iv) at one space on each of the directory boards on Kifer Road and Corvin Drive, provided that each of the preceding signs must satisfy the Master Lessor's specifications and is subject to the Master Lessor's approval pursuant to the Master Lease.

15. EXHIBITS.

Exhibits A (Master Lease) and B (Floor Plan of the Sublease

Premises) are attached hereto and incorporated herein by reference.

16. CONDITIONS SUBSEQUENT.

The obligations of Sublessor and Sublessee are conditioned upon receipt of the written consent of Master Lessor to this Sublease on the terms set forth below within no more than fifteen (15) days after the date hereof. Each individual executing this Sublease represents and warrants that he is authorized to executed and deliver this Sublease on behalf of the entity

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whom he represents, and that by so executing and delivering this Sublease has bound that entity to perform the obligations set forth herein, on terms and subject to the conditions set forth herein.

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IN WITNESS WHEREOF the parties have executed this Sublease intending to be bound as of the date first set forth above.

SUBLESSOR:
VISX, INCORPORATED,
a Delaware corporation
By /s/ TIMOTHY MAIER

By Timothy Maier

Address 3400 Central Expressway

Sunnyvale, CA 95051

Telephone -----

Dated -----

SUBLESSEE:
YAHOO! INC.
a California corporation
By /s/ GARY VALENZUELA

By Gary Valenzuela

Address 635 Vaqueros Avenue

Sunnyvale, CA 94086

Telephone 408-328-3350

Dated 6/6/96

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CONSENT OF MASTER LESSOR

The undersigned, Landlord under the Master Lease attached as Exhibit A, and referred to herein as Master Lessor, hereby consents to the subletting of the Subleased Premises described herein on the terms and conditions contained in the Sublease. Master Lessor expressly consents to the Tenant Improvements. This consent shall apply only to this Sublease and shall not be deemed to be a consent to any other Sublease. If the Master Lease is terminated as a result of the default of Sublessor thereunder, provided Sublessee has not committed a default under the Sublease which would permit the termination of the Sublease, Master Lessor will recognize the tenancy of the Sublessee, on the terms and conditions set forth in the Sublease, and the Sublease shall thereafter constitute a direct lease between Master Lessor and Sublessee.

DATED: _____, 19
----- --

MASTER LESSOR:

SOBRATO INTERESTS,
a California limited partnership

By. _____
Its General Partner

By

Address -----

Telephone -----

(If Sublessor or Sublessee is a corporation, the authorized officers must sign on behalf of the corporation. The Sublease must be executed by the President or a Vice President and the Secretary or Assistant Secretary unless the Bylaws or a Resolution of the Board of Directors shall otherwise provide, in which event the Bylaws or a certified copy of the Resolution, as the case may be must be furnished.)

JOINT VENTURE AGREEMENT

JOINT VENTURE AGREEMENT, dated as of November 1, 1996, by and between SB Holdings (Europe) Ltd. ("SOFTBANK"), a company organized under the laws of the United Kingdom, and Yahoo! Inc., a California corporation ("Yahoo").

WHEREAS, Yahoo offers in the United States and certain other geographic areas certain on-line navigational services on the World Wide Web, including, without limitation, the Yahoo! Internet Guide.

WHEREAS, SOFTBANK through its affiliates Ziff-Davis UK, Ltd., Ziff-Davis France, SA and Ziff-Davis Verlag, GmbH (the "ZD Affiliates") is a leading computer publisher in the United Kingdom, France and Germany;

WHEREAS, an affiliate of SOFTBANK indirectly owns a minority interest in Yahoo; and

WHEREAS, SOFTBANK and Yahoo, directly or through wholly owned affiliates, wish to jointly form joint venture companies in Germany, the United Kingdom, and France (each a Company, collectively, the "Companies"), to establish and manage versions of the Yahoo Internet Guide for the United Kingdom, France and Germany (the "Territories"), develop related on-line navigational services, and conduct other related businesses;

NOW, THEREFORE, the parties hereby agree as follows:

1. OBJECTIVES OF THE COMPANIES

The objectives of the Companies shall be to engage in the businesses set forth below:

(i) establishment and management in the Territories of localized versions of the Yahoo Internet Guide to be branded with the Yahoo! name such as Yahoo! UK, Yahoo! France, and Yahoo! Germany (the "Localized Guides"), all as set forth in the Business Plan attached as Exhibit A (the "Business Plan");

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(ii) development and commercialization of related on-line navigational services and other Yahoo branded products within the Territories including off line products and publications (other than as specified in 1(v) below) as described in the Business Plan;

(iii) related sale of on-line advertisement space through its own efforts or through one or more third party sales representatives;

(iv) addition of specific informational content to the Localized Guide in each of the Territories;

(v) [XXXX]

(vi) [XXXX]; and

(vii) other businesses relating to the foregoing as agreed upon by the parties from time to time.

2. SALE AND PURCHASE OF SHARES; OWNERSHIP OF THE COMPANY.

(a) Prior to this date, Yahoo has organized the Companies in the Territories and has invested, or shall invest (including amounts counted as surplus capital), the aggregate amount of \$1,400,000 in the Companies. Subject to the terms and conditions hereof and pursuant to such subscription agreements as local law may require, the Companies shall issue, and Yahoo (to the extent it has not already fully subscribed) and SOFTBANK shall subscribe to shares (or other ownership interests as local law may dictate) of each of the Companies so that after such subscriptions SOFTBANK shall own a 30% interest in each such Company and Yahoo shall own

a 70% interest. The total to be contributed by SOFTBANK for its shares in all the Companies shall total \$600,000 (including surplus capital). The Companies are also reimbursing each of the parties for activities taken prior to this date on behalf of the Companies and assuming any obligations incurred on behalf of the Companies.

(b) Each party shall make such additional contributions to the capital of the Companies (above the amounts in (a)) as the Board of Directors shall determine in good faith are required to carry out the Business Plan, up to an aggregate

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additional contribution by Yahoo of \$1,400,000 (for a total aggregate contribution of \$2,800,000), and by SOFTBANK, of an additional \$600,000 (for a total aggregate contribution by SOFTBANK of \$1,200,000).

(c) Yahoo may transfer up to 10% of its shares in the Companies to a third party subject to SOFTBANK's consent to that party, which should not be unreasonably withheld. If the parties shall mutually determine that such third party shall hold more than 10% of the Companies, that third party's shares above 10% shall be transferred pro rata from Yahoo and SOFTBANK or additional shares may be issued by such third party so that Yahoo's and SOFTBANK's interests are diluted pro rata.

3. REPRESENTATIONS AND WARRANTIES OF SOFTBANK

SOFTBANK hereby represents and warrants to Yahoo as follows:

(a) SOFTBANK has been duly incorporated, and is a validly existing corporation under the laws of the UK and has full power and authority to enter into and perform this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by SOFTBANK and constitutes a valid and binding agreement of SOFTBANK, enforceable against SOFTBANK in accordance with its terms.

(c) 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.

4. REPRESENTATIONS AND WARRANTIES OF YAHOO

Yahoo represents and warrants to SOFTBANK as follows:

(a) Yahoo has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of California, and has full power and authority to enter into and perform this Agreement.

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(b) This Agreement has been duly authorized, executed and delivered by Yahoo and constitutes a valid and binding agreement of Yahoo, enforceable against Yahoo in accordance with its terms.

(c) No consent, approval or authorization of or declaration or filing with any governmental authority or other person or entity on the part of Yahoo is required in connection with the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby.

5. LICENSE/SERVICES AGREEMENTS

(a) Concurrently with the execution of this Agreement, Yahoo shall enter into license agreements, in the forms attached hereto in Exhibit B (the "License Agreements"), with each of the Companies.

(b) Concurrently with the execution of this Agreement, the ZD Affiliates are entering into Services Agreements in the forms attached in Exhibit C with each of the Companies (the "Services Agreements").

6. BOARD OF DIRECTORS; STATUTORY AUDITORS

(a) Subject to permissible corporate law in each of the Territories, the Companies shall be managed by a single Board of Directors with five members. SOFTBANK shall designate two Directors and Yahoo shall designate three Directors. To the extent local law does not permit the Companies to have a single Board of Directors, Yahoo and SOFTBANK shall create a Management Committee of five members which shall act in the same way as the single Board of Directors would act and each party shall cause the members of each Board of Directors or other similar management group in each of the Territories to act in accordance with the determination of that Management Committee. If such a Management Committee is set up, any reference to the Board of Directors or to Directors shall be deemed a reference to the Management Committee and to the members of that Committee.

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(b) To the extent required by local law, each Company shall have one Statutory Auditor, which shall be designated by Yahoo.

(c) The Companies shall have a Managing Director, who shall also be the President (or similar officer) of each Company. The President and Managing Director shall be a nominee of Yahoo, subject to Softbank's approval, not unreasonably withheld.

(d) In case of a vacancy in the office of Director, Statutory Auditor or Managing Director during the term of office for whatever reason, the vacancy shall be filled by the party that nominated the Director, Statutory Auditor or Managing Director whose office became vacant, but still subject in the case of Managing Director to SOFTBANK's approval, not unreasonably withheld.

(e) At any annual or special meeting of shareholders or any meeting of the Board of Directors of any Company called for such purpose, each party shall vote or cause to be voted all shares owned by it for the election of nominees designated as Directors, Statutory Auditor or Managing Director in accordance with this Section 6 and otherwise as may be necessary to implement the provisions of this Agreement.

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

7. MANAGEMENT OF THE COMPANIES

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

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(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 SOFTBANK is present. Board meetings shall be held in accordance with applicable local 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 similar corporate document) or under local law, each of the following corporate actions may be taken by a Company only (x) 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, only upon authorization by affirmative vote of at least one SOFTBANK director and at least one Yahoo director and (y) in the case of actions required by law or the Articles of Incorporation to be approved by the Company's shareholders, only 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 \$100,000 or more, except as may be specified in the Business Plan;

(iv) the raising of additional equity capital or the issuance or sale of any debt or equity securities (including any shareholder loan or guaranty) above the

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amounts specified in Section 2(b) above, 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 \$50,000;

(vii) any amendment, alteration or repeal of any provision of the Articles of Incorporation (or similar corporate document) 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 determination to deviate in any material respect from such business plan or budget as so approved;

(x) except as may be set forth in the Business Plan, 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 \$100,000, (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

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(xi) except as may be set forth in the Business Plan, compensation for all officers, Directors and Statutory Auditors of the Company.

To the extent permitted by applicable 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 of each Company 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 above the amounts specified in Section 2(b). If one party shall decline to subscribe to additional shares above the amounts specified in Section 2(b), and the other party shall subscribe to additional shares, the subscribing party's total percentage of shares shall increase and the non-subscribing party's ownership interest may thereby be diluted.

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 any Company without the prior consent of the other party except to an affiliate of that party provided, however, the selling party shall continue to be liable for all of its obligations.

10. ACCOUNTING; ACCESS TO INFORMATION

(a) The fiscal year of each Company shall be the calendar year.

(b) Each 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 applicable in the country of

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incorporation, 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. Each 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 SOFTBANK or Yahoo, and shall be accompanied by a reasonably detailed schedule that sets forth the differences between the generally accepted accounting principles applied in that Company's country of incorporation 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 each Company and to the legal, tax and auditing personnel of that 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. TERM OF THE AGREEMENT

(a) Subject to Section 12, this Agreement shall remain in effect perpetually, provided that, if for the calendar year ending [XXXX]. For purposes of this paragraph the "primary business" of the Companies shall mean the business of providing the Localized Guides and selling ad space in connection with or obtaining other revenues from those Guides; all other products and services of the Companies shall be excluded.

(b) [XXXX].

12. TERMINATION OF THE AGREEMENT

(a) If either party fails in any material respect to perform or fulfill in the time and manner herein provided

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any obligation or condition herein required to be performed or fulfilled by such party, and if such default shall continue for sixty (60) days after written notice thereof from the other party, then the other party shall have the right to terminate this Agreement by written notice of termination to the defaulting party at any time after such sixty (60) days. Either party may also terminate this Agreement immediately by giving a written notice to the other party in the event such other party shall be dissolved or liquidated or declared insolvent or bankrupt.

(b) Upon termination of this Agreement [XXXX].

(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.

13. 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 any 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.

14. OTHER VENTURES

(a) [XXXX].

(b) Yahoo hereby agrees to discuss in good faith with SOFTBANK and allow SOFTBANK to make a first offer on any plans to establish [XXXX]; provided that the foregoing

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shall not obligate either party to enter into any such arrangement.

15. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of California applicable to agreements made and to be performed therein.

16. DISPUTE RESOLUTION

All disputes between the parties arising directly or indirectly out of this Agreement shall be settled by the parties amicably through their good faith discussions. In the event that any such dispute cannot be resolved thereby, such dispute shall be finally settled by arbitration in accordance with the rules then in effect of the American Arbitration Association by three arbitrators appointed in accordance with such rules. Any such arbitration shall be held in New York, New York. The arbitration award shall be final and binding upon the parties, and judgment on such award may be entered in any court having jurisdiction thereof.

17. MISCELLANEOUS

(a) This Agreement may be amended only by a written instrument signed by both parties.

(b) This Agreement may not be assigned by either party hereto except with the written consent of the other party; provided, however, that this Agreement may be assigned to (x) an affiliate corporation or (y) any corporation which shall succeed to the business of a party by merger, consolidation, or the transfer of all or substantially all of the assets of such party and which shall expressly assume the obligations of such party hereunder.

(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)

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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:

SB Holdings (Europe) Ltd.
c/o Ziff-Davis Verlag GmbH
Riesstrasse 25,
80992 Munich 50
Germany
Attention: J.B. Holston

Telephone: (4989) 1431-2401
Facsimile: (4989) 1431-2400

with a copy to:

Ziff-Davis Publishing Company
One Park Avenue
NY, New York 10016
Attention: Legal Department

Telephone: (212) 503-3575
Facsimile: (212) 503-3581

(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

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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

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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.

SB HOLDINGS (EUROPE) LTD.

By: /S/ DAVID CRAVER

Name: David Craver
Title: VP, IMG

YAHOO! INC.

By: /S/ TIMOTHY KOOGLE

Name: Timothy Koogle
Title: President

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YAHOO! U.K. LICENSE AGREEMENT

This YAHOO! U.K. LICENSE AGREEMENT (the "AGREEMENT") is entered into as of this 1st day of November, 1996 (the "EFFECTIVE DATE") by and between:

YAHOO! INC., a California corporation ("YAHOO") with a principal office at 3400 Central Expressway, Santa Clara, CA 95051; and

YAHOO! U.K., a corporation organized under the laws of the United Kingdom ("YAUK"), with a principal office at Cottons Centre, Hayes Lane, London SE1 2QT, U.K.; 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

B. YAUK has been organized with 70% owned by a subsidiary of Yahoo and 30% owned by SB Holdings (Europe) Ltd., pursuant to a joint venture agreement entered into concurrently herewith (the "JOINT VENTURE AGREEMENT"), in order to operate in the United Kingdom a localized version of the Yahoo Guide, to develop related on-line navigational services in the United Kingdom, and to conduct certain other businesses relating to such activities.

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:

"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 power to direct or cause the direction of the management or policies (whether through ownership of securities or

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partnership or other ownership interests, by contract or otherwise). Without limiting the foregoing, joint control of an Entity with one or more other persons or Entities shall be deemed to constitute control for purposes hereof.

"COMPETITIVE NAVIGATIONAL TOOLS" shall mean any third party Internet directory or Internet search tool that provides a comprehensive hierarchical directory or text-based index of WWW sites, including, without limitation, those Competitive Navigational Tools owned, operated, or offered by the companies listed in EXHIBIT C 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."

"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.

"CONFIDENTIAL INFORMATION" shall mean any information relating to or disclosed in the course of this Agreement, which is 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 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 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.

"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.).

"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.

"JOINT ENHANCEMENTS" shall mean any enhancements, added functionalities, additions, extensions or improvements to Yahoo U.K. that are created or developed jointly by YAUUK, on the one hand, and Yahoo, its Affiliates (other than YAUUK Yahoo! France, SARL or Yahoo! Verlag) or their agents, on the other hand, including any Components which are jointly contributed to Yahoo U.K.

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"LAUNCH DATE" shall mean the first date on which Yahoo U.K. is made generally available to the public in the Territory.

"LOCAL CONTENT" shall mean content, including WWW site listings, added to Yahoo U.K. by YAUUK and that is: (i) specific to the market of the Territory; and (ii) originates in or arises from activities in the Territory.

"LOCALIZED SITE" shall mean YAUUK's WWW site(s) in the Territory through which the Yahoo Properties are made available to Yahoo U.K. Users.

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

"TERRITORY" shall mean the United Kingdom, exclusive of its territories and protectorates.

"WWW" shall the World Wide Web, a system for accessing and viewing text, graphics, sound and other media via the Internet.

"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, as to which Yahoo has established trademark, trade name or similar protectable rights, including the name "Yahoo!" and any modifications or improvements to the foregoing that may be created by Yahoo from time to time.

"YAHOO BRAND GUIDELINES" shall mean the guidelines for use of the Yahoo Brand Features, as specifically set forth in EXHIBIT B attached hereto, as such may be reasonably amended from time to time by Yahoo.

"YAHOO PRODUCTS" shall mean print publications and digital media

products, including CD ROMs, and other marketing tools derived from or incorporating Yahoo Properties that are localized for the Territory by YAUK.

"YAHOO PROPERTIES" shall mean collectively: (i) the Yahoo Service, including both the Yahoo Service Look and Feel and the Yahoo Brand Features; and (ii) Yahoo U.K.

"YAHOO SERVICE" shall mean, collectively, the Internet-based hierarchical information index and retrieval product, including the related search engine, that Yahoo makes generally available now or in the future through the WWW, and currently located at <http://www.yahoo.com>, as the same may be modified, upgraded, updated or enhanced during the Term of this Agreement; PROVIDED, HOWEVER, that the Yahoo Service shall not include any content, software, or any WWW-wide text-based search tool licensed, incorporated, or otherwise authorized for use by Yahoo from a third party (UNLESS Yahoo has the right to sublicense the same to YAUK hereunder which Yahoo shall use reasonable efforts to obtain).

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"YAHOO SERVICE LOOK AND FEEL" shall mean the artistic renderings, drawings, animations, sketches, characters, layouts and designs, and digital implementations thereof which are embodied within the Yahoo Service as to which Yahoo has established protectable rights.

"YAHOO SOFTWARE" shall mean all computer programs, in object code form, and related know how, that are owned or operated by Yahoo and required for the operation, modification, maintenance and distribution (or permitted Internet access to) the Yahoo Service, including the computer software programs described in EXHIBIT A attached hereto; provided that the "Yahoo Software" does not include third party software or materials that Yahoo does not have the right to sublicense to YAUK without cost.

"YAHOO SYSTEM" shall mean, collectively, the Yahoo Service, the Yahoo Software, the Yahoo Brand Features, and any related documentation as Yahoo may make available to third parties from time to time.

"YAHOO U.K." shall mean versions of the Yahoo Service that are customized and localized specifically for all or any portion of the market of the Territory in any and all languages or dialects specifically relevant to the Territory.

"YAHOO U.K. DERIVATIVE WORKS" shall mean Derivative Works, created from the Yahoo Properties including: (i) any customizations necessary for the customer market in the Territory, created by YAUK from Yahoo Properties for use in Yahoo U.K.; and (ii) new properties, including regional directories and localized directories, for example a Yahoo.London, that are directed to the Territory or that are necessary to build Yahoo U.K. in the Territory; PROVIDED, HOWEVER, that YAUK shall obtain prior approval from Yahoo for any such new properties that have a scope intended to extend beyond the market of the Territory.

"YAHOO U.K. SITE" shall mean one or more servers on which, collectively, Yahoo U.K. and the Localized Site will be made available pursuant to this Agreement.

"YAHOO U.K. USERS" shall mean Internet-users to whom YAUK provides access to Yahoo U.K.

1.2 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 "hereof," "herein" and "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 means "including, without limitation." References herein to section, subsection, attachment or exhibit shall refer to the appropriate section, subsection 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

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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.

1.3 EXHIBITS. In the event that any Exhibits referred to in this Agreement are not attached at the time of execution and delivery of this Agreement, the parties agree to determine in good faith upon the content of such Exhibits within five (5) business days following the Effective Date.

ARTICLE 2: GRANT OF RIGHTS

2.1 LICENSE TO YAHOO SERVICE PRIOR TO YAHOO U.K. LAUNCH. Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YAUk, from the Effective Date of this Agreement until the Launch Date, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, display, perform, transmit, market, promote, and permit Yahoo U.K. Users to use, the Yahoo Service in electronic, on-line form and in the manner described in this Agreement, via the Internet in the Territory; and

(ii) reproduce the Yahoo Service in electronic, on-line form for internal back-up and archival purposes;

(iii) use the Yahoo Software solely for modifying the Yahoo Service in accordance with this Agreement, and to reproduce the Yahoo Service solely for YAUk's internal use in furtherance of such modifying.

2.2 LICENSE TO YAHOO SYSTEM AND YAHOO U.K. Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YAUk, during the Term of this Agreement, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, modify and customize the Yahoo Software and Yahoo Service solely for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, and otherwise commercially exploiting Yahoo U.K.;

(ii) reproduce copies of the Yahoo Software solely for YAUk's internal use in creating Yahoo U.K. Derivative Works;

(iii) use, reproduce, display, perform, transmit, market, promote, and permit Yahoo U.K. Users to use, Yahoo U.K. in on-line form and in the manner described in this Agreement, via the Internet in the Territory;

(iv) use and reproduce any and Yahoo Software (in object code form only) associated with the Yahoo Properties solely to facilitate the exploitation of the Yahoo Properties as anticipated and described in this Agreement;

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(v) create Yahoo U.K. Derivative Works, solely for use, incorporation, and integration in Yahoo U.K. and solely as necessary for localizing Yahoo U.K. for the consumer market in the Territory, subject to the terms and limitations set forth in Section 2.4 of this Agreement; and

(vi) use, distribute, reproduce, transmit and display the Yahoo Brand Features in connection with the exercise of YAUk's rights to Yahoo U.K.;

PROVIDED, HOWEVER, that Yahoo U.K. 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.

2.3 [XXXX].

2.4 NO OTHER RIGHTS. Except as expressly provided in this Agreement, YAUk shall: (i) only distribute or make available Yahoo U.K. in its entirety as a complete work; (ii) subject to the provisions of Section 2.3, not distribute or make available the Yahoo Services or Yahoo U.K. other than in on-line electronic form; and (iii) not remove any copyright, trademark, or other proprietary rights notices from any of the Yahoo Properties or Yahoo Products. No rights or licenses are granted by Yahoo to YAUk except for those expressly granted in Sections 2.1, 2.2, and 2.3 hereto.

2.5 RESTRICTIVE COVENANT. During the Term of this Agreement, Yahoo shall not: (i) either directly or indirectly, grant any right or license, whether exclusive or non-exclusive, to any person or entity to use, display, reproduce, modify, customize the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory; or (ii) modify and customize, the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory. Nothing contained in this Agreement shall limit or in any way restrict Yahoo's right to advertise or promote the Yahoo System or any Derivative Works thereof outside of the Territory, or to advertise or promote the Yahoo System in any media that originates outside of the Territory; PROVIDED, HOWEVER, that such advertisements and promotions are not specifically targeted to Yahoo U.K. or the market for Yahoo U.K. in the Territory. The parties hereto further acknowledge and agree that nothing herein shall prevent, restrict or otherwise limit the ability of any person in the Territory from electronically accessing the Yahoo Service maintained and operated by Yahoo, or its current or future licensees, in any jurisdiction outside the Territory.

2.6 LICENSE GRANTED BY YAUk. Subject to all of the terms and conditions of this Agreement, YAUk hereby grants Yahoo a non-exclusive, royalty-free, perpetual, worldwide (EXCEPT for the Territory) license to use, reproduce, display, perform, transmit, market, promote, and permit Yahoo Service users to use, in any form or media, Local Content; PROVIDED, HOWEVER, that any use of the Local Content by Yahoo in the countries identified in EXHIBIT F (the "EXTENSION COUNTRIES") attached hereto shall be subject to prior approval by

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YAUk, which approval shall not be unreasonably withheld; and PROVIDED, FURTHER, that for a period of six (6) months after the Effective Date of this Agreement, Yahoo will neither: (i) market or promote the Local Content in the Extension Countries; nor (ii) market or promote Derivative Works targeted specifically to the Extension Countries and based on the Local Content, in the Extension Countries. Subject to the foregoing license grant, YAUk retains all right, title and interest in and to the Local Content.

ARTICLE 3: OBLIGATIONS OF THE PARTIES

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

3.2 LOCAL CONTENT. YAUk shall be solely responsible for collecting and classifying Local Content.

3.3 RESTRICTIVE COVENANT. During the Term, YAUk 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 consumer market of the Territory and for use within the Territory; or (ii) develop, commercialize, market or promote any Competitive Navigational Tool. Without limiting the foregoing, YAUk shall not provide any on-line

advertising that contains a direct hypertext link to any Competitive Navigational Tool; PROVIDED, HOWEVER, that nothing herein shall prohibit Yahoo U.K. from including links contained in the Yahoo Service or such links as may be reasonably agreed to by Yahoo.

3.4 MESSAGE BAR. Yahoo shall have the right, upon reasonable advance notice to YAUk, to place non-advertising Components from Yahoo directed to the global marketplace, on the home page of Yahoo U.K. for up to five (5) consecutive days.(1)

3.5 ADVERTISING REVENUE. The parties hereto agree that all revenues and income derived by YAUk in connection with advertising, marketing and promotional information in Yahoo U.K., and distribution of the Yahoo Service in the Territory pursuant to Section 2.1 hereto, shall accrue solely to YAUk, subject to the calculation and payment of the Fees as set out in EXHIBIT D attached hereto. YAUk shall be solely and exclusively responsible for ensuring that all advertising, marketing and promotional information conducted and provided by YAUk

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(1) By way of example, but not of limitation, in the event that one of Yahoo's directors or officers desires to send a global message to all users of Yahoo concerning introduction of a new Yahoo Property or news relating to Yahoo or a Yahoo Property, then such message would appear in the message bar as contemplated under this Agreement.

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complies with all local, federal, and other governmental laws and regulations of the Territory that may be applicable thereto.

3.6 YAUk COVENANTS. In addition to the representations and warranties of Section 6.1 hereto, YAUk covenants to use its best efforts to assure that:

(i) the Components and Local Content which YAUk includes in or associates with Yahoo U.K. shall neither: (a) infringe on or violate any copyright, patent, or any other proprietary right of any third party; nor (b) violate any applicable law, regulation or third party right;

(ii) YAUk's performance of this Agreement shall comply in all material respect with, and neither contravene, breach nor infringe, any laws or regulations of the Territory; and

(iii) the Local Content provided by YAUk shall not contain any obscene or defamatory materials, information, data or content, as such may be finally determined by a court of competent jurisdiction.

3.7 YAHOO COVENANT. Yahoo covenants to use its commercially reasonable efforts, in the event of a change by Yahoo of the platform or other technology necessary for operating the Yahoo Service to a new platform or technology (the "NEW TECHNOLOGY"), to: (i) provide YAUk with advance notice of such technology change; (ii) assist YAUk in managing the transition by YAUk from the current technology to the New Technology for Yahoo U.K.; and (iii) assist YAUk in obtaining such New Technology. Yahoo will bear reasonable start-up costs associated with establishing the New Technology for Yahoo U.K. so that Yahoo U.K. operates at essentially the same or better operating level (with respect to speed and responsiveness of Yahoo U.K. in response to a user query) that Yahoo U.K. operated prior to converting to the New Technology; PROVIDED, HOWEVER, that on-going costs, including license fees therefor, associated with such New Technology shall be borne solely by YAUk; PROVIDED, FURTHER, that Yahoo will use its reasonable efforts to pass any savings or discounts it may be able to obtain from the third party provider of the New Technology. Nothing herein shall be construed as an obligation or representation by Yahoo that Yahoo will obtain or negotiate on behalf of YAUk any license fees or other fees associated with the New Technology.

ARTICLE 4: OWNERSHIP; LOG DATA

4.1 YAHOO OWNERSHIP. Yahoo and YAUk hereby agree that all right, title and interest in and to the Yahoo System and the Yahoo U.K. Derivative Works shall

be owned exclusively by Yahoo without reservation, and that all such worldwide ownership rights, title and interest in and to, all aspects of Yahoo U.K. (including, but not limited to all Intellectual Property Rights thereto) shall solely vest with, and be owned by, Yahoo. YAUk assigns any interest it may be deemed to possess in any such Yahoo System or Yahoo U.K. Derivative Works 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 System and Yahoo U.K. Derivative Works.

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4.2 JOINT ENHANCEMENTS. Joint Enhancement shall be jointly owned by YAUk and Yahoo. Any use of such Joint Enhancements other than for the Yahoo Service or in connection with Yahoo U.K., as appropriate, by either party shall require the approval of the other party, with approval shall not be unreasonably withheld.

4.3 LOG DATA. YAUk will provide Yahoo with access to all Log Data containing the categories set forth in EXHIBIT E from use of Yahoo U.K. via Yahoo's Log Data Tool as described in EXHIBIT A. All Log Data shall be maintained as Confidential Information by each of YAUk and Yahoo. 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. Yahoo shall own all rights, title, and interest in and to any and all Log Data generated on any Yahoo Service site in the Territory, including Yahoo U.K.; PROVIDED, HOWEVER, Yahoo shall grant to YAUk a non-exclusive, royalty-free license to use and reproduce such Log Data for internal, non-commercial purposes only to Log Data generated at a Localized Site operated via the Internet.

ARTICLE 5: TRADEMARKS

5.1 ACKNOWLEDGMENT OF OWNERSHIP. YAUk acknowledges that: (i) as between YAUk and Yahoo, Yahoo owns all right, title and interest in the Yahoo Brand Features; and (ii) neither YAUk 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 or Yahoo U.K. pursuant to this Agreement.

5.2 USAGE GUIDELINES. YAUk's use of the Yahoo Brand Features shall adhere to the Yahoo Brand Guidelines set forth in EXHIBIT B attached hereto. In any event, YAUk's use of the Yahoo Brand Features shall be at least of a quality and standard reasonably commensurate with YAUk's use of its own trademarks. Throughout the Term of this Agreement, Yahoo shall promptly provide YAUk with all written details of, samples of and artwork for all Yahoo Brand Features as required by YAUk for performing its rights and obligations under this Agreement. YAUk 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. YAUk 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. If any use of the Yahoo Brand Features by YAUk fails to satisfy such quality standards and YAUk does not promptly cure such failure, Yahoo may terminate YAUk's right to use such Yahoo Brand Features.

5.3 NO ADVERSE CLAIM. YAUk 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, YAUk will not: (i) register, seek to register, or cause to be registered any of the Yahoo Brand Features without Yahoo's prior written consent; (ii) adopt or use Yahoo Brand

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Features or any confusingly similar word or symbol as part of YAUk's company

name, or on or in connection with any of YAUk's products or services; or (iii) allow Yahoo Brand Features to be used by others, without Yahoo's prior written consent.

ARTICLE 6: CONFIDENTIAL INFORMATION

6.1 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.

6.2 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.

6.3 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 6.

6.4 THIRD PARTY CONFIDENTIAL INFORMATION. Any Confidential Information of a third party disclosed to either party shall be treated by YAUk 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.

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6.5 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.

6.6 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, outside the scope of this Agreement, EXCEPT: (i) to the extent such activities would involve a breach of the confidentiality restrictions contained in this Section; or (ii) as otherwise expressly provided herein, including without limitation, the restrictive covenants of Sections 2.5 and 3.3 hereto.

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 Section 6 of this Agreement in connection with such development.

ARTICLE 7: LICENSE FEES AND PAYMENT

7.1 LICENSE FEES. YAUk shall pay to Yahoo, as full and complete remuneration for the performance of all of Yahoo's obligations hereunder, the license fees that are set forth in EXHIBIT D attached hereto (the "FEES"). All payments under this Agreement shall be made by wire transfer to an account designated by Yahoo, within thirty (30) days of the end of the quarter in which such amounts are collected by YAUk, and shall be accompanied by a written report signed by an authorized YAUk 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.

7.2 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 published in the Wall Street Journal on the date each payment is due.

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

7.4 TAXES. All Fees paid by YAUk to Yahoo hereunder shall be inclusive of all excise and customs duties, costs, expenses, 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 Territory 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 YAUk 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 Yahoo U.K.

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7.5 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 YAUk which are relevant to Fees amounts payable to Yahoo and the licenses granted by Yahoo hereunder; 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 twice (2) per calendar year; (iv) if any audit should disclose an underpayment by YAUk, YAUk shall promptly pay such amount to Yahoo; and (v) the cost 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 YAUk.

ARTICLE 8: REPRESENTATIONS AND WARRANTIES

8.1 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.

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.

ARTICLE 9: LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION

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9.1 LIABILITY. EXCEPT AS PROVIDED IN SECTION 9.2, 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.

9.2 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) and hold YAUk and its officers, directors, employees, agents, distributors and licensees (the "YAUk 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"), incurred or suffered by a YAUk Indemnified Party to the extent the basis of such Claim is that: (i) the Yahoo Properties provided by Yahoo to YAUk 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; or (iii) Yahoo has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that Yahoo shall have no obligation to the YAUk Indemnified Parties pursuant to this Section unless: (x) YAUk gives Yahoo prompt written notice of the Claim; and (y) in the case of third party claims, Yahoo is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and YAUk provides Yahoo with reasonable assistance in the defense or settlement thereof. In connection with the defense of any such Claim, each YAUk Indemnified Party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

9.3 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.

9.4 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 YAUk permitting continued use of the Yahoo Properties on terms and conditions consistent with the rights granted to YAUk 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 YAUk, YAUk 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. Notwithstanding the foregoing, this Agreement shall

remain in full force and effect in

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accordance with the terms hereof with respect to all noninfringing portions of the Yahoo Properties.

9.5 YAUk INDEMNIFICATION. Subject to the limitations set forth below, YAUk, at its own expense, shall indemnify, defend (or at YAUk's option and expense, settle) and hold Yahoo and any Yahoo Affiliates and their officers, directors, employees, agents, distributors and licensees (the "YAUk 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"), incurred or suffered by a Yahoo Indemnified Party to the extent the basis of such Claim is that: (i) Yahoo U.K. or any Local Content (to the extent distinct from Yahoo Properties provided by Yahoo to YAUk) infringe any: (1) patent; (2) copyright; (3) trade secret; or (4) trademark of a third party; (ii) YAUk does not have the right to license the Local Content as set forth herein; or (iii) YAUk has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that YAUk shall have no obligation to the Yahoo Indemnified Parties pursuant to this Section unless: (x) Yahoo gives YAUk prompt written notice of the Claim; and (y) in the case of third party claims, YAUk is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and Yahoo provides YAUk 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 indemnified person may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

ARTICLE 10: TERM

10.1 TERM. Unless earlier terminated as provided herein, or unless otherwise provided in the Joint Venture Agreement, this Agreement shall be effective from the Effective Date until the sooner of: (i) the parties hereto mutually agree to terminate this Agreement; or (ii) termination of the Joint Venture Agreement.

10.2 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.

10.3 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

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officer of its company certifying that to the best of its knowledge, such delivery or destruction has been fully effected.

10.4 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.

10.5 SURVIVAL. The respective rights and obligations of the parties under

Sections 1, 4.1, 4.2, 4.3, 5.1, 5.3, 7.4, 10.3, 10.4, and 10.5. and Articles 6, 8, 9, and 11 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 11: MISCELLANEOUS

11.1 GOVERNING LAW; JURISDICTION. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, and with the same force and effect as if fully executed and performed therein, and the laws of the United States of America. Each of YAUk 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.

11.2 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.

11.3 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 provided that such party continues to be liable for the performance of its obligations 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.

11.4 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; or (iv) sent via facsimile, 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 or by courier; or (y) three (3) days after the date of posting if transmitted by mail. Either party may

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change its address for notice purposes hereof on not less than three (3) 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.
3400 Central Expressway
Santa Clara, CA 95051
Attention: President
Fax: (408) 731-3301

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

To YAUk: Yahoo! U.K.
Cottons Centre
Hayes Lane
London SE1 2QT U.K.
Attn: Managing Director
Fax: [_____]

Copy to YAUK counsel as identified or direct by YAUK.

11.5 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.

11.6 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.

11.7 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.

11.8 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

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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.

11.9 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.

11.10 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.

11.11 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.

11.12 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.

11.13 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! U.K.

YAHOO! INC.

By: /s/ HEATHER KILLEN

By: /s/ TIMOTHY KOOGLE

Name: Heather Killen
Title: President & CEO

Name: Timothy Koogle
Title: President

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EXHIBIT A

YAHOO U.K. TECHNICAL SPECIFICATIONS

I. TECHNICAL SPECIFICATIONS

Yahoo will provide HTML Tree and Search Tree data files described below, to YAUK: PROVIDED, HOWEVER, that Yahoo reserves the right to modify the structure of its HTML tree and search tree from time to time as Yahoo deems necessary in connection with similar modifications that are made to the Yahoo Internet Directory on Yahoo's principal WWW site.

(A) HTML TREE: The file format of individual data files is in HTML format. The hierarchical directory structure is implemented using UNIX file system.

(B) SEARCH TREE: The search index format is a flat file text format that is subject to update.

II. TOOLS AND SEARCH ENGINE

Yahoo will provide to YAUK the following tools for use in connection with Yahoo U.K. Subject to the terms and conditions of this Agreement, Yahoo reserves the right to add, delete and modify from this list so long as the service is not degraded or interrupted significantly, and Yahoo notifies YAUK in advance and works with YAUK in good faith before making any such changes.

A. HTTP SERVER: A C program compiled on the hardware platform provided. The initial version of HTTP software will be proprietary to Yahoo. Subject to the terms and conditions of this Agreement, this software may be replaced by third party software in the future.

B. SEARCH SERVER: A C program compiled on the hardware provided. This software is proprietary to Yahoo. Subject to the terms and conditions of this Agreement, Yahoo reserves the right to change the search engine to a third party software at Yahoo's discretion without notice.

C. CGI SCRIPTS: These scripts are either written in C or in Perl. The platforms must have Perl installed.

D. UTILITY SCRIPTS: These scripts are written in Perl or similar shell languages. The platform must support cron jobs and have Perl, and other required shell environments, installed.

E. LOG DATA TOOL: This software tool, which is proprietary to Yahoo, is a set of CGI scripts written in Perl that summarize, analyze, and display summary information regarding Log Data. Yahoo will use this tool to remotely access Log Data collected by YAUK pursuant to this Agreement.

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EXHIBIT B

YAHOO BRAND GUIDELINES

1. GENERAL. The Yahoo Brand Features may be used by YAUK only in connection with the exercise of YAUK's rights pursuant to this Agreement, and only with the promotion of the use of Yahoo Properties and Yahoo Products pursuant to the terms of this Agreement and only in a manner consistent with proper usage of the trademarks, trade names, service marks, service names and other elements that are contained.

2. APPEARANCE OF LOGOS. Yahoo and YAUK will use their best efforts to ensure that the presentation of the Yahoo Brand Features shall be consistent with Yahoo's use of the Yahoo Brand Features on Yahoo's URLs. YAUK shall use the Yahoo Brand Features in a manner reasonably consistent with other key third party content used by YAUK in connection with Yahoo U.K.

3. NOTICES. All trademarks and service marks included in the Yahoo Brand Features shall be designated with "SM", "TM", "-Registered Trademark-", in the manner directed by Yahoo.

4. APPEARANCE. Promptly following the Effective Date, and from time to time during the Term, Yahoo shall provide YAUK with written guidelines for the size, typeface, colors and other graphic characteristics of the Yahoo Brand Features, which upon delivery to YAUK shall be deemed to be incorporated into the "Yahoo Brand Guidelines" under this Agreement.

5. RESTRICTIONS UPON USE. Unless otherwise mutually agreed, the Yahoo Brand Features shall not be presented or used by YAUK:

A. in a manner that could be reasonably interpreted to suggest that any editorial content other than the Yahoo Service has been authored by, or represents the views or opinions of, Yahoo or any Yahoo personnel;

B. in a manner that is misleading, defamatory, libelous, obscene or otherwise objectionable, in Yahoo's reasonable opinion;

C. in a way that infringes, derogates, dilutes or impairs the rights of Yahoo in the Yahoo Brand Features;

D. for the purposes of promoting the sale, license or other transfer for value of property or services, other than in connection with the promotion of the sale and use of Yahoo U.K.; or

E. as part of a name of a product or service of a company other than Yahoo, except as expressly provided in this Agreement.

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6. REMEDY. YAUK will make any changes to its use of the Yahoo Brand Features as are reasonably requested by Yahoo.

7. REVISIONS. These Guidelines may be modified as may be reasonably necessary at any time by Yahoo upon written notice to YAUK.

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EXHIBIT C

COMPETITIVE NAVIGATIONAL TOOLS

Competitive Navigational Tools shall include the Internet directories and Internet search tools including, but not limited to those listed below or offered by a party listed below:

[XXXX]

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EXHIBIT D

LICENSE FEES

License fee: [XXXX] for each year of this Agreement.

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT E

YAHOO U.K. LOG DATA

Each time a customer accesses Yahoo U.K., Yahoo requires the following User Log Data from YAUK:

1. The customer's Internet protocol address;
2. The date and time of access;
3. A description of the page of Yahoo U.K. accessed
(e.g.,/Entertainment/Games/Video Games/)

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YAHOO! DEUTSCHLAND LICENSE AGREEMENT

This YAHOO! DEUTSCHLAND LICENSE AGREEMENT (the "AGREEMENT") is entered into as of this 1st day of November, 1996 (the "EFFECTIVE DATE") by and between:

YAHOO! INC., a California corporation ("YAHOO") with a principal office at 3400 Central Expressway, Santa Clara, CA 95051; and

YAHOO! DEUTSCHLAND, a corporation organized under the laws of Germany ("YADE"), with a principal office at _____; 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

B. YADE has been organized with 70% owned by Yahoo and 30% owned by SB Holdings (Europe) Ltd., pursuant to a joint venture agreement entered into concurrently herewith (the "JOINT VENTURE AGREEMENT"), in order to operate in Germany a localized version of the Yahoo Guide, to develop related on-line navigational services in Germany, and to conduct certain other businesses relating to such activities.

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:

"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 power to direct or cause the direction of the management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Without limiting the

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foregoing, joint control of an Entity with one or more other persons or Entities shall be deemed to constitute control for purposes hereof.

"COMPETITIVE NAVIGATIONAL TOOLS" shall mean any third party Internet directory or Internet search tool that provides a comprehensive hierarchical directory or text-based index of WWW sites, including, without limitation, those Competitive Navigational Tools owned, operated, or offered by the companies listed in EXHIBIT C 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."

"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.

"CONFIDENTIAL INFORMATION" shall mean any information relating to or disclosed in the course of this Agreement, which is 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 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 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.

"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.).

"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.

"JOINT ENHANCEMENTS" shall mean any enhancements, added functionalities, additions, extensions or improvements to Yahoo.DE that are created or developed jointly by YADE, on the one hand, and Yahoo, its Affiliates (other than YADE, Yahoo! France, or Yahoo! UK) or their agents, on the other hand, including any Components which are jointly contributed to Yahoo.DE.

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

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"LOCAL CONTENT" shall mean content, including WWW site listings, added to Yahoo.DE by YADE and that is: (i) specific to the market of the Territory; and (ii) originates in or arises from activities in the Territory.

"LOCALIZED SITE" shall mean YADE's WWW site(s) in the Territory through which the Yahoo Properties are made available to Yahoo.DE Users.

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

"TERRITORY" shall mean Germany, exclusive of its territories and protectorates.

"WWW" shall the World Wide Web, a system for accessing and viewing text, graphics, sound and other media via the Internet.

"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, as to which Yahoo has established trademark, trade name or similar protectable rights, including the name "Yahoo!" and any modifications or improvements to the foregoing that may be created by Yahoo from time to time.

"YAHOO BRAND GUIDELINES" shall mean the guidelines for use of the Yahoo Brand Features, as specifically set forth in EXHIBIT B attached hereto, as such may be reasonably amended from time to time by Yahoo.

"YAHOO.DE" shall mean versions of the Yahoo Service that are customized and localized specifically for all or any portion of the market of the Territory in any and all languages or dialects specifically relevant to the Territory.

"YAHOO.DE DERIVATIVE WORKS" shall mean Derivative Works created from the Yahoo Properties, including: (i) any German customizations and translations necessary for the customer market in the Territory, created by YADE from Yahoo Properties for use in Yahoo.DE; and (ii) new properties, including regional directories and localized directories, for example a Yahoo.Berlin, that are directed to the Territory or that are necessary to build Yahoo.DE in the Territory; PROVIDED, HOWEVER, that YADE shall obtain prior approval from Yahoo for any such new properties that have a scope intended to extend beyond the market of the Territory.

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

"YAHOO.DE USERS" shall mean Internet-users to whom YADE provides access to Yahoo.DE.

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"YAHOO PRODUCTS" shall mean print publications and digital media products, including CD ROMs, and other marketing tools derived from or incorporating Yahoo Properties that are localized for the Territory by YADE.

"YAHOO PROPERTIES" shall mean collectively: (i) the Yahoo Service, including both the Yahoo Service Look and Feel and the Yahoo Brand Features; and (ii) Yahoo.DE.

"YAHOO SERVICE" shall mean, collectively, the Internet-based hierarchical information index and retrieval product, including the related search engine, that Yahoo makes generally available now or in the future through the WWW, and currently located at <http://www.yahoo.com>, as the same may be modified, upgraded, updated or enhanced during the Term of this Agreement; PROVIDED, HOWEVER, that the Yahoo Service shall not include any content, software, or any WWW-wide text-based search tool licensed, incorporated, or otherwise authorized for use by Yahoo from a third party (UNLESS Yahoo has the right to sublicense the same to YADE hereunder which Yahoo shall use reasonable efforts to obtain).

"YAHOO SERVICE LOOK AND FEEL" shall mean the artistic renderings, drawings, animations, sketches, characters, layouts and designs, and digital implementations thereof which are embodied within the Yahoo Service as to which Yahoo has established protectable rights.

"YAHOO SOFTWARE" shall mean all computer programs, in object code form, and related know how, that are owned or operated by Yahoo and required for the operation, modification, maintenance and distribution (or permitted Internet access to) the Yahoo Service, including the computer software programs described in EXHIBIT A attached hereto; PROVIDED, HOWEVER, that the "Yahoo Software" does not include third party software or materials that Yahoo does not have the right to sublicense to YADE without cost.

"YAHOO SYSTEM" shall mean, collectively, the Yahoo Service, the Yahoo Software, the Yahoo Brand Features, and any related documentation as Yahoo may make available to third parties from time to time.

1.2 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 "hereof," "herein" and "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 means "including, without limitation." References herein to section, subsection, attachment or exhibit shall refer to the appropriate

section, subsection 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.

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1.3 EXHIBITS. In the event that any Exhibits referred to in this Agreement are not attached at the time of execution and delivery of this Agreement, the parties agree to determine in good faith upon the content of such Exhibits within five (5) business days following the Effective Date.

ARTICLE 2: GRANT OF RIGHTS

2.1 LICENSE TO YAHOO SERVICE PRIOR TO YAHOO.DE LAUNCH. Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YADE, from the Effective Date of this Agreement until the Launch Date, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, display, perform, transmit, market, promote, and permit Yahoo.DE Users to use, the Yahoo Service in electronic, on-line form and in the manner described in this Agreement, via the Internet in the Territory;

(ii) reproduce the Yahoo Service in electronic, on-line form for internal back-up and archival purposes; and

(iii) use the Yahoo Software solely for modifying the Yahoo Service in accordance with this Agreement, and to reproduce the Yahoo Service solely for YADE's internal use in furtherance of such modifying.

2.2 LICENSE TO YAHOO SYSTEM AND YAHOO.DE Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YADE, during the Term of this Agreement, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, modify and customize the Yahoo Software and Yahoo Service solely for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, and otherwise commercially exploiting Yahoo.DE;

(ii) reproduce copies of the Yahoo Software solely for YADE's internal use in creating Yahoo.DE Derivative Works;

(iii) use, reproduce, display, perform, transmit, market, promote, and permit Yahoo.DE Users to use, Yahoo.DE in on-line form and in the manner described in this Agreement, via the Internet in the Territory;

(iv) use and reproduce any and all Yahoo Software (in object code form only) associated with the Yahoo Properties solely to facilitate the exploitation of the Yahoo Properties as anticipated and described in this Agreement;

(v) create Yahoo.DE Derivative Works, solely for use, incorporation, and integration in Yahoo.DE and solely as necessary for localizing Yahoo.DE for the consumer

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(vi) market in the Territory, subject to the terms and limitations set forth in Section 2.4 of this Agreement; and use, distribute, reproduce, transmit and display the Yahoo Brand Features in connection with the exercise of YADE's rights to Yahoo.DE;

PROVIDED, HOWEVER, that Yahoo.DE 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.

2.3 [XXXX].

2.4 NO OTHER RIGHTS. Except as expressly provided in this Agreement, YADE shall: (i) only distribute or make available Yahoo.DE in its entirety as a complete work; PROVIDED, HOWEVER, that YADE may omit directories, categories, subcategories, and products that YADE determines is irrelevant or inapplicable to the Territory, subject to Yahoo's approval which shall not unreasonably be withheld; (ii) subject to the provisions of Section 2.3, not distribute or make available the Yahoo Services or Yahoo.DE other than in on-line electronic form; and (iii) not remove any copyright, trademark, or other proprietary rights notices from any of the Yahoo Properties or Yahoo Products. No rights or licenses are granted by Yahoo to YADE except for those expressly granted in Sections 2.1, 2.2, and 2.3 hereto.

2.5 RESTRICTIVE COVENANT. During the Term of this Agreement, Yahoo shall not: (i) either directly or indirectly, grant any right or license, whether exclusive or non-exclusive, to any person or entity to use, display, reproduce, modify, and customize, the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory; or (ii) modify and customize the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory. Nothing contained in this Agreement shall limit or in any way restrict Yahoo's right to advertise or promote the Yahoo System or any Derivative Works thereof outside of the Territory, or to advertise or promote the Yahoo System in any media that originates outside of the Territory; PROVIDED, HOWEVER, that such advertisements and promotions are not specifically targeted to Yahoo.DE or the market for Yahoo.DE in the Territory. The parties hereto further acknowledge and agree that nothing herein shall prevent, restrict or otherwise limit the ability of any person in the Territory from electronically accessing the Yahoo Service maintained and operated by Yahoo, or its current or future licensees, in any jurisdiction outside the Territory.

2.6 LICENSE GRANTED BY YADE. Subject to all of the terms and conditions of this Agreement, YADE hereby grants Yahoo a non-exclusive, royalty-free, perpetual, worldwide (EXCEPT for the Territory) license to use, reproduce, display, perform, transmit, market, promote, and permit Yahoo Service users to use, in any form or media, Local Content; PROVIDED, HOWEVER, that any use of the Local Content by Yahoo in the countries identified in EXHIBIT F (the "EXTENSION COUNTRIES") attached hereto shall be subject to prior approval by YADE, which approval shall not be unreasonably withheld; and PROVIDED, FURTHER, that for a

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period of six (6) months after the Effective Date of this Agreement, Yahoo will neither: (i) market or promote the Local Content in the Extension Countries; nor (ii) market or promote Derivative Works targeted specifically to the Extension Countries and based on the Local Content, in the Extension Countries. Subject to the foregoing license grant, YADE retains all right, title and interest in and to the Local Content.

ARTICLE 3: OBLIGATIONS OF THE PARTIES

3.1 YAHOO.DE CONTENT. Yahoo.DE 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. Promptly after the Effective Date, Yahoo shall provide to YADE with Yahoo Properties to the extent necessary to launch the Yahoo.DE Site and for YADE to create Yahoo.DE Derivative Works for incorporation into Yahoo.DE. In the event that YADE wants to post or incorporate any new service, content (other than Local Content), or sponsorships on Yahoo.DE, YADE shall obtain Yahoo's

prior written consent, which consent shall not be unreasonably withheld.

3.2 LOCAL CONTENT. YADE shall be solely responsible for collecting, translating, and classifying Local Content. YADE may eliminate from Yahoo.DE such Components that are unrelated to directory, index, or search functions as YADE deems appropriate, subject to Yahoo's prior approval, which shall not unreasonably be withheld.

3.3 RESTRICTIVE COVENANT. During the Term, YADE agrees that it shall not: (i) enter into a commercial arrangement or transaction with any person for the customization, translation, or localization of a Competitive Navigational Tool for the consumer market of the Territory and for use within the Territory; or (ii) develop, commercialize, market or promote any Competitive Navigational Tool. Without limiting the foregoing, YADE shall not provide any on-line advertising that contains a direct hypertext link to any Competitive Navigational Tool; PROVIDED, HOWEVER, that nothing herein shall prohibit Yahoo.DE from including links contained in the Yahoo Service, or such links as may be reasonably agreed to by Yahoo.

3.4 MESSAGE BAR. Yahoo shall have the right, upon reasonable advance notice to YADE, to place non-advertising Components from Yahoo directed to the global marketplace, on the home page of Yahoo.DE for up to five (5) consecutive days.(1)

3.5 ADVERTISING REVENUE. The parties hereto agree that all revenues and income derived by YADE in connection with advertising, marketing and promotional information in Yahoo.DE, and distribution of the Yahoo Service in the Territory pursuant to Section 2.1 hereto, shall accrue solely to YADE, subject to the calculation and payment of the Fees as set out in EXHIBIT D attached hereto. YADE shall be solely and exclusively responsible for ensuring that all advertising, marketing and promotional information conducted and provided by YADE

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(1) By way of example, but not of limitation, in the event that one of Yahoo's directors or officers desires to send a global message to all users of Yahoo concerning introduction of a new Yahoo Property or news relating to Yahoo or a Yahoo Property, then such message would appear in the message bar as contemplated under this Agreement.

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complies with all local, federal, and other governmental laws and regulations of the Territory that may be applicable thereto.

3.6 YADE COVENANTS. In addition to the representations and warranties of Section 6.1 hereto, YADE covenants to use its best efforts to assure that:

(i) the Components and Local Content which YADE includes in or associates with Yahoo.DE shall neither: (a) infringe on or violate any copyright, patent, or any other proprietary right of any third party; nor (b) violate any applicable law, regulation or third party right;

(ii) YADE's performance of this Agreement shall comply in all material respect with, and neither contravene, breach nor infringe, any laws or regulations of the Territory;

(iii) the Local Content provided by YADE shall not contain any obscene or defamatory materials, information, data or content, as such may be finally determined by a court of competent jurisdiction; and

(iv) all translations performed by YADE, either directly or under YADE's instructions, shall be accurate.

3.7 YAHOO COVENANT. Yahoo covenants to use its commercially reasonable efforts, in the event of a change by Yahoo of the platform or other technology necessary for operating the Yahoo Service to a new platform or technology (the "NEW TECHNOLOGY"), to: (i) provide YADE with advance notice of such technology change; (ii) assist YADE in managing the transition by YADE from the current technology to the New Technology for Yahoo.DE; and (iii) assist YADE in obtaining such New Technology. Yahoo will bear

reasonable start-up costs associated with establishing the New Technology for Yahoo.DE so that Yahoo.DE operates at essentially the same or better operating level (with respect to speed and responsiveness of Yahoo.DE in response to a user query) that Yahoo.DE operated prior to converting to the New Technology; PROVIDED, HOWEVER, that on-going costs, including license fees therefor, associated with such New Technology shall be borne solely by YADE; PROVIDED, FURTHER, that Yahoo will use its reasonable efforts to pass any savings or discounts it may be able to obtain from the third party provider of the New Technology. Nothing herein shall be construed as an obligation or representation by Yahoo that Yahoo will obtain or negotiate on behalf of YADE any license fees or other fees associated with the New Technology.

ARTICLE 4: OWNERSHIP; LOG DATA

4.1 YAHOO OWNERSHIP. Yahoo and YADE hereby agree that all right, title and interest in and to the Yahoo System and the Yahoo.DE Derivative Works shall be owned exclusively by Yahoo without reservation, and that all such worldwide ownership rights, title and interest in and to, all aspects of Yahoo.DE (including, but not limited to all Intellectual Property Rights thereto) shall solely vest with, and be owned by, Yahoo. YADE assigns any interest it may be deemed to possess in any such Yahoo System or Yahoo.DE Derivative Works to Yahoo and will assist Yahoo in every reasonable way, at Yahoo's expense, to obtain, secure, perfect,

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maintain, defend and enforce for Yahoo's benefit all Intellectual Property Rights with respect to the Yahoo System and Yahoo.DE Derivative Works.

4.2 JOINT ENHANCEMENTS. Joint Enhancement shall be jointly owned by YADE and Yahoo. Any use of such Joint Enhancements other than for the Yahoo Service or in connection with Yahoo.DE, as appropriate, by either party shall require the approval of the other party, with approval shall not be unreasonably withheld.

4.3 LOG DATA. YADE will provide Yahoo with access to all Log Data containing the categories set forth in EXHIBIT E from use of Yahoo.DE via Yahoo's Log Data Tool as described in EXHIBIT A. All Log Data shall be maintained as Confidential Information by each of YADE and Yahoo. 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. Yahoo shall own all rights, title, and interest in and to any and all Log Data generated on any Yahoo Service site in the Territory, including Yahoo.DE; PROVIDED, HOWEVER, Yahoo shall grant to YADE a non-exclusive, royalty-free license to use and reproduce such Log Data for internal, non-commercial purposes only to Log Data generated at a Localized Site operated via the Internet.

ARTICLE 5: TRADEMARKS

5.1 ACKNOWLEDGMENT OF OWNERSHIP. YADE acknowledges that: (i) as between YADE and Yahoo, Yahoo owns all right, title and interest in the Yahoo Brand Features; and (ii) neither YADE 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 or Yahoo.DE pursuant to this Agreement.

5.2 USAGE GUIDELINES. YADE's use of the Yahoo Brand Features shall adhere to the Yahoo Brand Guidelines set forth in EXHIBIT B attached hereto. In any event, YADE's use of the Yahoo Brand Features shall be at least of a quality and standard reasonably commensurate with YADE's use of its own trademarks. Throughout the Term of this Agreement, Yahoo shall promptly provide YADE with all written details of, samples of and artwork for all Yahoo Brand Features as required by YADE for performing its rights and obligations under this Agreement. YADE 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. YADE 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.

If any use of the Yahoo Brand Features by YADE fails to satisfy such quality standards and YADE does not promptly cure such failure, Yahoo may terminate YADE's right to use such Yahoo Brand Features.

5.3 NO ADVERSE CLAIM. YADE 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

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the parties, YADE will not: (i) register, seek to register, or cause to be registered any of the Yahoo Brand Features without Yahoo's prior written consent; (ii) adopt or use Yahoo Brand Features or any confusingly similar word or symbol as part of YADE's company name, or on or in connection with any of YADE's products or services; or (iii) allow Yahoo Brand Features to be used by others, without Yahoo's prior written consent.

ARTICLE 6: CONFIDENTIAL INFORMATION

6.1 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.

6.2 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.

6.3 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 6.

6.4 THIRD PARTY CONFIDENTIAL INFORMATION. Any Confidential Information of a third party disclosed to either party shall be treated by YADE 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

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and provided further that either party may decline, in its sole discretion, to accept all or any portion of such third party Confidential Information.

6.5 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.

6.6 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, outside the scope of this Agreement, EXCEPT: (i) to the extent such activities would involve a breach of the confidentiality restrictions contained in this Section; or (ii) as otherwise expressly provided herein, including without limitation, the restrictive covenants of Sections 2.5 and 3.3 hereto. 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 Section 6 of this Agreement in connection with such development.

ARTICLE 7: LICENSE FEES AND PAYMENT

7.1 LICENSE FEES. YADE shall pay to Yahoo, as full and complete remuneration for the performance of all of Yahoo's obligations hereunder, the license fees that are set forth in EXHIBIT D attached hereto (the "FEES"). All payments under this Agreement shall be made by wire transfer to an account designated by Yahoo, within thirty (30) days of the end of the quarter in which such amounts are collected by YADE, and shall be accompanied by a written report signed by an authorized YADE 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.

7.2 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 published in the Wall Street Journal on the date each payment is due.

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

7.4 TAXES. All Fees paid by YADE to Yahoo hereunder shall be inclusive of all excise and customs duties, costs, expenses, 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 Territory 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 YADE to Yahoo

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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 Yahoo.DE

7.5 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 YADE which are relevant to Fees amounts payable to Yahoo and the licenses granted by Yahoo hereunder; 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 twice (2) per calendar year; (iv) if any audit should disclose an underpayment by YADE, YADE shall promptly pay such amount to Yahoo; and (v) the cost 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 YADE.

ARTICLE 8: REPRESENTATIONS AND WARRANTIES

8.1 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.

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.

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ARTICLE 9: LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION

9.1 LIABILITY. EXCEPT AS PROVIDED IN SECTION 9.2, 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.

9.2 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) and hold YADE and its officers, directors, employees, agents, distributors and licensees (the "YADE 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"), incurred or suffered by a YADE Indemnified Party to the extent the basis of such Claim is that: (i) the Yahoo Properties provided by Yahoo to YADE 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; or (iii) Yahoo has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that Yahoo shall have no obligation to the YADE Indemnified Parties pursuant to this Section unless: (x) YADE gives Yahoo prompt written notice of the Claim; and (y) in the case of third party claims, Yahoo is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and YADE provides Yahoo with reasonable assistance in the defense or settlement thereof. In connection with the defense of any

such Claim, each YADE Indemnified Party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

9.3 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; (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; or (iii) translation errors or inaccuracies caused, either directly or indirectly, by YADE.

9.4 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 YADE permitting continued use of the Yahoo Properties on terms and conditions consistent with the rights granted to YADE 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 YADE, YADE shall thereupon take the necessary action to discontinue further distribution of

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the Yahoo Properties to the extent that and only for so long as such use would be infringing. 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.

9.5 YADE INDEMNIFICATION. Subject to the limitations set forth below, YADE, at its own expense, shall indemnify, defend (or at YADE's option and expense, settle) 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, suit, action or proceeding (collectively, a "CLAIM"), incurred or suffered by a Yahoo Indemnified Party to the extent the basis of such Claim is that: (i) Yahoo.DE or any Local Content (to the extent distinct from Yahoo Properties provided by Yahoo to YADE) infringe any: (1) patent; (2) copyright; (3) trade secret; or (4) trademark of a third party; (ii) YADE does not have the right to license the Local Content as set forth herein; or (iii) YADE has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that YADE shall have no obligation to the Yahoo Indemnified Parties pursuant to this Section unless: (x) Yahoo gives YADE prompt written notice of the Claim; and (y) in the case of third party claims, YADE is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and Yahoo provides YADE 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 indemnified person may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

ARTICLE 10: TERM

10.1 TERM. Unless earlier terminated as provided herein, or unless otherwise provided in the Joint Venture Agreement, this Agreement shall be effective from the Effective Date until the sooner of: (i) the parties hereto mutually agree to terminate this Agreement; or (ii) termination of the Joint Venture Agreement.

10.2 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.

10.3 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

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[X] CONFIDENTIAL TREATMENT REQUESTED

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.

10.4 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.

10.5 SURVIVAL. The respective rights and obligations of the parties under Sections 1, 4.1, 4.2, 4.3, 5.1, 5.3, 7.4, 10.3, 10.4, and 10.5. and Articles 6, 8, 9, and 11 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 11: MISCELLANEOUS

11.1 GOVERNING LAW; JURISDICTION. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, and with the same force and effect as if fully executed and performed therein, and the laws of the United States of America. Each of YADE 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.

11.2 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.

11.3 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 provided that such party continues to be liable for the performance of its obligations 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.

11.4 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; or (iv) sent via facsimile, 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

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of receipt (or if delivery is refused, the date of such refusal) if delivered personally or by courier; or (y) three (3) days after the date of posting if transmitted by mail. Either party may change its address for notice purposes hereof on not less than three (3) 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.
 3400 Central Expressway
 Santa Clara, CA 95051
 Attention: President
 Fax: (408) 731-3301

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

To YADE: Yahoo! Deutschland
 Riesstrasse 25,
 Block C, 4th Floor
 8000 Munich 50
 Germany
 Attention: Managing Director
 Fax: [_____]

Copy to YADE counsel as identified or direct by YADE.

11.5 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.

11.6 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.

11.7 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.

11.8 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.

11.9 SEVERABILITY. If the application of any provision or provisions of this Agreement to any particular facts of 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.

11.10 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.

11.11 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.

11.12 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.

11.13 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! DEUTSCHLAND

YAHOO! INC.

By: /s/ HEATHER KILLEN

By: /s/ TIMOTHY KOOGLE

Name: Heather Killen
Title: President & CEO

Name: Timothy Koogle
Title: President

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[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT A

YAHOO.DE TECHNICAL SPECIFICATIONS

I. TECHNICAL SPECIFICATIONS

Yahoo will provide HTML Tree and Search Tree data files described below, to YADE: PROVIDED, HOWEVER, that Yahoo reserves the right to modify the structure of its HTML tree and search tree from time to time as Yahoo deems necessary in connection with similar modifications that are made to the Yahoo Internet Directory on Yahoo's principal WWW site.

(A) HTML TREE: The file format of individual data files is in HTML format. The hierarchical directory structure is implemented using UNIX file system.

(B) SEARCH TREE: The search index format is a flat file text format that is subject to update.

II. TOOLS AND SEARCH ENGINE

Yahoo will provide to YADE the following tools for use in connection with Yahoo.DE Subject to the terms and conditions of this Agreement, Yahoo reserves the right to add, delete and modify from this list so long as the service is not degraded or interrupted significantly, and Yahoo notifies YADE in advance and works with YADE in good faith before making any such changes.

A. HTTP SERVER: A C program compiled on the hardware platform provided. The initial version of HTTP software will be proprietary to Yahoo. Subject to the terms and conditions of this Agreement, this software may be replaced by third party software in the future.

B. SEARCH SERVER: A C program compiled on the hardware provided. This software is proprietary to Yahoo. Subject to the terms and conditions of this Agreement, Yahoo reserves the right to change the search engine to a third party software at Yahoo's discretion without notice.

C. CGI SCRIPTS: These scripts are either written in C or in Perl. The platforms must have Perl installed.

D. UTILITY SCRIPTS: These scripts are written in Perl or similar shell languages. The platform must support cron jobs and have Perl, and other required shell environments, installed.

E. LOG DATA TOOL: This software tool, which is proprietary to Yahoo, is a set of CGI scripts written in Perl that summarize, analyze, and display summary information regarding Log Data. Yahoo will use this tool to remotely access Log Data collected by YADE pursuant to this Agreement.

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EXHIBIT B

YAHOO BRAND GUIDELINES

1. GENERAL. The Yahoo Brand Features may be used by YADE only in connection with the exercise of YADE's rights pursuant to this Agreement, and only with the promotion of the use of Yahoo Properties and Yahoo Products pursuant to the terms of this Agreement and only in a manner consistent with proper usage of the trademarks, trade names, service marks, service names and other elements that are contained.

2. APPEARANCE OF LOGOS. Yahoo and YADE will use their best efforts to ensure that the presentation of the Yahoo Brand Features shall be consistent with Yahoo's use of the Yahoo Brand Features on Yahoo's URLs. YADE shall use the Yahoo Brand Features in a manner reasonably consistent with other key third party content used by YADE in connection with Yahoo.DE

3. NOTICES. All trademarks and service marks included in the Yahoo Brand Features shall be designated with "SM", "TM", "-Registered Trademark-", in the manner directed by Yahoo.

4. APPEARANCE. Promptly following the Effective Date, and from time to time during the Term, Yahoo shall provide YADE with written guidelines for the size, typeface, colors and other graphic characteristics of the Yahoo Brand Features, which upon delivery to YADE shall be deemed to be incorporated into the "Yahoo Brand Guidelines" under this Agreement.

5. RESTRICTIONS UPON USE. Unless otherwise mutually agreed, the Yahoo Brand Features shall not be presented or used by YADE:

A. in a manner that could be reasonably interpreted to suggest that any editorial content other than the Yahoo Service has been authored by, or represents the views or opinions of, Yahoo or any Yahoo personnel;

B. in a manner that is misleading, defamatory, libelous, obscene or otherwise objectionable, in Yahoo's reasonable opinion;

C. in a way that infringes, derogates, dilutes or impairs the rights of Yahoo in the Yahoo Brand Features;

D. for the purposes of promoting the sale, license or other transfer for value of property or services, other than in connection with the promotion of the sale and use of Yahoo.DE; or

E. as part of a name of a product or service of a company other than Yahoo, except as expressly provided in this Agreement.

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[X] CONFIDENTIAL TREATMENT REQUESTED

6. REMEDY. YADE will make any changes to its use of the Yahoo Brand Features as are reasonably requested by Yahoo.

7. REVISIONS. These Guidelines may be modified as may be reasonably necessary at any time by Yahoo upon written notice to YADE.

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[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT C

COMPETITIVE NAVIGATIONAL TOOLS

Competitive Navigational Tools shall include the Internet directories and Internet search tools including, but not limited to those listed below or offered by a party listed below:

[XXXX]

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EXHIBIT D

LICENSE FEES

License fee: [XXXX] for each year of this Agreement.

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EXHIBIT E

YAHOO.DE LOG DATA

Each time a customer accesses Yahoo.DE, Yahoo requires the following User Log Data from YADE:

1. The customer's Internet protocol address;
2. The date and time of access;
3. A description of the page of Yahoo.DE accessed (e.g.,/Entertainment /Games/Video Games/)

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EXHIBIT F

EXTENSION COUNTRIES

[XXXX]

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YAHOO! FRANCE LICENSE AGREEMENT

This YAHOO! FRANCE LICENSE AGREEMENT (the "AGREEMENT") is entered into as of this 1st day of November, 1996 (the "EFFECTIVE DATE") by and between:

YAHOO! INC., a California corporation ("YAHOO") with a principal office at 3400 Central Expressway, Santa Clara, CA 95051; and

YAHOO! FRANCE, a corporation organized under the laws of France ("YAFR"), with a principal office at _____; 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

B. YAFR has been organized with 70% owned by Yahoo and 30% owned by SB Holdings (Europe) Ltd., pursuant to a joint venture agreement entered into concurrently herewith (the "JOINT VENTURE AGREEMENT"), in order to operate in France a localized version of the Yahoo Guide, to develop related on-line navigational services in France, and to conduct certain other businesses relating to such activities.

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

CONFIDENTIAL TREATMENT REQUESTED

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:

"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

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"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 power to direct or cause the direction of the management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Without limiting the foregoing, joint control of an Entity with one or more other persons or Entities shall be deemed to constitute control for purposes hereof.

"COMPETITIVE NAVIGATIONAL TOOLS" shall mean any third party Internet directory or Internet search tool that provides a comprehensive hierarchical directory or text-based index of WWW sites, including, without limitation, those Competitive Navigational Tools owned, operated, or offered by the companies listed in EXHIBIT C 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."

"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.

"CONFIDENTIAL INFORMATION" shall mean any information relating to or disclosed in the course of this Agreement, which is 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 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 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.

"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.).

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"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.

"JOINT ENHANCEMENTS" shall mean any enhancements, added functionalities, additions, extensions or improvements to Yahoo.FR that are created or developed jointly by YA FR, on the one hand, and Yahoo, its Affiliates (other than Yahoo! France, Yahoo! Deutschland, or Yahoo! UK) or their agents, on the other hand, including any Components which are jointly contributed to Yahoo.FR.

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

"LOCAL CONTENT" shall mean content, including WWW site listings, added to Yahoo.FR by YA FR and that is: (i) specific to the market of the Territory; and (ii) originates in or arises from activities in the Territory.

"LOCALIZED SITE" shall mean YA FR's WWW site(s) in the Territory of the Yahoo Service through which the Yahoo Properties are made available to Yahoo.FR Users.

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

"TERRITORY" shall mean France, exclusive of its territories and protectorates.

"WWW" shall the World Wide Web, a system for accessing and viewing text, graphics, sound and other media via the Internet.

"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, as to which Yahoo has established trademark, trade name or similar protectable rights, including the name "Yahoo!" and any modifications or improvements to the foregoing that may be created by Yahoo from time to time.

[X] CONFIDENTIAL TREATMENT REQUESTED

"YAHOO BRAND GUIDELINES" shall mean the guidelines for use of the Yahoo Brand Features, as specifically set forth in EXHIBIT B attached hereto, as such may be reasonably amended from time to time by Yahoo.

"YAHOO.FR" shall mean versions of the Yahoo Service that are customized and localized specifically for all or any portion of the market of the Territory in any and all languages or dialects specifically relevant to the Territory.

"YAHOO.FR DERIVATIVE WORKS" shall mean Derivative Works created from the Yahoo Properties, including: (i) any French customizations and translations necessary for the customer market in the Territory, created by YAFR from Yahoo Properties for use in Yahoo.FR; and (ii) new properties, including regional directories and localized directories, for example a Yahoo.Paris, that are directed to the Territory or that are necessary to build Yahoo.FR in the Territory; PROVIDED, HOWEVER, that YAFR shall obtain prior approval from Yahoo for any such new properties that have a scope intended to extend beyond the market of the Territory.

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

"YAHOO.FR USERS" shall mean Internet-users to whom YAFR provides access to Yahoo.FR.

"YAHOO PRODUCTS" shall mean print publications and digital media products, including CD ROMs, and other marketing tools derived from or incorporating Yahoo Properties that are localized for the Territory by YAFR.

"YAHOO PROPERTIES" shall mean collectively: (i) the Yahoo Service, including both the Yahoo Service Look and Feel and the Yahoo Brand Features; and (ii) Yahoo.FR.

"YAHOO SERVICE" shall mean, collectively, the Internet-based hierarchical information index and retrieval product, including the related search engine, that Yahoo makes generally available now or in the future through the WWW, and currently located at <http://www.yahoo.com>, as the same may be modified, upgraded, updated or enhanced during the Term of this Agreement; PROVIDED, HOWEVER, that the Yahoo Service shall not include any content, software, or any WWW-wide text-based search tool licensed, incorporated, or otherwise authorized for use by Yahoo from a third party (UNLESS Yahoo has the right to sublicense the same to YAFR hereunder which Yahoo shall use reasonable efforts to obtain).

[X] CONFIDENTIAL TREATMENT REQUESTED

"YAHOO SERVICE LOOK AND FEEL" shall mean the artistic renderings, drawings, animations, sketches, characters, layouts and designs, and digital implementations thereof which are embodied within the Yahoo Service as to which Yahoo has established protectable rights.

"YAHOO SOFTWARE" shall mean all computer programs, in object code form, and related know how, that are owned or operated by Yahoo and required for the operation, modification, maintenance and distribution (or permitted Internet access to) the Yahoo Service, including the computer software programs described in EXHIBIT A attached hereto; PROVIDED, HOWEVER, that the "Yahoo Software" does not include third party software or materials that Yahoo does not have the right to sublicense to YAFR without cost.

"YAHOO SYSTEM" shall mean, collectively, the Yahoo Service, the Yahoo Software, the Yahoo Brand Features, and any related documentation as Yahoo may make available to third parties from time to time.

1.2 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 "hereof," "herein" and "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 means "including, without limitation." References herein to section, subsection, attachment or exhibit shall refer to the appropriate section, subsection 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.

1.3 EXHIBITS. In the event that any Exhibits referred to in this Agreement are not attached at the time of execution and delivery of this Agreement, the parties agree to determine in good faith upon the content of such Exhibits within five (5) business days following the Effective Date.

ARTICLE 2: GRANT OF RIGHTS

[X] CONFIDENTIAL TREATMENT REQUESTED

2.1 LICENSE TO YAHOO SERVICE PRIOR TO YAHOO.FR LAUNCH. Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YA FR, from the Effective Date of this Agreement until the Launch Date, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, display, perform, transmit, market, promote, and permit yahoo.fr users to use, the yahoo service in electronic, on-line form and in the manner described in this agreement, via the internet in the territory;

(ii) reproduce the yahoo service in electronic, on-line form for internal back-up and archival purposes; and

(iii) use the yahoo software solely for modifying the yahoo service in accordance with this agreement, and to reproduce the yahoo service solely for yafr's internal use in furtherance of such modifying.

2.2 LICENSE TO YAHOO SYSTEM AND YAHOO.FR Subject to all of the terms and conditions of this Agreement, Yahoo hereby grants to YA FR, during the Term of this Agreement, a non-exclusive (subject to the restrictive covenant set forth in Section 2.5 hereto), royalty-bearing, right and license to:

(i) use, modify and customize the Yahoo Software and Yahoo Service solely for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, and otherwise commercially exploiting Yahoo.FR;

(ii) reproduce copies of the Yahoo Software solely for YA FR's internal use in creating Yahoo.FR Derivative Works;

(iii) use, reproduce, display, perform, transmit, market, promote, and permit Yahoo.FR Users to use, Yahoo.FR in on-line form and in the manner described in this Agreement, via the Internet in the Territory;

(iv) use and reproduce any and Yahoo Software (in object code form only) associated with the Yahoo Properties solely to facilitate the exploitation of the Yahoo Properties as anticipated and described in this Agreement;

(v) create Yahoo.FR Derivative Works, solely for use, incorporation, and integration in Yahoo.FR and solely as necessary for localizing Yahoo.FR for the consumer market in the Territory, subject to the terms and limitations set forth in Section 2.4 of this Agreement; and

(vi) use, distribute, reproduce, transmit and display the Yahoo Brand Features in connection with the exercise of YA FR's rights to Yahoo.FR;

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PROVIDED, HOWEVER, that Yahoo.FR 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.

2.3 [XXXX].

2.4 NO OTHER RIGHTS. Except as expressly provided in this Agreement, YA FR shall: (i) only distribute or make available Yahoo.FR in its entirety as a complete work; PROVIDED, HOWEVER, that YA FR may omit directories, categories, subcategories, and products that YA FR determines is irrelevant or inapplicable to the Territory, subject to Yahoo's approval which shall not unreasonably be withheld; (ii) subject to the provisions of Section 2.3, not distribute or make available the Yahoo Services or Yahoo.FR other than in on-line electronic form; and (iii) not remove any copyright, trademark, or other proprietary rights notices from any of the Yahoo Properties or Yahoo Products. No rights or licenses are granted by Yahoo to YA FR except for those expressly granted in Sections 2.1, 2.2, and 2.3 hereto.

2.5 RESTRICTIVE COVENANT. During the Term of this Agreement, Yahoo shall not: (i) either directly or indirectly, grant any right or license, whether exclusive or non-exclusive, to any person or entity to use, display, reproduce, modify, and customize the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory; or (ii) modify and customize the Yahoo System for the purpose of developing, creating, operating, maintaining, marketing, promoting, distributing, or otherwise commercially exploiting a version of the Yahoo Service that is customized or localized for the Territory. Nothing contained in this Agreement shall limit or in any way restrict Yahoo's right to advertise or promote the Yahoo System or any Derivative Works thereof outside of the Territory, or to advertise or promote the Yahoo System in any media that originates outside of the Territory; PROVIDED, HOWEVER, that such advertisements and promotions are not specifically targeted to Yahoo.FR or the market for Yahoo.FR in the Territory. The parties hereto further acknowledge and agree that nothing herein shall prevent, restrict or otherwise limit the ability of any person in the Territory from electronically accessing the Yahoo Service maintained and operated by Yahoo, or its current or future licensees, in any jurisdiction outside the Territory.

2.6 LICENSE GRANTED BY YA FR. Subject to all of the terms and conditions of this Agreement, YA FR hereby grants Yahoo a non-exclusive, royalty-free, perpetual, worldwide (EXCEPT for the Territory) license to use, reproduce, display, perform, transmit, market, promote, and permit Yahoo Service users to use, in any form or media, Local Content; PROVIDED, HOWEVER, that any use of the Local Content by Yahoo in the countries identified in EXHIBIT F (the "EXTENSION COUNTRIES") attached hereto shall be subject to prior approval by YA FR, which approval shall not be unreasonably withheld; and PROVIDED, FURTHER, that for a period of six

[X] CONFIDENTIAL TREATMENT REQUESTED

(6) months after the Effective Date of this Agreement, Yahoo will neither: (i) market or promote the Local Content in the Extension Countries; nor (ii) market or promote Derivative Works targeted specifically to the Extension Countries and based on the Local Content, in the Extension Countries. Subject to the foregoing license grant, YA FR retains all right, title and interest in and to the Local Content.

ARTICLE 3: OBLIGATIONS OF THE PARTIES

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

3.2 LOCAL CONTENT. YA FR shall be solely responsible for collecting, translating, and classifying Local Content. YA FR may eliminate from Yahoo.FR such Components that are unrelated to directory, index, or search functions as YA FR deems appropriate, subject to Yahoo's prior approval, which shall not be unreasonably withheld.

3.3 RESTRICTIVE COVENANT. During the Term, YA FR agrees that it shall not: (i) enter into a commercial arrangement or transaction with any person for the

customization, translation, or localization of a Competitive Navigational Tool for the consumer market of the Territory and for use within the Territory; or (ii) develop, commercialize, market or promote any Competitive Navigational Tool. Without limiting the foregoing, YAFR shall not provide any on-line advertising that contains a direct hypertext link to any Competitive Navigational Tool; PROVIDED, HOWEVER, that nothing herein shall prohibit Yahoo.FR from including links contained in the Yahoo Service or such links as may be reasonably agreed to by Yahoo.

3.4 MESSAGE BAR. Yahoo shall have the right, upon reasonable advance notice to YAFR, to place non-advertising Components from Yahoo directed to the global marketplace, on the home page of Yahoo.FR for up to five (5) consecutive days.(1)

(1) By way of example, but not of limitation, in the event that one of Yahoo's directors or officers desires to send a global message to all users of Yahoo concerning introduction of a new Yahoo Property or news relating to Yahoo or a Yahoo Property, then such message would appear in the message bar as contemplated under this Agreement.

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3.5 ADVERTISING REVENUE. The parties hereto agree that all revenues and income derived by YAFR in connection with advertising, marketing and promotional information in Yahoo.FR, and distribution of the Yahoo Service in the Territory pursuant to Section 2.1 hereto, shall accrue solely to YAFR, subject to the calculation and payment of the Fees as set out in EXHIBIT D attached hereto. YAFR shall be solely and exclusively responsible for ensuring that all advertising, marketing and promotional information conducted and provided by YAFR complies with all local, federal, and other governmental laws and regulations of the Territory that may be applicable thereto.

3.6 YAFR COVENANTS. In addition to the representations and warranties of Section 6.1 hereto, YAFR covenants to use its best efforts to assure that:

(i) the Components and Local Content which YAFR includes in or associates with Yahoo.FR shall neither: (a) infringe on or violate any copyright, patent, or any other proprietary right of any third party; nor (b) violate any applicable law, regulation or third party right;

(ii) YAFR's performance of this Agreement shall comply in all material respect with, and neither contravene, breach nor infringe, any laws or regulations of the Territory;

(iii) the Local Content provided by YAFR shall not contain any obscene or defamatory materials, information, data or content, as such may be finally determined by a court of competent jurisdiction; and

(iv) all translations performed by YAFR, either directly or under YAFR's instructions, shall be accurate.

3.7 YAHOO COVENANT. Yahoo covenants to use its commercially reasonable efforts, in the event of a change by Yahoo of the platform or other technology necessary for operating the Yahoo Service to a new platform or technology (the "NEW TECHNOLOGY"), to: (i) provide YAFR with advance notice of such technology change; (ii) assist YAFR in managing the transition by YAFR from the current technology to the New Technology for Yahoo.FR; and (iii) assist YAFR in obtaining such New Technology. Yahoo will bear reasonable start-up costs associated with establishing the New Technology for Yahoo.FR so that Yahoo.FR operates at essentially the same or better operating level (with respect to speed and responsiveness of Yahoo.FR in response to a user query) that Yahoo.FR operated prior to converting to the New Technology; PROVIDED, HOWEVER, that on-going costs, including license fees therefor, associated with such New Technology shall be borne solely by YAFR; PROVIDED, FURTHER, that Yahoo will use its reasonable efforts to pass any savings or discounts it may be able to obtain from the third party provider of the New Technology. Nothing

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herein shall be construed as an obligation or representation by Yahoo that Yahoo will obtain or negotiate on behalf of YAFR any license fees or other fees associated with the New Technology.

ARTICLE 4: OWNERSHIP; LOG DATA

4.1 YAHOO OWNERSHIP. Yahoo and YAFR hereby agree that all right, title and interest in and to the Yahoo System and the Yahoo.FR Derivative Works shall be owned exclusively by Yahoo without reservation, and that all such worldwide ownership rights, title and interest in and to, all aspects of Yahoo.FR (including, but not limited to all Intellectual Property Rights thereto) shall solely vest with, and be owned by, Yahoo. YAFR assigns any interest it may be deemed to possess in any such Yahoo System or Yahoo.FR Derivative Works 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 System and Yahoo.FR Derivative Works.

4.2 JOINT ENHANCEMENTS. Joint Enhancement shall be jointly owned by YAFR and Yahoo. Any use of such Joint Enhancements other than for the Yahoo Service or in connection with Yahoo.FR, as appropriate, by either party shall require the approval of the other party, with approval shall not be unreasonably withheld.

4.3 LOG DATA. YAFR will provide Yahoo with access to all Log Data containing the categories set forth in EXHIBIT E from use of Yahoo.FR via Yahoo's Log Data Tool as described in EXHIBIT A. All Log Data shall be maintained as Confidential Information by each of YAFR and Yahoo. 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. Yahoo shall own all rights, title, and interest in and to any and all Log Data generated on any Yahoo Service site in the Territory, including Yahoo.FR; PROVIDED, HOWEVER, Yahoo shall grant to YAFR a non-exclusive, royalty-free license to use and reproduce such Log Data for internal, non-commercial purposes only to Log Data generated at a Localized Site operated via the Internet.

ARTICLE 5: TRADEMARKS

5.1 ACKNOWLEDGMENT OF OWNERSHIP. YAFR acknowledges that: (i) as between YAFR and Yahoo, Yahoo owns all right, title and interest in the Yahoo Brand Features; and (ii) neither YAFR 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 or Yahoo.FR pursuant to this Agreement.

5.2 USAGE GUIDELINES. YAFR's use of the Yahoo Brand Features shall adhere to the Yahoo Brand Guidelines set forth in EXHIBIT B attached hereto. In any event, YAFR's use of the

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Yahoo Brand Features shall be at least of a quality and standard reasonably commensurate with YAFR's use of its own trademarks. Throughout the Term of this Agreement, Yahoo shall promptly provide YAFR with all written details of, samples of and artwork for all Yahoo Brand Features as required by YAFR for performing its rights and obligations under this Agreement. YAFR 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. YAFR 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. If any use of the Yahoo Brand Features by YAFR fails to satisfy such quality standards and YAFR does not promptly cure such failure, Yahoo may terminate YAFR's right to use such Yahoo Brand Features.

5.3 NO ADVERSE CLAIM. YAFR 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, YAFR will not: (i) register, seek to register, or cause to be registered any of the Yahoo Brand Features without Yahoo's prior written consent; (ii) adopt or use Yahoo Brand Features or any confusingly similar word or symbol as part of YAFR's company name, or on or

in connection with any of YAFR's products or services; or (iii) allow Yahoo Brand Features to be used by others, without Yahoo's prior written consent.

ARTICLE 6: CONFIDENTIAL INFORMATION

6.1 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.

6.2 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

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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.

6.3 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 6.

6.4 THIRD PARTY CONFIDENTIAL INFORMATION. Any Confidential Information of a third party disclosed to either party shall be treated by YAFR 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.

6.5 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.

6.6 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, outside the scope of this Agreement, EXCEPT: (i) to the extent such activities would involve a breach of the confidentiality restrictions contained in this Section; or (ii) as otherwise expressly provided herein, including without limitation, the restrictive covenants of Sections 2.5 and 3.3 hereto. 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 its 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 Section 6 of this Agreement in connection with such development.

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ARTICLE 7: LICENSE FEES AND PAYMENT

7.1 LICENSE FEES. YAFR shall pay to Yahoo, as full and complete remuneration for the performance of all of Yahoo's obligations hereunder, the license fees that are set forth in EXHIBIT D attached hereto (the "FEES"). All payments under this Agreement shall be made by wire transfer to an account designated by Yahoo, within thirty (30) days of the end of the quarter in which such amounts are collected by YAFR, and shall be accompanied by a written report signed by an authorized YAFR 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.

7.2 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 published in the Wall Street Journal on the date each payment is due.

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

7.4 TAXES. All Fees paid by YAFR to Yahoo hereunder shall be inclusive of all excise and customs duties, costs, expenses, 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 Territory 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 YAFR 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 Yahoo.FR

7.5 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 YAFR which are relevant to Fees amounts payable to Yahoo and the licenses granted by Yahoo hereunder; 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 twice (2) per calendar year; (iv) if any audit should disclose an underpayment by YAFR, YAFR shall promptly pay such amount to Yahoo; and (v) the cost 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 YAFR.

ARTICLE 8: REPRESENTATIONS AND WARRANTIES

[X] CONFIDENTIAL TREATMENT REQUESTED

8.1 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.

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.

ARTICLE 9: LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION

9.1 LIABILITY. EXCEPT AS PROVIDED IN SECTION 9.2, 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.

9.2 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) and hold YAFR and its officers, directors, employees, agents, distributors and licensees (the "YAFR INDEMNIFIED

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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"), incurred or suffered by a YAFR Indemnified Party to the extent the basis of such Claim is that: (i) the Yahoo Properties provided by Yahoo to YAFR 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; or (iii) Yahoo has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that Yahoo shall have no obligation to the YAFR Indemnified Parties pursuant to this Section unless: (x) YAFR gives Yahoo prompt written notice of the Claim; and (y) in the case of third party claims, Yahoo is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and YAFR provides Yahoo with reasonable assistance in the defense or settlement thereof. In connection with the defense of any such Claim, each YAFR Indemnified Party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

9.3 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; (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; or (iii) translation errors or inaccuracies caused, either directly or indirectly, by YAFR.

9.4 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 YAFR permitting continued use of the Yahoo Properties on terms and conditions consistent with the rights granted to YAFR 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 YAFR, YAFR 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. 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.

[X] CONFIDENTIAL TREATMENT REQUESTED

9.5 YAFR INDEMNIFICATION. Subject to the limitations set forth below, YAFR, at its own expense, shall indemnify, defend (or at YAFR's option and expense, settle) 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, suit, action or proceeding (collectively, a "CLAIM"), incurred or suffered by a Yahoo Indemnified Party to the extent the basis of such Claim is that: (i) Yahoo.FR or any Local Content (to the extent distinct from Yahoo Properties provided by Yahoo to YAFR) infringe any: (1) patent; (2) copyright; (3) trade secret; or (4) trademark of a third party; (ii) YAFR does not have the right to license the Local Content as set forth herein; or (iii) YAFR has breached any of its duties, representations or warranties under this Agreement; PROVIDED, HOWEVER, that YAFR shall have no obligation to the Yahoo Indemnified Parties pursuant to this Section unless: (x) Yahoo gives YAFR prompt written notice of the Claim; and (y) in the case of third party claims, YAFR is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and Yahoo provides YAFR 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 indemnified person may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

ARTICLE 10: TERM

10.1 TERM. Unless earlier terminated as provided herein, or unless otherwise provided in the Joint Venture Agreement, this Agreement shall be effective from the Effective Date until the sooner of: (i) the parties hereto mutually agree to terminate this Agreement; or (ii) termination of the Joint Venture Agreement.

10.2 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.

10.3 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

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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.

10.4 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.

10.5 SURVIVAL. The respective rights and obligations of the parties under Sections 1, 4.1, 4.2, 4.3, 5.1, 5.3, 7.4, 10.3, 10.4, and 10.5. and Articles 6, 8, 9, and 11 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.

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.

11.6 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.

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11.7 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.

11.8 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.

11.9 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.

11.10 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.

11.11 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.

11.12 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.

11.13 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.

[X] CONFIDENTIAL TREATMENT REQUESTED

YAHOO! FRANCE
By: /S/HEATHER KILLEN

Name: Heather Killen
Title: President & CEO

YAHOO! INC.
By: /S/ TIMOTHY KOOGLE

Name: Timothy Koogle
Title: President

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT A

YAHOO FRANCE TECHNICAL SPECIFICATIONS

I. TECHNICAL SPECIFICATIONS

Yahoo will provide HTML Tree and Search Tree data files described below, to YAFR: PROVIDED, HOWEVER, that Yahoo reserves the right to modify the structure of its HTML tree and search tree from time to time as Yahoo deems necessary in connection with similar modifications that are made to the Yahoo Internet Directory on Yahoo's principal WWW site.

(A) HTML TREE: The file format of individual data files is in HTML format. The hierarchical directory structure is implemented using UNIX file system.

(B) SEARCH TREE: The search index format is a flat file text format that is subject to update.

II. TOOLS AND SEARCH ENGINE

Yahoo will provide to YAFR the following tools for use in connection with Yahoo.FR Subject to the terms and conditions of this Agreement, Yahoo reserves the right to add, delete and modify from this list so long as the service is not degraded or interrupted significantly, and Yahoo notifies YAFR in advance and works with YAFR in good faith before making any such changes.

A. HTTP SERVER: A C program compiled on the hardware platform provided. The initial version of HTTP software will be proprietary to Yahoo. Subject to the terms and conditions of this Agreement, this software may be replaced by third party software in the future.

B. SEARCH SERVER: A C program compiled on the hardware provided. This software is proprietary to Yahoo. Subject to the terms and conditions of this Agreement, Yahoo reserves the right to change the search engine to a third party software at Yahoo's discretion without notice.

C. CGI SCRIPTS: These scripts are either written in C or in Perl. The platforms must have Perl installed.

D. UTILITY SCRIPTS: These scripts are written in Perl or similar shell languages. The platform must support cron jobs and have Perl, and other required shell environments, installed.

E. LOG DATA TOOL: This software tool, which is proprietary to Yahoo, is a set of CGI scripts written in Perl that summarize, analyze, and display summary information regarding Log Data. Yahoo will use this tool to remotely access Log Data collected by YAFR pursuant to this Agreement.

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT B

YAHOO BRAND GUIDELINES

1. GENERAL. The Yahoo Brand Features may be used by YAFR only in connection with the exercise of YAFR's rights pursuant to this Agreement, and only with the promotion of the use of Yahoo Properties and Yahoo Products pursuant to the terms of this Agreement and only in a manner consistent with proper usage of the trademarks, trade names, service marks, service names and other elements that are contained.

2. APPEARANCE OF LOGOS. Yahoo and YAFR will use their best efforts to ensure that the presentation of the Yahoo Brand Features shall be consistent with

Yahoo's use of the Yahoo Brand Features on Yahoo's URLs. YAFR shall use the Yahoo Brand Features in a manner reasonably consistent with other key third party content used by YAFR in connection with Yahoo.FR

3. NOTICES. All trademarks and service marks included in the Yahoo Brand Features shall be designated with "SM", "TM", "-Registered Trademark-", in the manner directed by Yahoo.

4. APPEARANCE. Promptly following the Effective Date, and from time to time during the Term, Yahoo shall provide YAFR with written guidelines for the size, typeface, colors and other graphic characteristics of the Yahoo Brand Features, which upon delivery to YAFR shall be deemed to be incorporated into the "Yahoo Brand Guidelines" under this Agreement.

5. RESTRICTIONS UPON USE. Unless otherwise mutually agreed, the Yahoo Brand Features shall not be presented or used by YAFR:

A. in a manner that could be reasonably interpreted to suggest that any editorial content other than the Yahoo Service has been authored by, or represents the views or opinions of, Yahoo or any Yahoo personnel;

B. in a manner that is misleading, defamatory, libelous, obscene or otherwise objectionable, in Yahoo's reasonable opinion;

C. in a way that infringes, derogates, dilutes or impairs the rights of Yahoo in the Yahoo Brand Features;

D. for the purposes of promoting the sale, license or other transfer for value of property or services, other than in connection with the promotion of the sale and use of Yahoo.FR; or

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E. as part of a name of a product or service of a company other than Yahoo, except as expressly provided in this Agreement.

6. REMEDY. YAFR will make any changes to its use of the Yahoo Brand Features as are reasonably requested by Yahoo.

7. REVISIONS. These Guidelines may be modified as may be reasonably necessary at any time by Yahoo upon written notice to YAFR.

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT C

COMPETITIVE NAVIGATIONAL TOOLS

Competitive Navigational Tools shall include the Internet directories and Internet search tools including, but not limited to those listed below or offered by a party listed below:

[XXXX]

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT D

LICENSE FEES

License fee: [XXXX] for each year of this Agreement.

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EXHIBIT E

YAHOO FRANCE LOG DATA

Each time a customer accesses Yahoo.FR, Yahoo requires the following User Log Data from YAFR:

1. The customer's Internet protocol address;
2. The date and time of access;
3. A description of the page of Yahoo.FR accessed
(e.g., /Entertainment/Games/Video Games/)

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EXHIBIT F

EXTENSION COUNTRIES

[XXXX]

CONFIDENTIAL TREATMENT REQUESTED

SERVICES AGREEMENT

This Services Agreement (the "Agreement") is made as of November 1, 1996 by and between ZIFF-DAVIS UK, LTD. ("ZDUK"), a corporation organized under the laws of the United Kingdom and YAHOO! UK, Ltd. ("YAUK"), a corporation organized under the laws of the United Kingdom.

YAUK has been organized as a joint venture between _____, a wholly owned subsidiary of Yahoo! Inc. ("Yahoo") and SB Holdings (Europe) Ltd., an affiliate of ZDUK, pursuant to a joint venture agreement dated as of this same date (the "Joint Venture Agreement"), in order to operate in the United Kingdom a localized version of the Yahoo! Guide (such localized guide, "Yahoo UK"), to develop related on-line navigational services in the United Kingdom, and to conduct certain other businesses related to such activities.

YAUK desires that ZDUK provide certain Services (the "Services") for YAUK and ZDUK desires to provide such Services for YAUK.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations set forth herein, the parties hereto agree as follows:

1. OFFICE, FINANCIAL AND ADMINISTRATIVE SERVICES.

(a) ZDUK shall provide the following Services to YAUK:

(i) office space for up to ten (10) employees of YAUK along with related office services such as utilities, telecommunications equipment (including the costs of installment and maintenance of lines, office units and the PBX switch as well as an estimated amount for actual calls), general office supplies, mailroom services, cleaning services, maintenance services and general office equipment (for example, photocopiers and telefax machines); and

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(ii) financial management and other administrative support including payroll processing, accounting, purchasing, management information, recruiting, other human resource and facility services. In providing accounting services, ZDUK shall use its reasonable efforts to provide data and information to YAUK so that YAUK's financial personnel may prepare reports in accordance with the European Financial Reporting Template attached as Exhibit A. YAUK acknowledges that ZDUK may need a reasonable period of time to adjust its accounting procedures to produce reports in that form. ZDUK shall also provide to YAUK other similar administrative and operational services required to carry out YAUK's business plan that ZDUK has the resources to provide without unreasonable cost or burden to its own operations.

(b) YAUK shall pay ZDUK for the Services all of ZDUK's out-of-pocket expenses to third parties incurred in connection with the Services (including those incurred prior to this date on behalf of YAUK). Those expenses shall include actual charges for telecommunications calls (i.e., above the estimated amount included with the office space in Section 1(a)(i) above), special postage, courier service, and any other similar products or services provided by third parties which are individually billed to ZDUK and which are not included in its general charges specified above. Commencing with the launch date of Yahoo UK, on September 23, 1996, YAUK shall also pay an allocated part of ZDUK's internal costs in providing the Services, determined in accordance with the allocations which ZDUK uses for its own operating units. The allocations for 1996 are set forth in Schedule 1(b). ZDUK shall have the right to make appropriate adjustments in Schedule 1(b) for each calendar year hereafter based on increases in its applicable costs. If V.A.T., use or similar taxes are at any time to be required to be paid on the

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Services, they will be added to the amounts payable by YAUK pursuant to this Agreement.

(c) ZDUK shall send an itemized monthly invoice to YAUK for the Services provided by ZDUK during the previous month and for any other charges that may be due by YAUK under this Agreement. YAUK shall pay such amount within thirty (30) days after receipt of the invoice.

(d) Prior to this date and the formation of YAUK, ZDUK has directly paid

through its payroll certain persons who have been hired on behalf of YAUk and who will be transferred to the YAUk payroll after YAUk's formation and commencement of operations. YAUk shall reimburse ZDUK for all salary, payroll taxes, benefits and similar costs paid or liabilities incurred by ZDUK in connection with those employees. YAUk shall also reimburse ZDUK for all salary, payroll taxes, benefits and similar costs for Mark Li from September 1, 1996, until he is transferred to YAUk's payroll and paid directly by YAUk. YAUk shall also reimburse ZDUK for any other out-of-pocket expenses incurred by ZDUK or its personnel on behalf of YAUk including, without limitation, travel and entertainment expenses, employee procurement fees and expenses and similar costs incurred since the discussion of the formation of YAUk began.

(e) YAUk acknowledges that although ZDUK shall provide purchasing assistance, it shall be responsible for paying for all furniture and computer equipment and similar items principally used by its employees on ZDUK's premises.

(f) YAUk shall give ZDUK at least thirty days notice of its need for office space for new employee. Nothing herein shall require ZDUK to lease new space to accommodate YAUk personnel.

2. PROMOTIONAL SERVICES.

(a) During the term of this agreement, ZDUK and YAUk shall provide each other with the right to run a reasonable number of

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advertisements and promotions at "house rates" in their respective publications and services. For purposes of this agreement "house rates" shall mean 30% of the regular rate charged for a page, banner or other promotional or ad space. Any production or similar out-of-pocket charges related to house ads shall be paid in full. All advertising services provided shall be subject to the applicable rate card or other applicable terms and conditions of the publication or service being used. House rates may not be combined with other promotional rates including volume or frequency discounts or other special rate programs or used for inserts.

(b) ZDUK and YAUk shall explore with other promotional activities as may be appropriate including, for example, joint participation in marketing and promotional events such as trade shows. Each party shall discuss with the other party in good faith (before any other comparable third party) any plans to incorporate editorial materials, listings, brand features and similar content within publications or services similar to those distributed by the other party, and shall allow the other a reasonable time to make a first offer, it being the intention to cooperate in such areas as reasonably practical for both parties; provided, however, that the foregoing shall not obligate either party to enter into any such arrangement.

3. AD REPRESENTATIVE SERVICES.

(a) ZDUK has acted and shall act as the exclusive advertising representative for Yahoo UK and any other products and services of YAUk for the United Kingdom, Ireland, France and Germany and other European countries in which ZDUK or its affiliates regularly solicit online advertising (the "Territory"). ZDUK shall use its reasonable efforts to sell advertising in the Territory and to collect amounts owed to YAUk from such advertisers. Although ZDUK shall use its ZDNet sales

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force to sell ads on YAUk as well as ZDNet, ZDUK shall add an additional sales person above the personnel anticipated for selling ZDNET and its other products in light of its ad sales services for ZDUK and ZDUK shall be entitled to interview prospective candidates for such positions and to approve the person hired provided it does so promptly. ZDUK shall use reasonable efforts to hire such sales person with a six month probation period if labor laws permit. Although all of ZDUK sales personnel shall continue to be employees of ZDUK and subject to its direction, all such personnel shall provide the YAUk sales director with reports on sales calls and sales as the YAUk sales director may request (including daily reports if requested) in coordination with reports to ZDUK sales managers. ZDUK shall also have Frank Kelcz spend at least 40% of his time on ad sales services for

YAUK. YAUK acknowledges that ZDUK has not made any representation with respect to the amount of advertising it may sell. All such advertising shall be sold in accordance with such standard terms and conditions as YAUK may provide.

(b) All advertising shall be subject to acceptance by YAUK and YAUK shall accept or reject any insertion order within two business days of receipt of that order from ZDUK; failure to respond within that time shall be deemed acceptance.

(c) As compensation for its services, ZDUK shall be entitled to a commission on the Net Amount collected on advertisements from the Territory carried by Yahoo UK and YAUK's other products and services. That commission shall be [XXXX] of the Net Amount collected from advertising up to the cumulative amount of advertising projected for period of ZDUK's services as set forth in the Business Plan attached to the Joint Venture Agreement and [XXXX] of the Net Amount collected from advertising above that amount. (For example, if the Business Plan calls for

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[XXXX] of advertising in the first six months of this agreement and ZDUK sells the Net Amount of [XXXX] for that period, ZDUK shall receive commissions on the first [XXXX] at the rate of [XXXX] and on the remaining [XXXX] at the rate of [XXXX]) Net Amount means gross ad revenues, adjusted for ad agency commissions, discounts, billing adjustments and allowances, make goods, bad debt write-offs, and collection agency, attorney and other out-of-pocket collection fees and expenses. ZDUK shall not be responsible for bad debts; it being the intention of the parties that YAUK bear the credit risk of its advertisers. ZDUK shall pay to YAUK within ten days following the end of each month all of the amounts collected by it for advertising run on YAUK's products and services, less its commission and any out-of-pocket costs for collection agencies, attorneys, or other collection efforts. At the end of each calendar quarter, ZDUK and YAUK shall review the Net Amount of advertising for all quarters preceding the quarter then ending and determine whether ZDUK shall be entitled to the [XXXX] commission on the Net Amount of any advertising in any prior period.

(d) ZDUK shall provide the ad rep services through [XXXX]. The parties shall commence discussions about the renewal of the services for an additional period not later than [XXXX]. If YAUK shall not continue ZDUK's exclusive ad sales services beyond [XXXX] or the end of any renewal term thereafter (i.e., YAUK begins to sell part or all of its inventory itself or through a third party), YAUK shall continue to pay ZDUK commissions on all advertising carried by YAUK from the Territory following the effective date of discontinuation for which ZDUK secured orders prior to the discontinuation date. In addition, notwithstanding any other provision of this agreement, in that event, ZDUK shall have the right to require YAUK to hire and assume all ongoing employment obligations to the new sales person referred to in

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3(a) above without any severance or other cost to ZDUK arising out of that person's employment with ZDUK.

(e) ZDUK may carry out its services outside of the United Kingdom and Ireland through its affiliated companies including Ziff-Davis France, S.A. ("ZDF") and Ziff-Davis Verlag, GmbH ("ZDV"), e.g., ZDF may sell ads in France for YAUK's products and services and ZDV may sell ads in Germany for YAUK's product and services.

(f) Although ZDUK's ad representation services shall be exclusive, YAUK may have members of its internal staff assist in sales efforts provided that such efforts shall be coordinated with ZDUK and that all sales resulting from such efforts shall be commissionable to ZDUK as if its sales force had made such sales.

4. TERM AND TERMINATION.

(a) This Agreement shall be commence as of the date set forth above and, unless earlier terminated pursuant to paragraphs (b), (c), or (d) of this Section, shall continue for [XXXX] years after that date. Upon termination, all rights and obligations of each party hereto shall cease as of the date of termination and any amounts owed by either party hereto shall be paid in full.

(b) This Agreement shall also terminate automatically and effective immediately upon the earlier to occur of:

- (i) the dissolution, termination or liquidation of ZDUK or YAUK;
- (ii) the appointment of a trustee in bankruptcy for ZDUK or YAUK, an assignment of assets for the benefit of ZDUK's or YAUK's creditors or the adjudication of bankruptcy with respect to ZDUK or YAUK.
- (iii) the termination of the Joint Venture Agreement.

(c) In the event that either party hereto shall commit any material breach of or default under this Agreement and such breach or default is not cured within thirty days after notice of

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such breach or default (if remediable), the non-defaulting or non-breaching party shall have the right (but not the obligation), in addition to all other legal and equitable remedies that may be available to such party, to terminate this Agreement.

(d) YAUK may terminate any or all of the Services described in Section 1 upon not less than ninety (90) days notice to ZDUK. At the end of such ninety (90) days, ZDUK shall make an appropriate reduction in its allocated charges. To the extent YAUK wishes to terminate services upon less than 90 days notice ZDUK shall use its reasonable efforts to end those services, reduce its costs and therefore reduce its charges to YAUK in accordance with YAUK's schedule.

5. DIRECTION AND CONTROL OF ZDUK'S PERSONNEL.

(a) ZDUK shall have the exclusive right to direct and control its personnel and/or any third parties providing the Services hereunder, free of any supervision, direction or control by YAUK (other than in respect of YAUK's right, as the recipient of such Services, to specify the nature of the Services desired to be performed). ZDUK shall have the sole right to determine the conditions of employment for all ZDUK personnel providing Services hereunder, including without limitation, their working hours, employment and vacation policies, benefits, seniority, promotions and assignments. ZDUK will be solely responsible for compensation of such personnel and for all withholding taxes, unemployment insurance, workmen's compensation, and any other insurance and fringe benefits with respect to such personnel. ZDUK shall also have the exclusive right to hire and fire such personnel. Unless YAUK shall have acted in breach of this agreement with respect to ZDUK's personnel, ZDUK shall be solely responsible for severance or amounts payable upon the termination of employment of such personnel or any dispute or

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claim concerning that termination and ZDUK shall indemnify, defend and hold YAUK and its officers and directors, harmless, from any and all claims brought against by ZDUK personnel relating to such termination, dispute or claim.

(b) YAUK shall not solicit the employment or hire, whether as an employee or consultant, any employee or former employee of ZDUK or its European affiliates without ZDUK's (or such affiliate's) prior written consent unless such former employee has not worked for ZDUK or an affiliate for a period of six months prior to the date of hire by YAUK.

6. LIMITATION OF LIABILITY.

(a) ZDUK shall use its best efforts to provide the Services under this agreement in a professional and timely manner; in no event, however, shall ZDUK be liable to YAUK for any loss, damage, claim, liability or expense of any kind caused directly or indirectly by any action (other than for ZDUK's gross negligence or willful breach of this Agreement) taken in furnishing the Services to be provided under this Agreement.

(b) Neither ZDUK nor YAUK shall be liable to the other for any special indirect, incidental, consequential or punitive damages, including without limitation, lost or imputed profits, lost savings, loss of goodwill or legal expenses, resulting from any cause whatsoever, whether liability is asserted in contract, tort or otherwise (including negligence and strict product liability), and regardless of the form of legal action, even if the party has advised or has been advised of the possibility of any such loss or damage. In no event shall the aggregate damages claimed by YAUK hereunder exceed the

total fees actually paid by YAUK to ZDUK under this Agreement, regardless of the number or extent of such claims.

7. CONFIDENTIALITY. Confidential information disclosed by either party hereto to the other for the purposes of this

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Agreement which is clearly so identified in writing as proprietary or confidential or which the circumstances surrounding its disclosure indicate that it is confidential or proprietary shall be protected by the recipient in the same manner and to the same degree that the recipient protects its own confidential information. Notwithstanding the foregoing, the recipient shall have no obligation under this Agreement with respect to any confidential information disclosed to it which (i) was already known to recipient at the time of its receipt hereunder, (ii) becomes generally available to the public other than by means of recipient's breach of its obligations hereunder, (iii) is received by recipient from a third party whose disclosure is not in breach of any agreement of confidentiality or (iv) is ordered to be disclosed by a court or other governmental body with jurisdiction over the parties hereto.

8. FORCE MAJEURE. ZDUK shall not be responsible for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control including, but not limited to, acts of God, fires, floods, wars, civil disturbances, sabotage, accidents, labor disputes (whether or not the employees' demands are reasonable and within the party's power to satisfy), governmental actions or transportation delays.

9. NOTICES.

(a) Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when (i) hand delivered by one party to the other party at the addresses set forth below, (ii) deposited in the United Kingdom Mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (iii) sent by reputable overnight courier, addressed as follows:

If to ZDUK, addressed to:
Ziff-Davis UK, Ltd.

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Cottons Centre
Hayes Lane
London SE1 2QT
U.K.

Attention: Managing Director

with a copy to:

Legal Department
Ziff-Davis Publishing Company
One Park Avenue
New York, NY 10016
U.S.A.

If to YAUK, addressed to:

Yahoo! U.K., Ltd.
Cotton's Centre
Hayes Lane
London SE1 2QT
United Kingdom
Attention: Managing Director

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with copies to:

Yahoo!, Inc.
3400 Central Expwy., Suite 201
Santa Clara, CA 95051
Attention: Gary Valenzuela

and to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, CA 94025
Attention: James Brock, Esq.

or to such other address or addresses as may be specified from time to time in a written notice given by such party. Notwithstanding the foregoing, routine instructions, requests, directions and notices dealing with day to day operations under this Agreement may be given in such manner to such persons as may be agreed by the parties hereto from time to time is reasonable and practicable.

10. MISCELLANEOUS.

(a) This Agreement constitutes the entire agreement between the parties hereto with respect to the provision of the Services, supersedes all previous oral or written negotiations, representations, undertakings and agreements heretofore made between the parties hereto in respect to the subject matter hereof and may not be amended except in writing signed by both parties.

(b) If any term or provision of this Agreement is held to be invalid or unenforceable by reason of any rule of law or public policy, then this Agreement shall be deemed amended to delete therefrom the term or provision held to be invalid or unenforceable and all of the remaining terms and provisions of this Agreement shall remain in full force and effect.

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(c) This Agreement shall be interpreted, construed and governed under and by the laws of the United Kingdom, without regard to its choice of law rules.

(d) Except as expressly set forth herein, no person not a party hereto shall be a third-party beneficiary of any provision of this Agreement. Nothing contained herein shall be construed or deemed to confer any benefit or right upon any third party.

(e) The failure of a party to insist upon strict or timely adherence to any term of this Agreement on any occasion shall not be construed a waiver, or deprive that party of the right thereafter to insist upon strict or timely adherence to that term or any other term of this Agreement.

(f) The headings in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement. No modification of this Agreement shall be effected by the acknowledgment or acceptance of any purchase order, acknowledgment or other forms containing terms or conditions at variance with or in addition to those set forth in this Agreement.

(g) Nothing herein contained shall be construed to place the parties hereto in the relationship of partners, joint ventures, principal and agent, or employer and employee.

(h) This Agreement may be executed in counterparts, each of which shall constitute an original but all of which, taken together, shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized

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officers or representatives as of the day and year first above written.

YAHOO! UK, LTD.

ZIFF-DAVIS UK, LTD.

By: /s/ HEATHER KILLEN

By: /s/ DAVID CRAVER

Name: Heather Killen

Name: David Craver

Title: Managing Director

Title: VP, IMG

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SCHEDULE 1(b)

1. Space and related office services including utilities, telecommunications equipment, general office supplies, mailroom services, cleaning services, maintenance services and general office equipment shall be apportioned to YAUK per standard ZDUK apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is L10,900.
2. Financial management and other administrative support including payroll processing, accounting, purchasing and management information, recruiting, other human resource and facility services shall be apportioned to YAUK per standard ZDUK apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is L7,030.

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[X] CONFIDENTIAL TREATMENT REQUESTED

SERVICES AGREEMENT

This Services Agreement (the "Agreement") is made as of November 1, 1996 by and between ZIFF-DAVIS VERLAG, GmbH ("ZDV"), a corporation organized under the laws of Germany and YAHOO! GmbH ("YAG"), a corporation organized under the laws of Germany.

YAG has been organized as a joint venture between Yahoo! Inc. ("Yahoo") and SB Holdings (Europe) Ltd., an affiliate of ZDV, pursuant to a joint venture agreement dated as of this same date (the "Joint Venture Agreement"), in order to operate in Germany a localized version of the Yahoo! Guide (such localized guide, "Yahoo Deutschland"), to develop related on-line navigational services in Germany, and to conduct certain other businesses related to such activities.

YAG desires that ZDV provide certain Services (the "Services") for YAG and ZDV desires to provide such Services for YAG.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations set forth herein, the parties hereto agree as follows:

1. OFFICE, FINANCIAL AND ADMINISTRATIVE SERVICES.

(a) ZDV shall provide the following Services to YAG:

(i) office space for up to five (5) employees of YAG along with related office services such as utilities, telecommunications equipment (including the costs of installment and maintenance of lines, office units and the PBX switch as well as an estimated amount for actual calls), general office supplies, mailroom services, cleaning services, maintenance services and general office equipment (for example, photocopiers and telefax machines); and

(ii) financial management and other administrative support including payroll processing, accounting, purchasing, management information, recruiting, other human resource and facility services. In providing accounting services, ZDV shall

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use its reasonable efforts to provide data and information to YAG so that YAG's financial personnel may prepare reports in accordance with the European Financial Reporting Template attached as Exhibit A. YAG acknowledges that ZDV may need a reasonable period of time to adjust accounting procedures to produce reports in that form. ZDV shall also provide to YAG other similar administrative and operational services required to carry out YAG's business plan that ZDV has the resources to provide without unreasonable cost or burden to its own operations.

(b) YAG shall pay ZDV for the Services all of ZDV's out-of-pocket expenses to third parties incurred in connection with the Services (including those incurred prior to this date on behalf of YAG). Those expenses shall include actual charges for telecommunications calls (i.e., above the estimated amount included with the office space in Section 1(a)(i) above), special postage, courier service, and any other similar products or services provided by third parties which are individually billed to ZDV and which are not included in its general charges specified above. Commencing with the launch date of Yahoo Deutschland on October 10, 1996, YAG shall also pay an allocated part of ZDV's internal costs in providing the Services, determined in accordance with the allocations which ZDV uses for its own operating units. The allocations for 1996 are set forth in Schedule 1(b). ZDV shall have the right to make appropriate adjustments in Schedule 1(b) for each calendar year hereafter based on increases in its applicable costs. If V.A.T., use or similar taxes are at any time to be required to be paid on the Services, they will be added to the amounts payable by YAG pursuant to this Agreement.

(c) ZDV shall send an itemized monthly invoice to YAG for the Services provided by ZDV during the previous month and for any other charges that may be due by YAG under this Agreement.

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YAG shall pay such amount within thirty (30) days after receipt of the invoice.

(d) Prior to this date and the formation of YAG, ZDV has directly paid through its payroll certain persons who have been hired on behalf of YAG and who will be transferred to the YAG payroll after YAG's formation and commencement of operations. YAG shall reimburse ZDV for all salary, payroll taxes, benefits and similar costs paid or liabilities incurred by ZDV in connection with those employees. YAG shall also reimburse ZDV for any other out-of-pocket expenses incurred by ZDV or its personnel on behalf of YAG including, without limitation, travel and entertainment expenses, employee procurement fees and expenses and similar costs incurred since the discussion of the formation of YAG began.

(e) YAG acknowledges that although ZDV shall provide purchasing assistance, it shall be responsible for paying for all furniture and computer equipment and similar items principally used by its employees on ZDV's premises.

(f) YAG shall give ZDV at least thirty days notice of its need for office space for new employee. Nothing herein shall require ZDV to lease new space to accommodate YAG personnel.

2. PROMOTIONAL SERVICES.

(a) During the term of this agreement, ZDV and YAG shall provide each other with the right to run a reasonable number of advertisements and promotions at "house rates" in their respective publications and services. For purposes of this agreement "house rates" shall mean 30% of the regular rate charged for a page, banner or other promotional or ad space. Any production or similar out-of-pocket charges related to house ads shall be paid in full. All advertising services provided shall be subject to the applicable rate card or other applicable terms and conditions of the publication or service being used. House rates may not be combined with other promotional rates including

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volume or frequency discounts or other special rate programs or used for inserts.

(b) ZDV and YAG shall explore with other promotional activities as may be appropriate including, for example, joint participation in marketing and promotional events such as trade shows. Each party shall discuss with the other party in good faith (before any other comparable third party) any plans to incorporate editorial materials, listings, brand features and similar content within publications or services similar to those distributed by the other party, and shall allow the other a reasonable time to make a first offer, it being the intention to cooperate in such areas as reasonably practical for both parties; provided, however, that the foregoing shall not obligate either party to enter into any such arrangement.

3. AD REPRESENTATIVE SERVICES.

(a) ZDV has acted and shall act as the exclusive advertising sales representative for Yahoo Deutschland and other products and services of YAG for the United Kingdom, Ireland, France and Germany and other European countries in which ZDV or its affiliates regularly solicit online advertising (the "Territory"). ZDV shall use its reasonable efforts to sell advertising in the Territory and to collect amounts owed to YAG from such advertisers. Although ZDV shall use its ZDNet sales force to sell ads on YAG as well as ZDNet, ZDV shall add an additional sales person above the personnel anticipated for selling ZDNet and its other products in light of its ad sales services for YAG and YAG shall be entitled to interview prospective candidates for such positions and to approve the person hired provided it does so promptly. ZDV shall use reasonable efforts to hire such sales person with a six month probation period if labor laws permit. Although all of ZDV sales personnel shall continue to be employees of ZDV and subject to its direction, all such personnel shall provide the YAG

sales

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director with reports on sales calls and sales as the YAG sales director may request (including daily reports if requested) in coordination with reports to ZDV sales managers. YAG acknowledges that ZDV has not made any representation with respect to the amount of advertising it may sell. All such advertising shall be sold in accordance with such standard terms and conditions as YAG may provide.

(b) All advertising shall be subject to acceptance by YAV and YAV shall accept or reject any insertion order within two business days of receipt of that order from ZDV; failure to respond within that time shall be deemed acceptance.

(c) As compensation for its services, ZDV shall be entitled to a commission on the Net Amount collected on advertisements from the Territory carried by Yahoo Deutschland and YAG's other products and services. That commission shall be [XXXX] of the Net Amount collected from advertising up to the cumulative amount of advertising projected for period of ZDV's services as set forth in the Business Plan attached to the Joint Venture Agreement and [XXXX] of the Net Amount collected from advertising above that amount. (For example, if the Business Plan calls for [XXXX] of advertising in the first six months of this agreement and ZDV sells the Net Amount of [XXXX] for that period, ZDV shall receive commissions on the first [XXXX] at the rate of [XXXX] and on the remaining [XXXX] at the rate of [XXXX]) Net Amount means gross ad revenues, adjusted for ad agency commissions, discounts, billing adjustments and allowances, make goods, bad debt write-offs, and collection agency, attorney and other out-of-pocket collection fees and expenses. ZDV shall not be responsible for bad debts; it being the intention of the parties that YAG bear the credit risk of its advertisers. ZDV shall pay to YAG within ten days following the end of each month all of the amounts collected by it for advertising run on YAG's products and services, less its commission and any out-of-pocket costs for

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collection agencies, attorneys or other collection efforts. At the end of each calendar quarter, ZDV and YAG shall review the Net Amount of advertising for all quarters preceding the quarter then ending and determine whether ZDV shall be entitled to the [XXXX] commission on the Net Amount of any advertising in any prior period.

(d) ZDV shall provide the ad rep services through [XXXX]. The parties shall commence discussions about the renewal of the services for an additional period not later than [XXXX]. If YAG shall not continue ZDV's exclusive ad sales services [XXXX] or the end of any renewal term thereafter (i.e., YAG begins to sell part or all of its inventory itself or through a third party), YAG shall continue to pay ZDV commissions on all advertising carried by YAG from the Territory following the effective date of discontinuation for which ZDV secured orders prior to the discontinuation date. In addition, notwithstanding any other provision of this agreement, in that event, ZDV shall have the right to require YAG to hire and assume all ongoing employment obligations to the new sales person referred to in 3(a) above without any severance or other cost to ZDV arising out of that person's employment with ZDV.

(e) ZDV may carry out its services outside of Germany through its affiliated companies including Ziff-Davis France, S.A. ("ZDF") and Ziff-Davis UK, Ltd. ("ZDUK"), e.g., ZDF may sell ads in France for YAG's products and services and ZDUK may sell ads in United Kingdom and Ireland for YAG's products and services.

(f) Although ZDV's ad representation services shall be exclusive, YAG may have members of its internal staff assist in sales efforts provided that such efforts shall be coordinated with ZDV and that all sales resulting from such efforts shall be commissionable to ZDV as if its sales force had made such sales.

4. TERM AND TERMINATION.

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[X] CONFIDENTIAL TREATMENT REQUESTED

(a) This Agreement shall be commence as of the date set forth above and, unless earlier terminated pursuant to paragraphs (b), (c), or (d) of this Section, shall continue for [XXXX] years after that date. Upon termination, all rights and obligations of each party hereto shall cease as of the date of termination and any amounts owed by either party hereto shall be paid in full.

(b) This Agreement shall also terminate automatically and effective immediately upon the earlier to occur of:

(i) the dissolution, termination or liquidation of ZDV or YAG;

(ii) the appointment of a trustee in bankruptcy for ZDV or YAG, an assignment of assets for the benefit of ZDV's or YAG's creditors or the adjudication of bankruptcy with respect to ZDV or YAG.

(iii) the termination of the Joint Venture Agreement.

(c) In the event that either party hereto shall commit any material breach of or default under this Agreement and such breach or default is not cured within thirty days after notice of such breach or default (if remediable), the non-defaulting or non-breaching party shall have the right (but not the obligation), in addition to all other legal and equitable remedies that may be available to such party, to terminate this Agreement.

(d) YAG may terminate any or all of the Services described in Section 1 upon not less than ninety (90) days notice to ZDV. At the end of such ninety (90) days, ZDV shall make an appropriate reduction in its allocated charges. To the extent YAG wishes to terminate services upon less than 90 days notice ZDV shall use its reasonable efforts to end those services, reduce its costs and therefore reduce its charges to YAG in accordance with YAG's schedule.

5. DIRECTION AND CONTROL OF ZDV'S PERSONNEL.

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[X] CONFIDENTIAL TREATMENT REQUESTED

(a) ZDV shall have the exclusive right to direct and control its personnel and/or any third parties providing the Services hereunder, free of any supervision, direction or control by YAG (other than in respect of YAG's right, as the recipient of such Services, to specify the nature of the Services desired to be performed). ZDV shall have the sole right to determine the conditions of employment for all ZDV personnel providing Services hereunder, including without limitation, their working hours, employment and vacation policies, benefits, seniority, promotions and assignments. ZDV will be solely responsible for compensation of such personnel and for all withholding taxes, unemployment insurance, workmen's compensation, and any other insurance and fringe benefits with respect to such personnel. ZDV shall also have the exclusive right to hire and fire such personnel. Unless YAG shall have acted in breach of this agreement with respect to ZDV's personnel, ZDV shall be solely responsible for severance or amounts payable upon the termination of employment of such personnel or any dispute or claim concerning that termination and ZDV shall indemnify, defend and hold YAG and its officers and directors, harmless, from any and all claims brought against by ZDV personnel relating to such termination, dispute or claim.

(b) YAG shall not solicit the employment or hire, whether as an employee or consultant, any employee or former employee of ZDV or its European affiliates without ZDV's (or such affiliate's) prior written consent unless such former employee has not worked for ZDV or an affiliate for a period of six months prior to the date of hire by YAG.

6. LIMITATION OF LIABILITY.

(a) ZDV shall use its best efforts to provide the Services under this agreement in a professional and timely manner; in no event, however, shall ZDV be liable to YAG for any loss, damage, claim, liability or expense of any kind caused directly or indirectly by any action (other than for ZDV's gross negligence

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[X] CONFIDENTIAL TREATMENT REQUESTED

or willful breach of this Agreement) taken in furnishing the Services to be provided under this Agreement.

(b) Neither ZDV nor YAG shall be liable to the other for any special indirect, incidental, consequential or punitive damages, including without limitation, lost or imputed profits, lost savings, loss of goodwill or legal expenses, resulting from any cause whatsoever, whether liability is asserted in contract, tort or otherwise (including negligence and strict product liability), and regardless of the form of legal action, even if the party has advised or has been advised of the possibility of any such loss or damage. In no event shall the aggregate damages claimed by YAG hereunder exceed the total fees actually paid by YAG to ZDV under this Agreement, regardless of the number or extent of such claims.

7. CONFIDENTIALITY. Confidential information disclosed by either party hereto to the other for the purposes of this Agreement which is clearly so identified in writing as proprietary or confidential or which the circumstances surrounding its disclosure indicate that it is confidential or proprietary shall be protected by the recipient in the same manner and to the same degree that the recipient protects its own confidential information. Notwithstanding the foregoing, the recipient shall have no obligation under this Agreement with respect to any confidential information disclosed to it which (i) was already known to recipient at the time of its receipt hereunder, (ii) becomes generally available to the public other than by means of recipient's breach of its obligations hereunder, (iii) is received by recipient from a third party whose disclosure is not in breach of any agreement of confidentiality or (iv) is ordered to be disclosed by a court or other governmental body with jurisdiction over the parties hereto.

8. FORCE MAJEURE. ZDV shall not be responsible for any failure or delay in performance of its obligations under this Agreement

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[X] CONFIDENTIAL TREATMENT REQUESTED

because of circumstances beyond its reasonable control including, but not limited to, acts of God, fires, floods, wars, civil disturbances, sabotage, accidents, labor disputes (whether or not the employees' demands are reasonable and within the party's power to satisfy), governmental actions or transportation delays.

9. NOTICES.

(a) Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when (i) hand delivered by one party to the other party at the addresses set forth below, (ii) deposited in Germany Mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (iii) sent by reputable overnight courier, addressed as follows:

If to ZDV, addressed to:
Ziff-Davis Verlag, GmbH
Riesstrasse 25,
Block C, 4th Floor
8000 Munich 50
Germany

Attention: Managing Director

with a copy to:

Legal Department
Ziff-Davis Publishing Company
One Park Avenue
New York, NY 10016
U.S.A.

If to YAG, addressed to:

Yahoo! GmbH
Riesstrasse 25,
Block C, 4th Floor
8000 Munich 50
Germany

Attention: Managing Director

with copies to:

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Yahoo!, Inc.
3400 Central Expwy., Suite 201
Santa Clara, CA 95051
Attention: Gary Valenzuela

and to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, CA 94025
Attention: James Brock, Esq.

or to such other address or addresses as may be specified from time to time in a written notice given by such party. Notwithstanding the foregoing, routine instructions, requests, directions and notices dealing with day to day operations under this Agreement may be given in such manner to such persons as may be agreed by the parties hereto from time to time is reasonable and practicable.

10. MISCELLANEOUS.

(a) This Agreement constitutes the entire agreement between the parties hereto with respect to the provision of the Services, supersedes all previous oral or written negotiations, representations, undertakings and agreements heretofore made between the parties hereto in respect to the subject matter hereof and may not be amended except in writing signed by both parties.

(b) If any term or provision of this Agreement is held to be invalid or unenforceable by reason of any rule of law or public policy, then this Agreement shall be deemed amended to delete therefrom the term or provision held to be invalid or unenforceable and all of the remaining terms and provisions of this Agreement shall remain in full force and effect.

(c) This Agreement shall be interpreted, construed and governed under and by the laws of Germany, without regard to its choice of law rules.

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[X] CONFIDENTIAL TREATMENT REQUESTED

(d) Except as expressly set forth herein, no person not a party hereto shall be a third-party beneficiary of any provision of this Agreement. Nothing contained herein shall be construed or deemed to confer any benefit or right upon any third party.

(e) The failure of a party to insist upon strict or timely adherence to any term of this Agreement on any occasion shall not be construed a waiver, or deprive that party of the right thereafter to insist upon strict or timely adherence to that term or any other term of this Agreement.

(f) The headings in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement. No modification of this Agreement shall be effected by the acknowledgment or acceptance of any purchase order, acknowledgment or other forms containing terms or conditions at variance with or in addition to those set forth in this Agreement.

(g) Nothing herein contained shall be construed to place the parties hereto in the relationship of partners, joint ventures, principal and agent, or employer and employee.

(h) This Agreement may be executed in counterparts, each of which shall constitute an original but all of which, taken together, shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers or representatives as of the day and year first above written.

YAHOO! GmbH

ZIFFFF-DAVIS VERLAG, GmbH

By:/s/ HEATHER KILLEN

By:/s/ MICHAEL SCHARFENBERGER

Name: Heather Killen
Title: Managing Director

Name: Michael Scharfenberger
Title: Managing Director

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[X] CONFIDENTIAL TREATMENT REQUESTED

SCHEDULE 1 (b)

1. Space and related office services including utilities, telecommunications equipment, general office supplies, mailroom services, cleaning services, maintenance services and general office equipment shall be apportioned to YAG per standard ZDV apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is DM30,500.
2. Financial management and other administrative support including payroll processing, accounting, purchasing and management information, recruiting, other human resource and facility services shall be apportioned to YAG per standard ZDV apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is DM17,175.

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[X] CONFIDENTIAL TREATMENT REQUESTED

SERVICES AGREEMENT

This Services Agreement (the "Agreement") is made as of November 1, 1996 by and between ZIFF-DAVIS FRANCE, S.A. ("ZDF"), a corporation organized under the laws of France and YAHOO! FRANCE, SARL ("YAF"), a corporation organized under the laws of France.

YAF has been organized as a joint venture between Yahoo! Inc. ("Yahoo") and SB Holdings (Europe) Ltd., an affiliate of ZDF, pursuant to a joint venture agreement dated as of this same date (the "Joint Venture Agreement"), in order to operate in France a localized version of the Yahoo! Guide (such localized guide, "Yahoo France"), to develop related on-line navigational services in France, and to conduct certain other businesses related to such activities.

YAF desires that ZDF provide certain Services (the "Services") for YAF and ZDF desires to provide such Services for YAF.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations set forth herein, the parties hereto agree as follows:

1.OFFICE, FINANCIAL AND ADMINISTRATIVE SERVICES.

(a) ZDF shall provide the following Services to YAF:

(i) office space for up to five (5) employees of YAF along with related office services such as utilities, telecommunications equipment, general office supplies, mailroom services, cleaning services (including the costs of installment and maintenance of lines, office units and the PBX switch as well as an estimated amount for actual calls), maintenance services and general office equipment (for example, photocopiers and telefax machines); and

[X] CONFIDENTIAL TREATMENT REQUESTED

(ii) financial management and other administrative support including payroll processing, accounting, purchasing, management information, recruiting, other human resource and facility services. In providing accounting services, ZDF shall use its reasonable efforts to provide data and information to YAF so that YAF's financial personnel may prepare reports in accordance with the European Financial Reporting Template attached as Exhibit A. YAF acknowledges that ZDF may need a reasonable period of time to adjust accounting procedures to produce reports in that form. ZDF shall also provide to YAF other similar administrative and operational services required to carry out YAF's business plan that ZDF has the resources to provide without unreasonable cost or burden to its own operations.

(b) YAF shall pay ZDF for the Services all of ZDF's out-of-pocket expenses to third parties incurred in connection with the Services (including those incurred prior to this date on behalf of YAF). Those expenses shall include actual charges for telecommunications calls (i.e., above the estimated amount included with the office space in Section 1(a) (i) above), special postage, courier service, and any other similar products or services provided by third parties which are individually billed to ZDF and which are not included in its general charges specified above. Commencing with the launch date of Yahoo France on October 21, 1996, YAF shall also pay an allocated part of ZDF's internal costs in providing the Services, determined in accordance with the allocations which ZDF uses for its own operating units. The allocations for 1996 are set forth in Schedule 1 (b). ZDF shall have the right to make appropriate adjustments in Schedule 1 (b) for each calendar year hereafter based on increases in its applicable costs. If V.A.T., use or similar taxes are at any time to be required to be paid on the

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Services, they will be added to the amounts payable by YAF pursuant to this Agreement.

(c) ZDF shall send an itemized monthly invoice to YAF for the Services provided by ZDF during the previous month and for any other charges that may be due by YAF under this Agreement. YAF shall pay such amount within thirty (30) days after receipt of the invoice.

(d) Prior to this date and the formation of YAF, ZDF has directly paid through its payroll certain persons who have been hired on behalf of YAF and who will be transferred to the YAF payroll after YAF's formation and commencement of operations. YAF shall reimburse ZDF for all salary, payroll taxes, benefits and similar costs paid or liabilities incurred by ZDF in connection with those employees. YAF shall also reimburse ZDF for all salary, payroll taxes, benefits and similar costs for Heather Killen from September 1, 1996, until she is transferred to YAF's payroll and paid directly by YAF. YAF shall also reimburse ZDF for any other out-of-pocket expenses incurred by ZDF or its personnel on behalf of YAF including, without limitation, travel and entertainment expenses, employee procurement fees and expenses and similar costs incurred since the discussion of the formation of YAF began.

(e) YAF acknowledges that although ZDF shall provide purchasing assistance, it shall be responsible for paying for all furniture and computer equipment and similar items principally used by its employees on ZDF's premises.

(f) YAF shall give ZDF at least thirty days notice of its need for office space for new employee. Nothing herein shall require ZDF to lease new space to accommodate YAF personnel.

2. PROMOTIONAL SERVICES.

(a) During the term of this agreement, ZDF and YAF shall provide each other with the right to run a reasonable number of

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advertisements and promotions at "house rates" in their respective publications and services. For purposes of this agreement "house rates" shall mean 30% of the regular rate charged for a page, banner or other promotional or ad space. Any production or similar out-of-pocket charges related to house ads shall be paid in full. All advertising services provided shall be subject to the applicable rate card or other applicable terms and conditions of the publication or service being used. House rates may not be combined with other promotional rates including volume or frequency discounts or other special rate programs or used for inserts.

(b) ZDF and YAF shall explore with other promotional activities as may be appropriate including, for example, joint participation in marketing and promotional events such as trade shows. Each party shall discuss with the other party in good faith (before any other comparable third party) any plans to incorporate editorial materials, listings, brand features and similar content within publications or services similar to those distributed by the other party, and shall allow the other a reasonable time to make a first offer, it being the intention to cooperate in such areas as reasonably practical for both parties; provided, however, that the foregoing shall not obligate either party to enter into any such arrangement.

3. AD REPRESENTATIVE SERVICES.

(a) ZDF has acted and shall act as the exclusive advertising sale representative for Yahoo France and any other products and services of YAF for the United Kingdom, Ireland, France and Germany and other European countries in which ZDF or its affiliates regularly solicit online advertising (the "Territory"). ZDF shall use its reasonable efforts to sell advertising in the Territory and to collect amounts owed to YAF from such advertisers. Although ZDF shall use its ZDNet sales

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force to sell ads on YAF as well as ZDNet, ZDF has added an additional sales person in light of its ad sales services for YAF. Although all of ZDF sales personnel shall continue to be employees of ZDF and subject to its direction,

all such personnel shall provide the YAF sales director with reports on sales calls and sales as the YAF sales director may request (including daily reports if requested) in coordination with reports to ZDF sales managers. YAF acknowledges that ZDF has not made any representation with respect to the amount of advertising it may sell. All such advertising shall be sold in accordance with such standard terms and conditions as YAF may provide.

(b) All advertising shall be subject to acceptance by YAF and YAF shall accept or reject any insertion order within two business days of receipt of that order from ZDF; failure to respond within that time shall be deemed acceptance.

(c) As compensation for its services, ZDF shall be entitled to a commission on the Net Amount collected on advertisements from the Territory carried by Yahoo France and YAF's other products and services. That commission shall be [XXXX] of the Net Amount collected from the advertising billed in each month up to the cumulative amount of advertising projected for the period ending with that month set forth in the Business Plan attached to the Joint Venture Agreement and [XXXX] of the Net Amount collected from advertising above that amount. (For example, if the Business Plan calls for FF1, [XXXX] of advertising in the first six months of this agreement and ZDF sells the Net Amount of [XXXX] for that period, ZDF shall receive commissions on the first [XXXX] at the rate of [XXXX] and on the remaining [XXXX] at the rate of [XXXX]. Net Amount means gross ad revenues, adjusted for ad agency commissions, discounts, billing adjustments and allowances, make goods, bad debt write-offs, and collection agency, attorney and other out-of-pocket collection fees and

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expenses. ZDF shall not be responsible for bad debts; it being the intention of the parties that YAF bear the credit risk of its advertisers. ZDF shall pay to YAF within ten days following the end of each month all of the amounts collected by it for advertising run on YAF's products and services, less its commission and any out-of-pocket costs for collection agencies, attorneys or other collection efforts. At the end of each calendar quarter, ZDF and YAF shall review the Net Amount of advertising for all quarters preceding the quarter then ending and determine whether ZDF shall be entitled to the [XXXX] commission on the Net Amount of any advertising in any prior period.

(d) ZDF shall provide the ad rep services through [XXXX]. The parties shall commence discussions about the renewal of the services for an additional period not later than [XXXX]. If YAF shall not continue ZDF's exclusive ad sales services beyond [XXXX] or the end of any renewal term thereafter (i.e., YAF begins to sell part or all of its inventory itself or through a third party), YAF shall continue to pay ZDF commissions on all advertising carried by YAF from the Territory following the effective date of discontinuation for which ZDF secured orders prior to the discontinuation date. In addition, notwithstanding any other provision of this agreement, in that event, ZDF shall have the right to require YAF to hire and assume all ongoing employment obligations to the new sales person referred to in 3(a) above without any severance or other cost to ZDF arising out of that person's employment with ZDF.

(e) ZDF may carry out its services outside of France through its affiliated companies including Ziff-Davis Verlag, GmbH ("ZDV") and Ziff-Davis UK, Ltd. ("ZDUK"), e.g., ZDV may sell ads in Germany for YAF's products and services and may sell ads

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[X] CONFIDENTIAL TREATMENT REQUESTED

in the United Kingdom and Ireland for YAF's products and services.

(f) Although ZDF's ad representation services shall be exclusive, YAF may have members of its internal staff assist in sales efforts provided that such efforts shall be coordinated with ZDF and that all sales resulting from such efforts shall be commissionable to ZDF as if its sales force had made such sales.

4. TERM AND TERMINATION.

(a) This Agreement shall be effective as of the date set forth above and, unless earlier terminated pursuant to paragraphs (b), (c), or (d) of this Section, shall continue for [XXXX] years after that date. Upon termination, all rights and obligations of each party hereto shall cease as of the date of termination and any amounts owed by either party hereto shall be paid in full.

(b) This Agreement shall also terminate automatically and effective immediately upon the earlier to occur of:

(i) the dissolution, termination or liquidation of ZDF or YAF;

(ii) the appointment of a trustee in bankruptcy for ZDF or YAF, an assignment of assets for the benefit of ZDF's or YAF's creditors or the adjudication of bankruptcy with respect to ZDF or YAF.

(iii) the termination of the Joint Venture Agreement.

(c) In the event that either party hereto shall commit any material breach of or default under this Agreement and such breach or default is not cured within thirty days after notice of such breach or default (if remediable), the non-defaulting or non-breaching party shall have the right (but not the obligation), in addition to all other legal and equitable remedies that may be available to such party, to terminate this Agreement.

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[X] CONFIDENTIAL TREATMENT REQUESTED

(d) YAF may terminate any or all of the Services described in Section 1 upon not less than ninety (90) days notice to ZDF. At the end of such ninety (90) days, ZDF shall make an appropriate reduction in its allocated charges. To the extent YAF wishes to terminate services upon less than 90 days notice ZDF shall use its reasonable efforts to end those services, reduce its costs and therefore reduce its charges to YAF in accordance with YAF's schedule.

5. DIRECTION AND CONTROL OF ZDF'S PERSONNEL.

(a) ZDF shall have the exclusive right to direct and control its personnel and/or any third parties providing the Services hereunder, free of any supervision, direction or control by YAF (other than in respect of YAF's right, as the recipient of such Services, to specify the nature of the Services desired to be performed). ZDF shall have the sole right to determine the conditions of employment for all ZDF personnel providing Services hereunder, including without limitation, their working hours, employment and vacation policies, benefits, seniority, promotions and assignments. ZDF will be solely responsible for compensation of such personnel and for all withholding taxes, unemployment insurance, workmen's compensation, and any other insurance and fringe benefits with respect to such personnel. ZDF shall also have the exclusive right to hire and fire such personnel. Unless YAF shall have acted in breach of this agreement with respect to ZDF's personnel, ZDF shall be solely responsible for severance or amounts payable upon the termination of employment of such personnel or any dispute or claim concerning that termination and ZDF shall indemnify, defend and hold YAF and its officers and directors, harmless, from any and all claims brought against by ZDF personnel relating to such termination, dispute or claims.

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[X] CONFIDENTIAL TREATMENT REQUESTED

and ZDF shall indemnify, defend and hold YAF and its officers and directors, harmless, from any and all claims brought against by ZDF personnel relating to such termination, dispute or claim.

(b) YAF shall not solicit the employment or hire, whether as an employee or consultant, any employee or former employee of ZDF or its European affiliates without ZDF's (or such affiliate's) prior written consent unless such former employee has not worked for ZDF or an affiliate for a period of six months prior to the date of hire by YAF.

6. LIMITATION OF LIABILITY.

(a) ZDF shall use its best efforts to provide the Services under this agreement in a professional and timely manner; in no event, however, shall ZDF be liable to YAF for any loss, damage, claim, liability or expense of any kind caused directly or indirectly by any action (other than for ZDF's gross negligence or willful breach of this Agreement) taken in furnishing the Services to be provided under this Agreement.

(b) Neither ZDF nor YAF shall be liable to the other for any special indirect, incidental, consequential or punitive damages, including without limitation, lost or imputed profits, lost savings, loss of goodwill or legal expenses, resulting from any cause whatsoever, whether liability is asserted in contract, tort or otherwise (including negligence and strict product liability), and regardless of the form of legal action, even if the party has advised or has been advised of the possibility of any such loss or damage. In no event shall the aggregate damages claimed by YAF hereunder exceed the total fees actually paid by YAF to ZDF under this Agreement, regardless of the number or extent of such claims.

7. CONFIDENTIALITY. Confidential information disclosed by either party hereto to the other for the purposes of this Agreement which is clearly so identified in writing as

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[X] CONFIDENTIAL TREATMENT REQUESTED

proprietary or confidential or which the circumstances surrounding its disclosure indicate that it is confidential or proprietary shall be protected by the recipient in the same manner and to the same degree that the recipient protects its own confidential information. Notwithstanding the foregoing, the recipient shall have no obligation under this Agreement with respect to any confidential information disclosed to it which (i) was already known to recipient at the time of its receipt hereunder, (ii) becomes generally available to the public other than by means of recipient's breach of its obligations hereunder, (iii) is received by recipient from a third party whose disclosure is not in breach of any agreement of confidentiality or (iv) is ordered to be disclosed by a court or other governmental body with jurisdiction over the parties hereto.

8. FORCE MAJEURE. ZDF shall not be responsible for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control including, but not limited to, acts of God, fires, floods, wars, civil disturbances, sabotage, accidents, labor disputes (whether or not the employees' demands are reasonable and within the party's power to satisfy), governmental actions or transportation delays.

9. NOTICES.

(a) Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when (i) hand delivered by one party to the other party at the addresses set forth below, (ii) deposited in France Mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (iii) sent by reputable overnight courier, addressed as follows:

If to ZDF, addressed to:

Ziff-Davis France, S.A.
4 place Marie-Jeanne Bassot

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[X] CONFIDENTIAL TREATMENT REQUESTED

92593 Levallois-Perret CEDEX
France
Attention: Managing Director

with a copy to:

Legal Department
Ziff-Davis Publishing Company

One Park Avenue
New York, NY 10016
U.S.A.

If to YAF, addressed to:

Yahoo! France, SARL
4 place Marie-Jeanne Bassot
92593 Levallois-Perret CEDEX
France
Attention: Managing Director

with copies to:

Yahoo!, Inc.
3400 Central Expwy., Suite 201
Santa Clara, CA 95051
Attention: Gary Valenzuela

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and to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, CA 94025
Attention: James Brock, Esq.

or to such other address or addresses as may be specified from time to time in a written notice given by such party. Notwithstanding the foregoing, routine instructions, requests, directions and notices dealing with day to day operations under this Agreement may be given in such manner to such persons as may be agreed by the parties hereto from time to time is reasonable and practicable.

10. MISCELLANEOUS.

(a) This Agreement constitutes the entire agreement between the parties hereto with respect to the provision of the Services, supersedes all previous oral or written negotiations, representations, undertakings and agreements heretofore made between the parties hereto in respect to the subject matter hereof and may not be amended except in writing signed by both parties.

(b) If any term or provision of this Agreement is held to be invalid or unenforceable by reason of any rule of law or public policy, then this Agreement shall be deemed amended to delete therefrom the term or provision held to be invalid or unenforceable and all of the remaining terms and provisions of this Agreement shall remain in full force and effect.

(c) This Agreement shall be interpreted, construed and governed under and by the laws of France, without regard to its choice of law rules.

(d) Except as expressly set forth herein, no person not a party hereto shall be a third-party beneficiary of any provision

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[X] CONFIDENTIAL TREATMENT REQUESTED

of this Agreement. Nothing contained herein shall be construed or deemed to confer any benefit or right upon any third party.

(e) The failure of a party to insist upon strict or timely adherence to any term of this Agreement on any occasion shall not be construed a waiver, or deprive that party of the right thereafter to insist upon strict or timely adherence to that term or any other term of this Agreement.

(f) The headings in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement. No modification of this Agreement shall be effected by the acknowledgment or acceptance of any purchase order, acknowledgment or other

forms containing terms or conditions at variance with or in addition to those set forth in this Agreement.

(g) Nothing herein contained shall be construed to place the parties hereto in the relationship of partners, joint ventures, principal and agent, or employer and employee.

(h) This Agreement may be executed in counterparts, each of which shall constitute an original but all of which, taken together, shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers or representatives as of the day and year first above written.

YAHOO! FRANCE, SARL

ZIFF-DAVIS FRANCE, S.A.

BY:/s/ HEATHER KILLEN

By:/s/ ALAIN RANCHOUX

Name: Heather Killen
Title: Managing Director

Name: Alain Ranchoux
Title: Managing Director

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[X] CONFIDENTIAL TREATMENT REQUESTED

SCHEDULE 1(b)

1. Space and related office services including utilities, telecommunications equipment, general office supplies, mailroom services, cleaning services, maintenance services and general office equipment shall be apportioned to YAF per standard ZDF apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is FF58,300.
2. Financial management and other administrative support including payroll processing, accounting, purchasing and management information, recruiting, other human resource and facility services shall be apportioned to YAF per standard ZDF apportionment practices which are based on employee head count (determined on the basis of the number of full-time or equivalent full-time positions). The per annum charge per full-time employee or equivalent for 1996 for these services is FF71,600.

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[X] CONFIDENTIAL TREATMENT REQUESTED

NETSCAPE COMMUNICATIONS CORPORATION
CO-MARKETING AGREEMENT

This Co-Marketing Agreement ("AGREEMENT"), entered into by and between Netscape Communications Corporation ("NETSCAPE"), a Delaware corporation located at 501 East Middlefield Road, Mountain View, California 94043, and Yahoo! Inc. ("YAHOO"), a California corporation with its principal place of business at 3400 Central Expressway, Ste. 201, Santa Clara, California 95051, is effective as of the effective date set forth below ("EFFECTIVE DATE").

RECITALS

- A. Netscape is in the business of developing, manufacturing, marketing and distributing Internet related products and technology and providing related services, and in connection with its marketing efforts, maintains a U.S. English language World Wide Web site;
- B. Yahoo is in the business of creating Internet-related content including navigational and directory services; and
- C. The parties wish to enter into this Agreement to cooperate in certain co-marketing activities.

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

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 set forth below:

"CHANNEL" means a major content category within the Service (and not as included in any client software), such as Entertainment, Sports, Business or Personal Finance, for example, separated from other content in a graphically defined area.

"CONTENT MODULE" means a single content subject category provided by a Premier Provider within a Channel or Sub-Channel.

"CONTENT PROVIDER" means a company which is participating in the Service by providing to the Service content and/or a link to a content-related site.

"CUSTOMIZED FRONT PAGE" means the page on the Internet presented to an end user who has registered for the Service and configured customized content to be served up to the end user.

"DEFAULT FRONT PAGE" means the page on the Internet which is the initial point of entry for an end user accessing the Service but who has not registered with the Service.

"DESTINATIONS" means that portion of Netscape's Web Site providing content organized by major categories and including Site Samplers for purposes of promoting Netscape customer's Web sites.

CONFIDENTIAL TREATMENT REQUESTED

"DISTINGUISHED PROVIDER" means a Content Provider which has a secondary listing relative to a Premier Provider listing, and a smaller, less distinct promotional element.

"DISTINGUISHED PROVIDER DIRECTORY" means the directory listing of Distinguished Providers within any Channel or Sub-Channel.

"FRONT PAGE" means a Default Front Page or a Customized Front Page.

"LAUNCH DATE" means the date on which the initial version of the Service is accessible to end users.

"NETSCAPE RESPONSIBLE ADVERTISING" shall mean the Netscape Legacy Advertising, described in Section 11.3 and Section 16.1, the Netscape Ad Inventory described in section 11.3, and the WNCW Advertising sold by Netscape described in section

16.1.

"NETSCAPE'S WEB SITE" the collection of U.S. English-language HTML documents accessible by the public via the Internet at the URL <http://home.netscape.com> and/or at such other URL or URL's as Netscape may designate.

"PAGE VIEW" means the serving up of an HTML page.

"PAYMENT" means Twenty-Five Million Dollars (\$25,000,000) as described in Section 14.1.

"PEOPLE PAGES" means the service which allows users to perform searches to locate people on the Internet.

"PREMIER PROVIDER" means a Content Provider which has a prominent listing in the Service, a graphic icon and a graphic promotional element.

"PREMIER PROVIDER DIRECTORY" means the directory listing of Premier Providers within any Channel or Sub-Channel.

"SERVICE" means the enhanced Web navigation service which organizes the most useful sites on the World Wide Web as described in, and which is the subject of, this Agreement. The Service shall not include the What's New Page, the What's Cool Page and the People Pages.

"SERVICE AD INVENTORY" shall mean the electronic advertising inventory within the Service, the People Pages, the What's New Page, the What's Cool Page and any other advertising inventory which Yahoo will manage as described in this Agreement, subject to the provisions of Section 16. Service Ad Inventory shall not include any of the Netscape Dedicated Channel as defined in Section 4.4.

"SERVICE NAME" means the name of the Service to be decided upon the mutual agreement of the parties.

"SITE SAMPLER" means a gif or a dynamically updated text Content Module which provides appropriate content and links to a Content Provider's Web site.

"SUB-CHANNEL" means a sub-category of a Channel content category, such as Golf, Football or Skiing relative to a Channel for Sports.

"TERM" means the two (2) year period of this Agreement, subject to the provisions of Section 20.

"WHAT'S COOL PAGE" means the page on Netscape's Web Site currently located at the URL http://_____ as such URL may change from time to time and which describes an edited list of distinctive Web sites.

"WHAT'S NEW PAGE" means the page on Netscape's Web Site currently located at the URL http://_____ as such URL may change from time to time and which describes an edited list of new and noteworthy Web sites.

"YELLOW PAGES" means the search and directory service which enables end users to locate local businesses on the Internet to be included in the Service as described in Section 7.

2. INTERNET NAVIGATION SERVICE.

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2.1. DESCRIPTION OF THE SERVICE. The Service will be modeled after, yet differentiated from, Yahoo's "My Yahoo!" personalized Internet navigational service. The Service shall include Site Samplers, or content-rich graphics similar to a Site Sampler, and possibly include other content such as third party reviews. Notwithstanding the foregoing, Yahoo shall develop, subject to Netscape's reasonable approval, the concept, look and feel of the Service which is separate and distinct from the My Yahoo! Service. The Service will be offered free of charge to end users. The parties anticipate that the Service will begin on or before April 15, 1997. On the Launch Date, the Destinations area will be removed from Netscape's Web Site and shall cease to exist for the Term of this Agreement. End users accessing Destinations will be redirected to the Service.

2.2. CUSTOMIZATION. The Service will include a Default Front Page as the initial point of entry for end users accessing the Service. The Default Front Page will have a default configuration of content with Channels, Sub-Channels

and banner advertising, as the parties shall mutually agree. Additionally, the Default Front Page will include a link to a page which will guide end users through a customization process whereby the end user can customize the Service by selecting a preferred configuration of content, Channels and Sub-Channels which will be served to that end user on subsequent visits to the Service. If an end user elects to customize the content they receive through the Service, the end user will have to first register with the Service, as such registration is described in Section 3. Users can change the configuration of their customized content as often as they like.

2.3. LOCATION OF SERVICE. The Service will reside solely on Yahoo's servers and Internet connection. The Toolbar button (as described in Section 10.1) and Destination buttons (as described in Section 10.4) shall be hard coded with a "netscape.com" domain and redirected to a "yahoo.com" domain. The Default Front Page shall be served under a "netscape.com" domain name. All other pages of the Service will be served under "yahoo.com" domain name. Yahoo shall not promote the Service from another Web site without Netscape's prior written consent.

2.4. TARGET MARKET. The Service's primary target market is the individual end user who would use the Service for their personal use at home or the office, and not directly targeted to business-to-business or trade service users. The Service will be available in U.S. English-language only and will be focused on the North American market.

2.5. NAME OF THE SERVICE. The Service Name will be mutually agreed upon by Netscape and Yahoo. Yahoo shall not independently use the Service Name without Netscape's prior written consent unless such use occurs in connection with Yahoo's advertising sales and promotional efforts on behalf of the Service. The Service Name shall be displayed on every page of the Service and no other locations without Netscape's prior written consent except in connection with such advertising sales and promotional efforts on behalf of the Service. If the Service Name includes a co-branding component, Yahoo may not use the Service Name with Netscape's name expunged. Yahoo may not use the Service Name independent of the Service except as provided for above in this Section 2.5.

2.6. DESIGN OF SERVICE. The Service shall be co-branded equally by Netscape and Yahoo. Yahoo shall be responsible for creating the graphic user interface including navigation, architecture, look and feel as well as the tone of the Service; provided, however, that Netscape and Yahoo shall mutually agree to the initial design of the Service.

3. END USER REGISTRATION.

3.1. REGISTRATION PROCESS. End users who wish to customize the Service will have to register. The user registration page will be linked to the Default Front Page as well as all other appropriate pages in the Service. Initially, the Service will use My Yahoo!'s registration back-end database in conjunction with a co-branded front-end form of registration presented to end users. Such form of registration shall be substantially similar to Exhibit C. At the time the end user is asked to register, the end user will be notified as to what personal data is required for them to provide, how the personal data will be used and who will have access to the data, as described in Exhibit C. [XXXX]. The parties hereto acknowledge that it is their intent to integrate the Service's user registration process with Netscape's "Universal

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Registration" system when such system becomes available. At such time as the registration process is transferred to Netscape, Netscape shall use reasonable commercial efforts to collect the same data from the Service registration process as was collected by Yahoo. At such time as Netscape's "Universal Registration" system is deployed, [XXXX]. Netscape and Yahoo shall use reasonable commercial efforts to coordinate the prompt transfer of user information from Netscape to Yahoo at such time as Netscape's "Universal Registration" system is used in connection with the Service.

3.2. ADDITIONAL USER INFORMATION. [XXXX]

3.3. PERSONAL DATA CONFIDENTIAL. [XXXX]

4. CHANNELS.

4.1. WEB COVERAGE AND PROGRAMMING. The Service will offer users a choice of the following [XXXX]. Additional Channels may be added upon the mutual agreement of the parties.

4.2. CHANNEL AND SUB-CHANNEL COMPONENTS. Each Channel and Sub-Channel will include the following components, as set forth in Exhibit A: [XXXX] The Channel and Sub-Channel components will initially be pre-configured and presented to an end user on a default basis as the parties shall mutually agree. Registered users will be able to customize the content presented to them in a Channel.

4.3. CHANNELS, SUB-CHANNELS AND CONTENT MODULES. The parties shall mutually agree to the topics and number of Channels. Yahoo will determine the categories for Sub-Channels within each Channel. Yahoo will provide an internal, editorial review of Web sites and the content programming within a Channel, Sub-Channel or Content Module.

4.4. NETSCAPE'S DEDICATED CHANNEL. Netscape reserves the right to have one (1) dedicated Channel in the Service (the "NETSCAPE DEDICATED CHANNEL"), and Netscape is responsible for the programming within, and the management of, the Netscape Dedicated Channel including Sub-Channels, Content Modules and Content Provider listings; provided, however, that content programming within Netscape's dedicated Channel shall include no more than [XXXX]. Netscape shall use reasonable commercial efforts ensure that Netscape's dedicated Channel conforms with the Service's general look, feel and tone. All content included within the Netscape Dedicated Channel shall pertain to Netscape's products and services and those of its strategic business relationships with respect to Netscape's core businesses. No third party space within the Netscape Dedicated Channel may be sold. No pages within the Netscape Dedicated Channel shall be deemed to be part of the Service Ad Inventory for any reason.

4.5. ADDITIONAL NETSCAPE RESERVED INVENTORY. [XXXX]

5. SEARCH FUNCTIONALITY.

5.1. SEARCH FIELD. A field providing search functionality will be included on pages within the Service as the parties may mutually determine. The search executed from the search field will initially only cover content within the Service itself. When the results to a search query are returned, a user will be given the option of expanding the scope of the search to encompass the World Wide Web using one of Netscape's Net Search Program premier or marquee search engines. The user will also be offered the choice of executing another search limited to the content of the Service. The parties acknowledge that although Netscape's Net Search Program is listed within the current version of Destinations, for the purposes of this Agreement, Net Search shall not be included in Destinations or the Service.

5.2. SEARCH FIELD POSITIONING. The search field shall appear below the fold, or in such other location as the parties may mutually determine, on any page in which the search field is listed. Netscape shall approve the search engine companies which appear as expanded search options as well as the positioning of the search engine companies on the page served to end users in conjunction with the end user's search results. Yahoo shall not charge any of the search engine companies for these listings. Netscape reserves the right to review the financial effect of the search field in the Service as such search

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functionality may impact Netscape's own Net Search Program and require that the search functionality in the Service be minimized or deleted.

5.3. MONTHLY SEARCH REPORTS. [XXXX]

Netscape and Yahoo shall determine the format for this monthly report. The information contained in the report shall be Netscape's and Yahoo's Confidential Information; however, Netscape reserves the right to provide the information contained in the report to the Net Search Program companies.

6. CONTENT PROVIDER PARTICIPATION IN THE SERVICE.

6.1. APPLICATION PROCESS. Netscape shall determine the criteria by which Content Providers may participate in the Service. Yahoo will be responsible for administering the Content Provider application process and serve as the primary

point of contact for companies interested in becoming Content Providers.

6.2 ORGANIZATION OF CONTENT PROVIDERS. A predetermined number of Content Providers, as mutually determined by the parties, will appear as Premier Providers in the Premier Provider Directory portion of the Channel or Sub-Channel and Distinguished Providers in the Distinguished Provider Directory of the Channel or Sub-Channel. Netscape and Yahoo shall mutually agree as to the exact number of Premier Providers and Distinguished Providers in a Channel or Sub-Channel. The Service shall include promotional areas, such as Site Samplers, for Premier Providers, as the parties shall mutually agree. On any page in the Service which includes a Premier Provider Directory and a Distinguished Provider Directory, the Premier Provider Directory shall be more prominently displayed. Within any Distinguished Provider Directory, Content Providers shall be displayed in the following order of decreasing prominence:

Distinguished Providers designated by Netscape;

Useful Content Providers displaying the Netscape Now button; and

Useful Content Providers not displaying the Netscape Now button;

provided, however, that: such Content Providers comply with the criteria determined by Netscape; Netscape reserves the right to determine the positioning of [XXXX] Content Provider participating in the Service; and such news provider shall count against Netscape's Premier Provider Allotment as described in Section 6.5.

6.3. TRANSITION PERIOD. Netscape shall use reasonable commercial efforts to assist Yahoo in transitioning Content Providers as participants in the Service. Within seven (7) days of the Effective Date, Netscape shall notify Yahoo of companies which Netscape would like to have Yahoo list in the Service as Premier Providers or Distinguished Providers (the "TRANSITIONAL CONTENT PROVIDERS"). Until July 1, 1997, such companies shall appear as Premier Providers or Distinguished Providers in Channels and/or Sub-Channels as Yahoo shall determine; provided, however, that each such Premier Provider or Distinguished Provider shall be listed in the Service. In addition to the Premier Providers and Distinguished Providers designated by Netscape, other Content Providers may appear in the Premier Provider Directory or Distinguished Provider Directory, provided that such other Content Providers meet the selection criteria set forth in Exhibit F as such Exhibit F may be revised from time to time as set forth in this Agreement, or as otherwise agreed upon by the parties.

6.4. AFTER THE TRANSITION PERIOD. Beginning on July 1, 1997, Yahoo shall review and approve companies who want to participate in the Service as Content Providers. Such approval of Content Providers shall be subject to a company's complying with Netscape's criteria which criteria shall be revised and communicated to Yahoo no later than May 1, 1997. Beginning on July 1, 1997, Premier Providers participating in the Service as a result of having been transferred by Netscape as described in Section 6.3 shall continue to participate in the Service provided that such Premier Providers comply with the requirements for Premier Providers participating in the Service as set forth in Section 6.5. Netscape reserves the right to refuse to include any Content Provider which does not meet with Netscape's

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criterion for Content Providers. Yahoo may require all Content Providers included in the Service to execute an agreement containing Yahoo's then-current standard terms and conditions pertaining to the appropriate level of Content Provider (the "STANDARD YAHOO CONTRACT"). Special Content Providers (as defined Section 6.6, below) shall not be required to sign the Standard Yahoo Contract if, and only if, such Content Provider's participation in the Service consists solely of a listing in a directory and no other content. Notwithstanding anything else in this Agreement, Yahoo may refuse to include any Premier Provider or Distinguished Provider in the Service who does not execute the Standard Yahoo Contract, and may refuse to include any Premier Provider, Distinguished Provider or material, if Yahoo, in its reasonable determination, deems such inclusion would lead to material injury, damage, or liability to Yahoo.

6.5. FEE CHARGED TO PREMIER PROVIDERS. [XXXX] a fee to participate in the Service or to place Content Modules in the Service, upon rates and terms to be

determined by Yahoo with the understanding that Netscape and Yahoo shall consider each other's advertising plans and packaging; provided, however, that Netscape may offer Premier Provider placements free of charge to certain Content Providers as long as such free of charge placements and listings do not exceed [XXXX] of the available inventory of Premier Provider placements in any given month ("NETSCAPE PREMIER PROVIDER ALLOTMENT"). Netscape shall not sell slots in its Netscape Premier Provider Allotment, but shall make such Premier Providers aware of the value of such slot based on fees Yahoo is then charging for such slots.

6.6. SPECIAL CONTENT PROVIDERS. Subject to Section 6.4, Yahoo shall include certain companies as Content Providers in the Service on a free of charge basis regardless of such company's compliance with Netscape's criteria (the "SPECIAL CONTENT PROVIDERS"). The list of such companies to be included in the Service is set forth in Exhibit B. Within thirty (30) days of the Effective Date, Netscape shall notify Yahoo as to whether such companies shall be listed as Premier Providers or Distinguished Providers in the Service. All Special Content Providers shall be counted against Netscape's Premier Provider Allotment.

6.7. UPDATING OF DISTINGUISHED PROVIDERS AND PREMIER PROVIDERS. On a bi-weekly basis, Netscape will send to Yahoo a revised list of companies which Yahoo must include as Premier Providers (on a free of charge basis, subject to the limits of Netscape's Premier Provider Allotment and subject to space availability) and Distinguished Providers (provided such Distinguished Providers comply with Netscape's Content Provider criteria), if additions, deletions or corrections are needed. Yahoo shall update the list of Premier Providers and Distinguished Providers appearing in the Service, making the necessary additions or deletions within ten (10) business days of receipt of such revised list from Netscape. The parties shall designate a contact person and a process for managing the updated list.

6.8. INTEGRATED COMMUNITY. Netscape and Yahoo acknowledge that the intent of the Service is to provide an "integrated community" experience for Netscape users and not to provide Yahoo with any special prominence in listings relative to other Content Provider, unless such enhanced presence or positioning is agreed to by Netscape. Promotion of Yahoo's Web site will be minimized to prevent diversion of user traffic from the Service. Promotion of Yahoo within the Service will be subject to Netscape's approval.

6.9. TECHNICAL SUPPORT. If Yahoo receives any questions from a prospective or existing Content Provider relating to specific development or technical support (such as how to develop on the Netscape platform), Yahoo will refer the prospective or existing Content Provider to the Netscape Developer Program as described on Netscape's Web Site.

7. [XXXX]

8. PEOPLE PAGES. The People Pages will be managed by Yahoo under the Netscape brand and will include the existing participants in Netscape's White Pages program unless otherwise agreed to by the parties. The People Pages may be enhanced or modified upon the mutual agreement of Netscape and Yahoo. [XXXX]

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9. WHAT'S NEW PAGE AND WHAT'S COOL PAGE. Beginning July 1, 1997, Yahoo shall manage the What's New Page and the What's Cool Page portions of Netscape's Web Site. Netscape shall have the right to designate up to [XXXX] of the entities to be included in the What's New Page per week, and Netscape shall nominate entities for Yahoo's consideration for inclusion in the What's Cool Page. Netscape shall not charge such entities for such inclusion. The What's New Page and What's Cool Page will appear under Netscape's brand exclusively; however, Yahoo will be credited at no less than the level currently granted with providing the content for the What's New Page and What's Cool Page. The parties may in the future decide to include the What's New Page and What's Cool Page as part of the Service.

10. PROMOTION OF THE SERVICE IN NETSCAPE'S PRODUCTS. For as long as Netscape offers the other products and services described below, Netscape shall promote the Service during the Term as follows:

10.1. TOOLBAR BUTTON. Netscape shall build a button for the Service which

will appear in the Toolbar section of the Netscape Communicator client software and in a comparable location in subsequent versions of Netscape's client software. The name of the button shall be determined by Netscape with consideration given to Yahoo's preferences. When an end user presses the button, the end user will be presented with a drop-down menu of headings in the following order: The Internet (or a name to be mutually agreed to by the parties), People, Yellow Pages, What's New Page and What's Cool Page or such other heading names as Netscape may determine; provided, however, that the The Internet heading, or such other name as may be decided, shall be linked to the Front Page, and no service similar to the Service shall be granted a button on the toolbar.

10.2. NETSCAPE'S WEB SITE. The home page of Netscape's Web Site shall feature a prominent link to the Service in a location and format as Netscape shall determine.

10.3. PRE-LOADED BOOKMARK. Netscape shall include a pre-loaded bookmark for the Service in Netscape-distributed versions of the Netscape Communicator client software and in a comparable location in subsequent versions of Netscape's client software.

10.4. DESTINATIONS BUTTON. In versions of the Netscape Navigator which include or refer to a Destinations area of Netscape's Web Site, users selecting the Destinations location will be redirected to the Front Page of the Service.

10.5. CONSTELLATION. In the Netscape Constellation client software, or derivative thereof, Netscape shall include a link to the Service which shall be at least as prominent as any similar service, provided that the Service is modified to support the appropriate technologies within Constellation or its derivative. Netscape and Yahoo shall mutually agree to new content changes and functionality.

10.6. IN-BOX DIRECT. Netscape shall provide the Service with premier positioning within the In-Box Direct program and sign-up area, as Netscape shall determine such positioning in its discretion.

10.7. IN-BOX DIRECT FOR SUITESPOT. Netscape shall include in In-Box Direct for SuiteSpot a premier listing for the Service, as optimized for Enterprise users, and as Netscape shall determine in its discretion.

11. YAHOO'S OBLIGATIONS.

11.1. PRODUCTION, TECHNOLOGY AND CONTENT PROGRAMMING. Yahoo shall be responsible for all production and content programming of the Service. The Service shall use substantially the same technology and advantages as Yahoo uses in its "My Yahoo!" service, unless otherwise agreed to by the parties. The Service shall not be disadvantaged or suffer from inferior production, programming or performance relative to the My Yahoo! service, or any similar service which Yahoo might make available to, or operate on behalf of, third parties except with respect to proprietary features owned by, or made exclusively available to, third parties. Except with respect to the Premier Providers and Distinguished Providers provided to Yahoo by Netscape hereunder and except as further constrained by the available pool of Premier Providers and Distinguished Providers, the Service shall perform substantially up to the same performance standards as My Yahoo!, including, but not limited to, load time, timeliness of content,

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and quality of programming. Notwithstanding the foregoing, this Agreement does not include a license to use the technology and services currently available in My Yahoo! and licensed by Yahoo from Firefly, Inc. and other third party technologies which Yahoo is contractually precluded from including in the Service. Yahoo shall perform its duties described herein with substantially the same diligence and vigor as it employs with respect to its own services and Web sites, or the services and Web sites Yahoo may operate for third parties, and Yahoo shall not favor its own Web sites, or those of any third party, over the Service. With respect to features and functionalities offered within the Service, Yahoo shall use reasonable commercial efforts to employ in the Service Netscape's technology, if available, rather than a technology which might compete with Netscape products or services, provided that such use of Netscape's technology does not, in Yahoo's reasonable determination, unduly burden the performance or production of the Service or unduly tax Yahoo's engineering,

support or production resources. Yahoo's obligation to produce the Service including production services, technology and content programming which meet or exceed standards established by Yahoo on its own Web site or services (or the Web site or services Yahoo manages for any third party) and general industry standards is a material obligation of Yahoo under this Agreement.

11.2. ADVERTISING. Yahoo shall be responsible for all production and programming of advertisements on the Service Ad Inventory, subject to Netscape's guidelines for advertising. Commencing on the Effective Date and except as set forth in Section 16, Yahoo will manage and sell all advertising and sponsorships within the Service Ad Inventory, and Yahoo will manage the advertising product and services with the same degree of professionalism Yahoo exercises with respect to Yahoo's own Web sites or the Web site Yahoo might manage on behalf of any third party. Services which Yahoo shall provide include site auditing, traffic analysis, functionality and other advertising services. Yahoo may require all advertisers on the Service including the Netscape Responsible Advertising to execute Yahoo's then current form of insertion order ("IO"). Notwithstanding anything else in this Agreement to the contrary, Yahoo may in its sole discretion refuse to include any advertising on the Service for any reason, provided that Yahoo may only refuse to include Netscape Legacy Advertising, as defined in Section 11.3, if such advertisers refuse to sign the IO. Netscape Legacy Advertisers who refuse to sign the IO ("REFUSNIKS") shall nevertheless be included as advertisers in the Service until such advertisers advertising contracts with Netscape have expired.

11.3. NETSCAPE AD INVENTORY. Yahoo shall honor all contracts for banner advertising which Netscape has previously committed to post in the Destinations area of Netscape's Web Site (the "NETSCAPE LEGACY ADVERTISING"). A list of such outstanding Destinations advertising commitments is attached hereto as Exhibit D. In any given month, Netscape shall be entitled to offer to third parties up to [XXXX] of the Service Ad Inventory in that month ("NETSCAPE AD INVENTORY"), provided, however, that Netscape shall only offer the Netscape Advertising Inventory for barter, and not for sale, and provided further that Netscape shall not be entitled to place more than [XXXX] of the monthly Netscape Ad Inventory in any one Channel. Notwithstanding the foregoing, the parties may mutually agree from time to time to make additional Service Ad Inventory available to Netscape for barter transactions. In order to avoid conflicts with barter transactions, Netscape shall designate a contact person to coordinate with Yahoo the availability of Service Ad Inventory.

11.4. EQUIVALENT EFFORT. In selling advertising inventory and providing advertising services hereunder, Yahoo will carry out such services with substantially the same diligence and vigor as it employs when selling, managing or maintaining similar advertising on its own services and Web sites. Without limiting the foregoing, Yahoo shall not unreasonably favor its own Web site, or the Web site or services of any third party, over the Service.

11.5. REFUSE TO PUBLISH. Netscape may, in its reasonable discretion, at any time for any reason refuse to accept or publish, or direct Yahoo to refuse to accept or publish, a Content Provider listing, a Content Module, an advertisement and/or other content on the Service, the What's New Page, the What's Cool Page, the People Pages if such content directly, explicitly and maliciously disparages Netscape or Netscape's products; pertains to the promotion, depiction, sale, use or endorsement of alcohol, tobacco, sexually explicit materials, religious institutions; and such other areas as the parties may mutually agree.

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[XXXX]

11.7. NETSCAPE NOW PROGRAM COMPLIANCE ON YAHOO'S WEB SITE AND THE SERVICE. Yahoo shall display the "Netscape Now" button [XXXX], and use reasonable commercial efforts to include the following statement (or a statement designated by Netscape and generally used by Netscape as a successor to the following statement or in connection with any successor program to Netscape's Netscape Now program) next to the Netscape Now button: "This site is best viewed with Netscape Navigator 3.0. Download Netscape Now!" (or such higher non-beta version as is then available). Yahoo will produce the page such that when an end user presses or clicks on the Netscape Now button (or such other button used in connection with any successor program to the Netscape Now program), the end user's Internet client software will access the applicable HTML page located at

a URL supplied by Netscape. On any page on which the Netscape Now button, or a successor button, is displayed, the Netscape Now button shall be [XXXX]. Yahoo shall use reasonable commercial efforts promptly to remedy any misplacement of the Netscape Now button on its home page or other pages or any malfunctioning of the button, provided Netscape will fully cooperate with Yahoo to remedy any such misplacement or malfunctioning, and provided further that Yahoo shall not incur liability for any failure to remedy such misplacement or malfunctioning if such remedy is not within the reasonable control of Yahoo. In the event that Netscape replaces the Netscape Now program with a successor program, Netscape shall advise Yahoo and Yahoo shall produce the page to conform to such successor program, provided Yahoo's obligations under such successor program shall not be materially increased. Netscape hereby grants Yahoo a nonexclusive, nontransferable, nonassignable, nonpublicable license to perform and display the Netscape Now button directly in connection with fulfilling the foregoing obligation. Yahoo's use of the Netscape Now button shall be in accordance with Netscape's reasonable policies regarding advertising and trademark usage as established from time to time by Netscape, including the guidelines of the Netscape Now Program published on Netscape's U.S. English-language Web Site. Yahoo acknowledges that the Netscape Now button is a proprietary logo of Netscape and contains Netscape's trademarks. In the event that Netscape determines that Yahoo's use of the Netscape Now button is inconsistent with Netscape's quality standards, then Netscape shall have the right to suspend immediately such use of the Netscape Now button. Yahoo understands and agrees that the use of the Netscape Now button in connection with this Agreement shall not create any right, title or interest in or to the use of the Netscape Now button or associated trademarks and that all such use and goodwill associated with the Netscape Now button and associated trademarks will inure to the benefit of Netscape. Yahoo agrees not to register or use any trademark that is similar to the Netscape Now button. Yahoo further agrees that it will not use the Netscape Now button in a misleading manner or otherwise in a manner that could tend to reflect adversely on Netscape or its products.

11.8. CONTENT PROVIDER COMPLIANCE. Yahoo will require Content Providers to substantially abide by the criteria for participating in the Service as such criteria are described in Exhibit F. Yahoo shall use reasonable commercial efforts to monitor the Content Providers' compliance with the guidelines and, as necessary, notify Content Providers of their non-compliance. If a Content Provider fails to come into compliance after receipt of notification, Netscape shall direct Yahoo to reduce the listing status of a non-complying Content Provider or remove the Content Provider from the Service, as Netscape shall determine.

11.9. MARKETING COLLATERAL. Yahoo will maintain on the Service marketing collateral for the Service. The collateral will be updated regularly and on an as-needed basis. The marketing collateral, as well as application for Content Provider participation in the Service, as described in Section 6.1, shall be located in an easily accessible location. Each party shall include a link to the Service's marketing collateral in an appropriate area of the party's Web site.

11.10. SERVICE ENROLLMENT SUPPORT. Yahoo shall provide information and sales support to Content Providers regarding participation in the Service.

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11.11. TECHNICAL SUPPORT OF SERVICE. During the Term, Yahoo shall provide technical support services for the Service in a timely basis. Yahoo shall appoint a technical contact to whom Netscape may address all technical questions relating to the Service. Yahoo shall use best efforts to promptly remedy any material misplacement or malfunctioning of the Service.

12. JOINT ACTIVITIES.

12.1. PRESS PLANS. Yahoo and Netscape agree to participate in a joint press announcement regarding the Service which will take place on a mutually agreed upon date. The parties shall agree to the form and content of the joint press release. Notwithstanding the foregoing, either party may issue its own press release, subject to the other party's prior approval of the content within the release. With respect to major advertising and marketing deal announcements regarding the Service, Netscape and Yahoo shall have forty-eight (48) hours to respond, in writing, to any proposed announcement. In any press announcement regarding the Service, both Yahoo and Netscape's name and logo shall be included in the press release, and the names and logos shall appear with equal

prominence. Interviews with the press regarding announcement of the Service shall be coordinated between both Netscape and Yahoo.

12.2. RESEARCH. If Yahoo or Netscape conducts any research regarding the Service, such research results shall be shared between both companies on a timely basis. If Yahoo or Netscape conducts a study on their respective primary English-language Web site, both companies shall include the Service in the study, where appropriate. Yahoo will conduct substantially the same level and as much research and data collection regarding the Service as Yahoo conducts with respect to My Yahoo!

12.3. QUARTERLY REVIEWS OF THE SERVICE. Netscape and Yahoo agree to establish quarterly reviews of the Service to evaluate the success of the Service and agree to modifications and improvements to the Service.

12.4. DESIGN REVIEWS AND OWNERSHIP. The graphic user interface ("GUI") of the Service shall be jointly owned by the parties, as mutually determined by the parties. Netscape and Yahoo shall mutually agree to all major design changes in the GUI, including, but not limited to, significant new artwork or functional changes. As part of the approval process for significant changes to the GUI, the parties shall determine the ownership rights with respect to the newly added feature or functionality, and either party may decline to add such feature or functionality to the GUI. If either party has contributed to the GUI such features or functionality owned by that party, the other party shall be granted a royalty-free, irrevocable, perpetual world-wide license, without payment or other charge therefore, to use, display, perform, reproduce and distribute such feature or functionality in connection with the GUI in the Service or any successor service after the termination or expiration of this Agreement. In no event shall Netscape be entitled to a license or any ownership right in any computer code written by Yahoo in connection with the GUI. Nothing contained herein shall prevent Netscape from independently developing features or functionality which are similar to the features and functionality owned by Yahoo and implemented in the Service, provided that no intellectual property of Yahoo is utilized and any use of such features or functionality are consistent with Section 18.2 of this Agreement. The parties agree that Yahoo is not creating the Service as a work made for hire. Except as set forth above with respect to the GUI, nothing in the Agreement shall be deemed to grant to Netscape an express or implied license or ownership right to any copyright, trademark, trade secret or patent to any technology, content, or other material of Yahoo created for or included in the Service, whether or not such were created at Netscape's request or with Netscape's cooperation.

13. [XXXX]

14. PAYMENT.

14.1. PAYMENT AMOUNTS. For the benefits and services provided by Netscape to Yahoo during the Term, Yahoo shall remit to Netscape a total of Twenty-Five Million Dollars (\$25,000,000) as the Payment, comprised of the following components:

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Ten Million Dollars (\$10,000,000) as a guarantee against advertising revenue in the first year of the Term, plus

Fifteen Million Dollars (\$15,000,000) as a guarantee against advertising revenue in the second year of the Term, provided Netscape delivers the Netscape traffic requirements as described in Section 15.

14.2. TIMING OF PAYMENT. Yahoo shall pay Netscape the Payment within fifteen (15) days after the dates set forth below:

In the first year of the Term:

One Million Five Hundred Thousand Dollars (\$1,500,000) - June 15, 1997;
Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) - September 30, 1997;
Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000) - December 31, 1997;
Three Million Five Hundred Thousand Dollars (\$3,500,000) - March 31, 1998;
and

In the second year of the Term:

Three Million Five Hundred Thousand Dollars (\$3,500,000) - June 30, 1998;

Three Million Five Hundred Thousand Dollars (\$3,500,000) - September 30, 1998;

Four Million Dollars (\$4,000,000) - December 31, 1998;

Four Million Dollars (\$4,000,000) - March 31, 1999;

or, if any such date is not a business day, the next following business day.

14.3. REVENUE COUNTED TOWARD GUARANTEE. Any revenue received by Netscape after the Effective Date based on previous advertising services for Destinations which contracts are absorbed and honored by Yahoo will be applied toward Yahoo guaranteed advertising revenue amounts, subject to the terms of Section 16. The net revenue amount received by Netscape for such advertising (after deducting for bad debt (not to exceed 3%), cost of sales (not to exceed 20%) and barter) shall be deducted from the payment due from Yahoo to Netscape in the calendar quarter in which such revenues are received.

14.4. PAYMENT OF REVENUE SPLITS. Within each of the first year of the Term and the second year of the Term and to the extent cumulative revenues generated by the Service exceed the cumulative scheduled payments to date as described in Section 14.2, Yahoo shall pay to Netscape Netscape's portion of the shared revenues, as such revenue sharing is described in Section 17, within twenty-five (25) days of the end of the quarter in which the revenue is recognized by Yahoo. Such amounts will be applied to the following quarter's scheduled payments described in Section 14.2.

14.5. INTEREST AND TAXES. Any portion of the Payment which has not been paid to Netscape within the applicable time set forth above shall bear interest at the lesser of (i) one percent (1%) per month, or (ii) the maximum amount allowed by law. All payments due hereunder are exclusive of any applicable taxes. Yahoo shall be responsible for all applicable national, state and local taxes, value added or sales taxes, exchange, interest, banking, collection and other charges and levies and assessments pertaining to payments other than U.S. taxes based on Netscape's net income. If Yahoo is required by law to make any deduction or to withhold from any sum payable to Netscape by Yahoo hereunder, (i) Yahoo shall effect such deduction or withholding, remit such amounts to the appropriate taxing authorities and promptly furnish Netscape with tax receipts evidencing the payments of such amounts, and (ii) the sum payable by Yahoo upon which the deduction or withholding is based shall be increased to the extent necessary to ensure that, after such deduction or withholding, Netscape receives and retains, free from liability for such deduction or withholding, a net amount equal to the amount Netscape would have received and retained in the absence of such required deduction or withholding.

15. TRAFFIC GUARANTEE.

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15.1. TRAFFIC TO THE SERVICE. Netscape agrees to deliver to the Front Page of the Service, and the top page of a Channel (except the Netscape Dedicated Channel) as the result of that Channel being accessed by a referring URL (by means of a bookmark or hypertext link, for example) which points to the top page of the Channel, a combined total of [XXXX] in the first year beginning on the Launch Date; and [XXXX] in the second year after the Launch Date, as such traffic estimates are set forth in Exhibit E. Notwithstanding anything else in this Section 15.1, Netscape guarantees that at least [XXXX].

15.2. OTHER TRAFFIC. [XXXX]

16. ADVERTISING ON WHAT'S NEW PAGE AND WHAT'S COOL PAGE.

16.1. NETSCAPE AD SALES. Netscape will continue to manage the sale of the banner advertising inventory on the What's New Page and What's Cool Page during the second calendar quarter in 1997 until July 1, 1997. Netscape will receive [XXXX] of this net advertising revenue (as calculated in Section 14.3, above), provided such net revenue has been run and recognized before July 1, 1997. Such net revenue shall not be credited against Yahoo's payment guarantees as described in Section 14.2. If net revenue has been booked but not run by Netscape prior to July 1, 1997, then such net revenue shall be credited against Yahoo's payment guarantees, subject to the net revenue allocation described in Section 16.2. Advertising booked and run prior to July 1, 1997 shall be defined as "WNWC Ads". Advertising booked but not run prior to July 1, 1997 shall be considered "Netscape Legacy Ads."

16.2. ALLOCATION OF NET REVENUE. Beginning on July 1, 1997, Yahoo will manage the sale of the banner advertising inventory for the What's New Page and What's Cool Page. The net revenue from such advertising sales (as calculated in Section 17.1) will be allocated [XXXX] to Netscape and [XXXX] to Yahoo, including any amounts of net revenue booked, but not run, by Netscape during the second calendar quarter of 1997, up to a total advertising net revenue of [XXXX]. After [XXXX] in total advertising net revenue from the What's New Page and What's Cool Page is achieved (including any amounts booked and run by Netscape from the Launch Date until July 1, 1997), the net revenue will be allocated [XXXX] to Netscape and [XXXX] to Yahoo for the remainder of the Term. Such net revenues shall be credited against Yahoo's payment guarantees.

17. REVENUE SPLIT.

17.1. ALLOCATION. For all pages in the Service and the People Pages, the parties will share revenue as follows: The net revenue will be allocated [XXXX] to Netscape, and [XXXX] to Yahoo, where net revenue is defined as total revenues less barter, bad debt (provided that charges against bad debt do not exceed three percent (3%) of the gross revenues), and cost of sales (at twenty percent (20%) of gross revenues). This revenue percentage allocation applies to all revenues received by the parties under this Agreement other than revenues received by Netscape as described in Section 16.1. Yahoo may keep an ongoing reserve of three percent (3%) for bad debt, and actual bad debt shall be reconciled at the conclusion of each twelve (12) month period.

17.2. ADJUSTMENTS. If Netscape meets its traffic guarantee in the first year after the Launch Date, as described in Section 15, then, in the second year after the Launch Date: (i) Yahoo shall guarantee a minimum or Fifteen Million Dollars (\$15,000,000) in advertising revenue, as described in Section 14.1, and (ii) Netscape will guarantee the traffic commitment as described in Section 15. [XXXX]

Any further adjustments shall be mutually agreed to by Netscape and Yahoo in the fourth quarter of the first year after the Launch Date. Such additional adjustments shall be based on traffic trends in the third and fourth quarters of the first year after the Launch Date and actual traffic in the fourth quarter of the first year after the Launch Date.

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[XXXX]

19. REPORTING AND AUDIT RIGHTS.

19.1. REPORTING. Within fifteen (15) days after the end of each month during the Term: (i) Yahoo shall provide Netscape with a report in common log format describing the total number of hits and page impressions for each of the pages in the Service, and such other tracking information as the parties shall mutually agree, and (ii) Netscape shall provide Yahoo with a report describing the number of redirects of traffic to the Service from Netscape's Web Site, the What's New Page, the What's Cool Page and the People Pages, and such other tracking information as the parties shall mutually agree.

19.2. AUDIT RIGHTS. Each June and December during the Term, the parties shall review the financial results (including gross revenues, bad debt and barter) for the Service. Netscape shall have the right, upon no less than fifteen (15) days prior written notice to Yahoo, to cause an independent Certified Public Accountant to inspect, during Yahoo's normal business hours, the records of Yahoo upon which Yahoo's revenue reports are based. The costs of such audit shall be paid by Netscape provided, however, that if said inspection shall reveal an error in excess of (five) (5%) percent in monies due to Netscape, Yahoo shall pay for the audit. Netscape's audit rights as described herein shall continue for two (2) months after the expiration or termination of this Agreement.

20. TERM AND TERMINATION.

20.1. TERM. Unless earlier terminated pursuant to the provisions of 20.2, the Term of this Agreement shall continue for [XXXX] after the Launch Date. The Agreement shall be automatically extended for a [XXXX] period thereafter, provided that [XXXX] after the Launch Date, neither party has any objection to the automatic renewal. [XXXX] after the Launch Date, the parties agree to enter into [XXXX] for a period of [XXXX] during which time the parties

shall [XXXX]. If, at the end of such [XXXX], no agreement is reached as to the terms of the renewal period, this Agreement shall expire at the end of the Term.

20.2. TERMINATION FOR CAUSE. Either party shall have the right to terminate this Agreement upon a material default by the other party of any of its material obligations under this Agreement, unless within thirty (30) calendar days after written notice of such default the defaulting party remedies such default. Netscape shall have the right to terminate the Agreement upon Yahoo's breach of its representation and warranty set forth in Section 23.3.

20.3. RIGHTS UPON TERMINATION OR EXPIRATION. Upon expiration or termination of this Agreement: (i) Netscape shall have the right, without any additional payment, charge or royalty to Yahoo, to produce a service similar to the Service which does not include Yahoo's intellectual property (except as set forth in Section 12.4) or name but which might employ a graphic user interface which is substantially similar to the graphic user interface of the Service, and (ii) Yahoo shall no longer have the right to use the Service Name or produce the Service. In addition to the right to receive amounts payable at the time of the termination or expiration of this Agreement, Sections 3.3, 12.4, 19.2, 20.3, 21, 22 and 23 shall survive the termination or expiration of this Agreement for any reason. Provisions of other Sections which, by their nature, must remain in effect beyond the termination or expiration of this Agreement shall survive.

21. WARRANTIES AND INDEMNIFICATION

21.1 TITLE. Yahoo warrants that it has the right to perform the services set forth in this Agreement, (i) it owns or licenses all rights, title and interest in and to the technology underlying the production of the Service, (ii) Netscape shall not be obligated to pay any fees or royalties for implementing the Service other than as specifically set forth in this Agreement, and (iii) there are no pending or threatened lawsuits concerning any aspect of the technology underlying the Service.

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21.2. PERFORMANCE. Yahoo warrants that the Service will function substantially in accordance with the specifications set forth in this Agreement and as the parties may determine from time to time. Yahoo shall repair any malfunctions of the Service within a reasonable period of time (not to exceed two (2) days) after notice of such condition.

21.3 RESPONSIBILITY. Yahoo represents and warrants to Netscape that the Content Provider listings (other than the Content Provider listings provided by Netscape and which Content Providers refuse to sign Yahoo's standard form for participation in the Service as Yahoo shall notify to Netscape), advertisements, Content Modules, other content managed by and technology utilized by Yahoo which will appear on or be used in the Service, the What's New Page, the What's Cool Page and the People Pages will not violate any criminal laws or any rights of any third parties, including, but not limited to, infringement or misappropriation of any copyright, patent, U.S. trademark, trade secret, music, image, or other proprietary or property right, false advertising, unfair competition, defamation, invasion of privacy or rights of celebrity, violation of any antidiscrimination law or regulation, or any other right of any person or entity, or otherwise violate any applicable local, state, national or international law. The foregoing representations and warranties shall not apply to any matter concerning or arising from the Refusniks, WNWC Ads, the Transition Content Providers prior to July 1, 1997, the Special Content Providers who have not executed the Standard Yahoo Contract in accordance with Section 6.4, the Netscape Dedicated Channel, any trademarks, intellectual property, content or materials licensed from or provided by Netscape for use on or included in the Service, the What's New Page, the What's Cool Page, or the People Page, or any action taken at Netscape direction, insofar as Yahoo is required by Netscape to undertake such activities or actions, or manage or include such content and materials, related to the activities described in this Agreement. Netscape hereby represents and warrants to Yahoo that any material contained in or matter pertaining to the Refusniks, WNWC Ads, the Transition Content Providers prior to July 1, 1997, the Special Content Providers who have not executed the Standard Yahoo Contract in accordance with Section 6.4, the Netscape Dedicated Channel, any trademarks, intellectual property, content or materials licensed from or provided by Netscape for use on or included in the Service, the What's New Page, the What's Cool Page, or the People Page, or any action taken by Yahoo at Netscape's direction, insofar as Yahoo is required by Netscape to undertake such activities or actions, or manage or include such content and materials, related

to the activities described in this Agreement, will not violate any criminal laws or any rights of any third parties, including, but not limited to, infringement or misappropriation of any copyright, patent, U.S. trademark, trade secret, music, image, or other proprietary or property right, false advertising, unfair competition, defamation, invasion of privacy or rights of celebrity, violation of any antidiscrimination law or regulation, or any other right of any person or entity, or otherwise violate any applicable local, state, national or international law.

21.4. DISCLAIMER. THE WARRANTIES PROVIDED BY YAHOO HEREIN ARE THE ONLY WARRANTIES PROVIDED BY YAHOO WITH RESPECT TO THE SERVICE. SUCH WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES BY YAHOO, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICE.

21.5. INDEMNIFICATION. Yahoo agrees to indemnify Netscape and to hold Netscape harmless from any and all liability, loss, damages, claims, or causes of action, including reasonable legal fees and expenses that may be incurred by Netscape, arising out of or related to Yahoo's breach of any of the representations and warranties set forth in Section 21.3. In connection with such indemnification, Netscape will (i) promptly notify Yahoo in writing of any such claim and grant Yahoo control of the defense and all related settlement negotiations, and (ii) cooperate with Yahoo, at Yahoo's expense, in defending or settling such claim; provided that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Netscape, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Netscape's written consent. In connection with any such claim, Netscape may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense. Netscape agrees to indemnify Yahoo and to hold Yahoo harmless from any and all liability, loss, damages, claims, or causes of action,

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including reasonable legal fees and expenses that may be incurred by Yahoo, arising out of or related to Netscape's breach of any of the representations and warranties set forth in Section 21.3. In connection with such indemnification, Yahoo will (i) promptly notify Netscape in writing of any such claim and grant Netscape control of the defense and all related settlement negotiations, and (ii) cooperate with Netscape, at Netscape's expense, in defending or settling such claim; provided 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. In connection with any such claim, Yahoo may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

22. LIMITATION OF LIABILITY. EXCEPT FOR THEIR RESPECTIVE OBLIGATIONS AND LIABILITY UNDER SECTION 21.5, IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY LOST PROFITS OR ANY FORM OF INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER FROM ANY CAUSES OF ACTION OF ANY KIND WITH RESPECT TO THIS AGREEMENT OR THE TECHNOLOGY LICENSED HEREUNDER, WHETHER ARISING IN TORT (INCLUDING NEGLIGENCE), CONTRACT, OR OTHERWISE, EVEN IF IT HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

23. GENERAL.

23.1. GOVERNING LAW. This Agreement shall be subject to and governed in all respects by the statutes and laws of the State of California without regard to the conflicts of laws principles thereof. The Superior Court of Santa Clara County and/or the United States District Court for the Northern District of California shall have exclusive jurisdiction and venue over all controversies in connection herewith, and each party hereby consents to such exclusive and personal jurisdiction and venue.

23.2. ENTIRE AGREEMENT. This Agreement, including the exhibits and attachments referenced on the signature page hereto, constitutes the entire Agreement and understanding between the parties and integrates all prior discussions between them related to its subject matter. No modification of any of the terms of this Agreement shall be valid unless in writing and signed by an authorized representative of each party.

23.3. ASSIGNMENT. [XXXX]

23.4. NOTICES. All notices required or permitted hereunder shall be given in writing addressed to the respective parties as set forth below and shall either be (i) personally delivered, (ii) transmitted by postage prepaid certified mail, return receipt requested, or (iii) transmitted by nationally-recognized private express courier, and shall be deemed to have been given on the date of receipt if delivered personally, or two (2) days after deposit in mail or express courier. Either party may change its address for purposes hereof by written notice to the other in accordance with the provisions of this Subsection. The addresses for the parties are as follows:

Yahoo:	Netscape:
Yahoo! Inc.	Netscape Communications Corporation
3400 Central Expressway, Ste. 201	501 East Middlefield Road
Santa Clara, CA 95051	Mountain View, CA 94043
Fax: (408) 731-3510	Fax: (415) 528-4123
Attn: General Counsel	Attn: General Counsel

23.5. CONFIDENTIALITY. All disclosures of proprietary and/or confidential information in connection with this Agreement as well as the contents of this Agreement, the financial arrangements described in this Agreement, the Content Providers, advertising sales, end user information and research related to the Service shall be governed by the terms of the Mutual Confidential Disclosure Agreement attached hereto as Exhibit G. The information contained in the reports provided by each party hereunder

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shall be deemed the Proprietary Information of the disclosing party. Notwithstanding the foregoing, Netscape may, in its sole discretion, make publicly available the auditing of traffic results and indicate that Yahoo is the source of the information.

23.6. FORCE MAJEURE. Neither party will be responsible for any failure to perform its obligations under this Agreement due to causes beyond its reasonable control, including but not limited to, acts of God, war, riot, embargoes, acts of civil or military authorities, fire, floods or accidents.

23.7. WAIVER. The waiver, express or implied, by either party of any breach of this Agreement by the other party will not waive any subsequent breach by such party of the same or a different kind.

23.8. HEADINGS. The headings to the Sections and Subsections of this Agreement are included merely for convenience of reference and shall not affect the meaning of the language included therein.

23.9. INDEPENDENT CONTRACTORS. The parties acknowledge and agree that they are dealing with each other hereunder as independent contractors. Nothing contained in this Agreement shall be interpreted as constituting either party the joint venturer, employee or partner of the other party or as conferring upon either party the power of authority to bind the other party in any transaction with third parties.

23.10. SEVERABILITY. In the event any provision of this Agreement is held by a court or other tribunal of competent jurisdiction to be unenforceable, such provision shall be reformed only to the extent necessary to make it enforceable, and the other provisions of this Agreement will remain in full force and effect.

23.11. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. 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 deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

23.12 ATTORNEY'S FEES. In the event of any action, suit, or proceeding brought by either party to enforce the terms of this Agreement, the prevailing party shall be entitled to receive its costs, expert witness fees, and reasonable attorneys fees and expenses, including costs and fees on appeal.

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The parties have duly executed this Agreement as of the later of the two (2) dates set forth below.

YAHOO:

NETSCAPE:

YAHOO! INC.

NETSCAPE COMMUNICATIONS CORPORATION

By: /s/ JEFFREY MALLETT

By: /s/ JENNIFER BAILEY

Print Name: Jeffrey Mallett

Print Name: Jennifer Bailey

Title: Senior Vice President

Title: VP of Electronic Marketing

Date: 3/17/97

Date: 3/17/97

Yahoo! Inc. Address:
3400 Central Expressway, Ste. 201
Santa Clara, CA 95051
USA
Attention: General Counsel
Facsimile: (408) 731-3510
Email: jplace@yahoo.com

Netscape Address:
501 East Middlefield Road
Mountain View, California 94043
USA
Attention: General Counsel
Facsimile: (415) 528-4123
Email: roberta@netscape.com

Effective Date: _____

Attached Exhibits:

- Exhibit A: Pro Forma Layout of Service
- Exhibit B: Netscape-Designated Content Providers
- Exhibit C: Form of End User Registration
- Exhibit D: Netscape Advertising Obligations
- Exhibit E: Traffic Estimates
- Exhibit F: Criteria for Content Provider Participation
- Exhibit G: Mutual Non-Disclosure Agreement

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TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement ("Agreement") is effective as of the _____ day of March, 1997 ("Effective Date") and is entered into by and between Netscape Communications Corporation ("Netscape"), a Delaware corporation located at 501 East Middlefield Road, Mountain View California 94043, and Yahoo! Inc. ("Yahoo"), a California corporation located at 3400 Central Expressway, Ste. 201, Santa Clara, California 95051.

RECITALS

- A. Netscape owns and uses the name and/or trademark NETSCAPE, and U.S. Federal Trademark Reg. No. 2,027,552 therefor, in connection with its Internet-related software products, services and technology;
- B. Yahoo produces Web sites and performs other Internet-related services;
- C. Yahoo desires to use the trademark NETSCAPE in "Netscape Guide" and Netscape's "N" design horizon logo ("Logo") (the Logo, the phrase 'Netscape Guide' and NETSCAPE being collectively referred to herein as the "Marks" as such Marks are more fully described in Exhibit A) as part of the title "Netscape Guide by Yahoo" in connection with Internet navigation and directory services; and
- D. Netscape is willing to permit such use of the Marks under the terms and conditions set forth in this Agreement.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. GRANT OF LICENSE.

1.1 GRANT OF LICENSE. Netscape hereby grants to Yahoo a non-exclusive, nontransferable, worldwide license to use the Marks in the title "Netscape Guide by Yahoo" solely in conjunction with Internet navigation and directory services (the "Navigational Services") which shall, in part, promote Netscape's products and services, may be jointly developed by Netscape and Yahoo, and which services shall reside on Yahoo's Website deploying Yahoo's servers or such other mirror site servers as Netscape shall approve. Yahoo may only use the Marks as a collective whole and shall not separately use any element or elements of the Marks. Notwithstanding the foregoing, Netscape acknowledges that it shall not seek to prevent Yahoo from using the word "Guide" separate and apart from the Marks.

1.2 RESERVATION OF RIGHTS. Netscape hereby reserves any and all rights not expressly and explicitly granted in this Agreement, including Netscape's right to authorize or license use of the Marks or any other trademarks or names containing NETSCAPE, to any third party for use in connection with any goods and services, including, but not limited to, Internet navigation and directory services.

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2. LICENSE FEE. For the rights granted to Yahoo herein, Yahoo shall pay Netscape a one-time non-refundable license fee of Five Million Dollars (\$5,000,000) at the time of the execution of this Agreement. The license fee due hereunder is exclusive of any applicable taxes. Yahoo shall be responsible for all applicable national, state and local taxes, value added or sales taxes, exchange, interest, banking, collection and other charges and levies and assessments pertaining to payments other than U.S. taxes based on Netscape's net income. If Yahoo is required by law to make any deduction or to withhold from any sum payable to Netscape by Yahoo hereunder, (i) Yahoo shall effect such deduction or withholding, remit such amounts to the appropriate taxing authorities and promptly furnish Netscape with tax receipts evidencing the payments of such amounts, and (ii) the sum payable by Yahoo upon which the deduction or withholding is based shall be increased to the extent necessary to ensure that, after such deduction or withholding, Netscape receives and retains, free from liability for such deduction or withholding, a net amount equal to the amount Netscape would have received and retained in the absence of such required deduction or withholding.

3. OWNERSHIP OF MARKS.

3.1 NETSCAPE OWNERSHIP. Yahoo hereby acknowledges that Netscape is the owner of the Marks, and any trademark applications and/or registrations thereto, agrees that it will do nothing inconsistent with such ownership and agrees that all use of the Marks by Yahoo shall inure to the benefit of Netscape. Yahoo agrees that nothing in this Agreement shall give Yahoo any right, title or interest in the Marks other than the right to use the Marks in accordance with this Agreement. Yahoo agrees not to register or attempt to register the Marks or the Logo as a trademark, service mark, Internet domain name, trade name, or any similar trademarks or name, with any domestic or foreign governmental or quasi-governmental authority which would be likely to cause confusion with the Marks. The provisions of this paragraph shall survive the expiration or termination of this Agreement.

3.2 OWNERSHIP BY YAHOO. Netscape acknowledges that Yahoo is the owner of Yahoo's trademarks and/or registrations thereto and agrees that it will do nothing inconsistent with such ownership. Yahoo's trademarks include the name Yahoo and any derivative Yahoo-based mark and the Yahoo logo.

4. USE OF THE MARKS; PROTECTION OF THE MARKS.

4.1 PROPER USE. Yahoo agrees that all use of the Marks shall only occur in connection with the Navigational Services and shall be in strict compliance with the terms of this Agreement. Yahoo may use the Marks as set forth in Section 1.1 as well as in connection with the promotion of the Navigational Services. Yahoo shall use the Marks in conformance with Netscape's trademark guidelines ("Trademark Guidelines"), set forth in Exhibit B, which Trademark Guidelines may be revised by Netscape from time to time. Yahoo agrees not to use any other trademark or service mark in combination with the Marks other than as described in Section 1.1. Yahoo has no right to sublicense, transfer or assign the use of the Marks or use the Marks for any other purpose other than the purpose described herein. Yahoo may not use the Mark in connection with, or for the benefit of, any third party's products or services. Yahoo further agrees not to use the Marks on any products or services that are deemed by Netscape, in its reasonable judgment, to be directly, explicitly or maliciously disparaging of Netscape or its products. or products that are themselves unlawful or whose purpose is to encourage unlawful activities by others.

4.2 QUALITY STANDARDS. Yahoo agrees to maintain a consistent level of quality of the Navigational Services performed in connection with the Marks substantially equal to that found in Yahoo's existing Web site services. Yahoo further agrees to maintain a level of quality in connection with its use of the Marks that is consistent with general industry standards.

4.3 MONITORING BY NETSCAPE. Yahoo acknowledges that Netscape has no further obligations under this Agreement other than the right to periodically monitor Yahoo's use of the Marks in conjunction with the Navigational Services. Upon request by Netscape, Yahoo shall provide Netscape with representative samples of each such use prior to the time the Marks are first published on the Internet. If

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Netscape determines that Yahoo is using the Marks improperly, and/or in connection with Navigational Services which do not meet the standards set forth in Section 4.1 or Section 4.2, Netscape shall notify Yahoo, and Yahoo shall remedy the improper use within two (2) business days following receipt of such notice from Netscape. Use of the Marks on goods or services other than the Navigational Services or the promotion of the Navigational Services, or in a manner inconsistent with the Trademark Guidelines, shall constitute material breach of this Agreement. If such material breach has not been cured within two (2) business days following receipt of notice from Netscape, this Agreement shall be terminated.

4.4 LEGEND; DISCLAIMER. Yahoo shall include with any online publication of the Marks a trademark legend indicating that the Marks are those of Netscape, used under license, and a disclaimer that Yahoo and not Netscape has produced the Navigational Services and is responsible for the content thereof.

4.5 NAVIGATIONAL SERVICES. If Netscape reasonably determines that the Navigational Services contains or presents any material that constitutes an

infringement of Netscape's trademark, patents, copyrights or trade secrets, Netscape may immediately terminate the license grant described in Section 1.1 if Yahoo has not revised, removed or delinked to such material to Netscape's reasonable satisfaction within seven (7) business days of written notice from Netscape. If Netscape reasonably determines that the Navigational Services contains or presents any material that could reasonably constitute a clear and unambiguous infringement of a third party's copyright, trademark, patents or trade secrets, Netscape and Yahoo shall confer and mutually agree on a proper course of action.

5. CONFIDENTIAL INFORMATION AND DISCLOSURE. Unless required by law, and except to assert its rights hereunder or for disclosures to its own employees on a "need to know" basis, Yahoo agrees not to disclose the terms of this Agreement or matters relating thereto without the prior written consent of Netscape, which consent shall not be unreasonably withheld.

6. TERMINATION

6.1 TERM AND TERMINATION. This Agreement and the term of the license granted herein shall be perpetual unless terminated as provided in Section 4.3, Section 4.5 or this Section 7.1. Netscape shall have the right to terminate this Agreement upon the occurrence of one or more of the following: (a) any material breach by Yahoo of its obligations under this Agreement which remains uncured for thirty (30) days or more following written notice of such breach from Netscape, or (b) use of the Marks by Yahoo in a manner which is directly, explicitly or maliciously disparaging of Netscape or its products and services and which remains uncured for two (2) days following notice from Netscape.

6.2 EFFECT OF TERMINATION. Upon termination of the Agreement, Yahoo agrees it shall immediately cease any and all use of the Marks.

7. GENERAL

7.1 GOVERNING LAW. This Agreement shall be subject to and governed in all respects by the statutes and laws of the State of California without regard to the conflicts of laws principles thereof. The Superior Court of Santa Clara County and/or the United States District Court for the Northern District of California shall have exclusive jurisdiction and venue over all controversies in connection herewith, and each party hereby consents to such exclusive and personal jurisdiction and venue.

7.2 ENTIRE AGREEMENT. This Agreement, including Exhibit A and Exhibit B, constitutes the entire Agreement and understanding between the parties and integrates all prior discussions between them related to its subject matter. No modification of any of the terms of this Agreement shall be valid unless in writing and signed by an authorized representative of each party.

7.3 ASSIGNMENT. [XXXX].

7.4 NOTICES. All notices required or permitted hereunder shall be given in writing addressed to the respective parties as set forth below and shall either be (a) personally delivered; (b) transmitted by

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postage prepaid certified mail, return receipt requested; or (c) transmitted by nationally-recognized private express courier, and shall be deemed to have been given on the date of receipt if delivered personally, or two (2) days after deposit in mail or express courier. Either party may change its address for purposes hereof by written notice to the other in accordance with the provisions of this Subsection. The addresses for the parties are as follows:

YAHOO:
Yahoo! Inc.
3400 Central Expressway, Ste. 201
Santa Clara, CA 95051
Fax: (408) 731-3510
Attn: General Counsel

NETSCAPE:
Netscape Communications Corporation
501 East Middlefield Road
Mountain View, CA 94043
Fax: (415) 528-4123
Attn: General Counsel

7.5 FORCE MAJEURE. Neither party will be responsible for any failure to perform its obligations under this Agreement due to causes beyond its reasonable control, including but not limited to acts of God, war, riot, embargoes, acts of

civil or military authorities, fire, floods or accidents.

7.6 WAIVER. Any waiver, either expressed or implied, by either party of any default by the other in the observance and performance of any of the conditions, covenants of duties set forth herein shall not constitute or be construed as a waiver of any subsequent or other default.

7.7 HEADINGS. The headings to the Sections and Subsections of this Agreement are included merely for convenience of reference and shall not affect the meaning of the language included therein.

7.8 INDEPENDENT CONTRACTORS. The parties acknowledge and agree that they are dealing with each other hereunder as independent contractors. Nothing contained in the Agreement shall be interpreted as constituting either party the joint venture or partner of the other party or as conferring upon either party the power of authority to bind the other party in any transaction with third parties.

7.9 SURVIVAL. The provisions of Section 1.2 (Reservation of Rights), 3 (Ownership of Marks), 4.4 (Legend; Disclaimer), 5 (Confidential Information and Disclosure), 6.2 (Effect of Termination) and 7 (General) will survive any termination of this Agreement.

7.10 EQUITABLE RELIEF. Yahoo recognizes and acknowledges that a breach by Yahoo of this Agreement will cause Netscape irreparable damage which cannot be readily remedied in monetary damages in an action at law, and may, in addition thereto, constitute an infringement of the Marks. In the event of any default or breach by Yahoo that could result in irreparable harm to Netscape or cause some loss or dilution of Netscape's goodwill, reputation, or rights in the Marks, Netscape shall be entitled to immediate injunctive relief to prevent such irreparable harm, loss, or dilution in addition to any other remedies available.

7.11 SEVERABILITY. Except as otherwise set forth in this Agreement, the provisions of this Agreement are severable, and if any one or more such provisions shall be determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions thereof shall not in any way be affected thereby and shall nevertheless be binding between the parties hereto. Any such invalid, illegal or unenforceable provision or portion thereof shall be changed and interpreted so as to best accomplish the objectives of such provision or portion thereof within the limits of applicable law.

7.12 ATTORNEY'S FEES. In the event of any action, suit, or proceeding brought by either party to enforce the terms of this Agreement, the prevailing party shall be entitled to receive its costs, expert witness fees, and reasonable attorneys fees and expenses, including costs and fees on appeal.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

YAHOO! INC.

NETSCAPE COMMUNICATIONS
CORPORATION

By: /s/ JEFFREY MALLETT

By: /s/ JENNIFER BAILEY

Print Name: Jeffrey Mallett

Print Name: Jennifer Bailey

Title: Senior Vice President

Title: VP of Electronic Marketing

Date: 3/17/97

Date: 3/17/97

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EXHIBIT A
MARK SPECIFICATIONS

NETSCAPE

Netscape Guide

"N" Design Horizon Logo: (as described in the Corporate Signature Kit, included in Exhibit B.)

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EXHIBIT B
TRADEMARK GUIDELINES

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[NETSCAPE LOGO]

NETSCAPE COMMUNICATIONS CORPORATION
U.S. ENGLISH-LANGUAGE NET SEARCH PROGRAM
PREMIER PROVIDER SERVICES AGREEMENT

OBJECTIVE: To direct users of a Netscape client software Internet browser product (including the Netscape Navigator 2.x and subsequent versions of Netscape client software) ("BROWSER") to U.S. English-language Internet search and directory services.

TERMS AND CONDITIONS:

1. PREMIER PROVIDER. The entity ("PREMIER PROVIDER") named on the signature page to this agreement ("AGREEMENT") is a premier search and directory service for the U.S. English-language HTML page accessible by the public via the Internet at the Universal Resource Locator ("URL") <http://home.netscape.com/home/internet-search>, or such other URL as Netscape may designate from time to time in writing (the "PAGE"). The Page is part of the collection of U.S. English-language HTML documents accessible by the public via the Internet at the URL <http://home.netscape.com> and/or at such other URL or URL's as Netscape may designate ("NETSCAPE'S U.S. ENGLISH-LANGUAGE WEB SITE"). The Page may also be accessed by users of the Netscape-distributed English-language version of the Browser by pressing or "clicking" on the Net Search Button, by visiting the Page by way of a bookmark pre-loaded in certain versions of the Browser toolbar as described herein, or such other methods may specify from time to time provided that the end users are being directed for the primary purpose of searching the Internet. Notwithstanding the foregoing, Netscape reserves the right to determine other means whereby users may access pages which provide Internet search and directory services on Netscape's U.S. English-language Web Site including, but not limited to, through the use of mirror sites and pointers based on a user's IP address, and which pages are separate and distinct from the Page described in this Agreement.

2. PREMIER PERIOD. Netscape will maintain the Premier Graphic, as defined below, on the Page for the following one-year period ("PREMIER PERIOD"):

From: May 1, 1997

Until: April 30, 1998

3. SERVICES PROVIDED BY NETSCAPE.

3.1. PREMIER GRAPHIC. The Premier Provider will supply Netscape with HTML and/or GIF files, or files of such other format as may be designated from time to time in writing by Netscape, which conform to the specifications in Exhibit A ("PREMIER GRAPHIC") which Netscape will place on the Page during the Premier Period. Premier Provider shall retain all right, title and interest in and to the Premier Graphic (including the copyright ownership thereof), and Premier Provider hereby grants Netscape a royalty-free worldwide license, without payment or other charge therefor, to use, display, perform, reproduce and distribute the Premier Graphic, and such other licenses with respect to the Premier Graphic necessary to fulfill the intention of

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this Agreement. The Premier Graphic shall contain a functional search field and, if available, directory tree. The specifications of the Premier Graphic and its placement on the Page are set forth on Exhibit A hereto, and Premier Provider's compliance with the content as well as the technical, visual and functional specifications set forth in Exhibit A are a material obligation of Premier Provider under this Agreement. Netscape may, upon notice to Premier Provider, revise Exhibit A, provided that the Premier Graphics for each of the participants in this U.S. English-language Net Search Program -- Premier Provider shall remain the largest and most prominent category of search graphics on the Page.

3.2. STACK. Netscape will produce the Page as set forth on Exhibit A. The Premier Graphic of each of the services appearing in the Premier Provider category will appear to be overlapped in a stack (the "STACK"). A Premier Graphic will be accessible by the end user by pressing or "clicking" on a tab for the relevant Premier Provider's service. Netscape will produce the Page such that when an end user presses or "clicks" on hypertext links ("PREMIER

LINKS") placed by Premier Provider on the Premier Graphic, the end user's Browser will access Premier Provider's applicable HTML pages located at the applicable URL's ("PREMIER URL'S") for such pages on the collection of English-language HTML documents Premier Provider maintains as its primary web site whose home page is located at the URL <http://www.yahoo.com> ("PREMIER PROVIDER'S WEB SITE").

3.3. ROTATION. Netscape will rotate the display of Premier Graphics which will appear on the top of the Stack when the Page is served to an end user who has not selected a Premier Graphic as a default, as described in Section 3.4. Subject to the provisions of Section 3.4, Premier Provider's Premier Graphic will appear on the top of the Stack [XXXX] of the time in which the Page is served up to end users who have not selected a particular Premier Graphic or selected a default Premier Graphic when accessing the Page. Premier Provider acknowledges that the above-stated rotation percentage is an annualized target. Netscape shall use reasonable commercial efforts to serve up the Premier Graphic at such rotation frequency with a variance of [XXXX] throughout the Premier Period. Netscape shall use reasonable commercial efforts to adjust the rotation percentage so that Premier Provider's Premier Graphic receives this level of rotated Exposures on a [XXXX].

3.4. END USER DEFAULT. Netscape shall produce the Page such that the end user may select which Premier Graphic, or the Premier Graphic provided by certain marquee providers participating in the net search program, the end user would prefer to have served on the top of the Stack. If an end user selects a default Premier Graphic, the Premier Graphic selected by the end user will be served on top of the Stack when that end user accesses the Page. If an end user has elected to have a particular Premier Graphic appear on top of the Stack on a default basis, the other Premier Graphics will not appear on the top of the Stack unless selected by the end user.

3.5. ALPHABETICAL LISTING. Premier Provider will supply Netscape with text describing Premier Provider's search ("Alphabetical Text"), which shall be no more than fifty (50) words in length and which Alphabetical Text Netscape may edit in Netscape's sole discretion. (The Alphabetical Text together with Premier Provider's name are collectively referred to herein as the "ALPHABETICAL LISTING"). During the Premier Period, Netscape will place the Alphabetical Listing on an HTML page linked to the Page and which linked HTML page lists Internet search services (the "ALPHA PAGE"). Netscape will produce the Alpha Page such that when an end user presses or clicks on a link ("ALPHABETICAL LINK") embedded in the Alphabetical Listing, the end user's Browser will access Premier Provider's applicable HTML page located at the applicable URL for such page on Premier Provider's Web Site ("ALPHABETICAL URL"). Premier Provider hereby grants Netscape a worldwide license to use, display, perform, reproduce and distribute the Alphabetical Listing, Alphabetical Link and Alphabetical URL and such other licenses with respect to the Alphabetical Listing, Alphabetical Link and Alphabetical URL necessary to fulfill the intention of this Agreement.

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3.6. PAGE SPECIFICATIONS. The specifications of the Premier Graphic, the Stack, the Alphabetical Listing and their placement on the Page and Alpha Page are set forth on Exhibit A hereto; provided however, that Netscape may, within reasonable limits and upon notice to Premier Provider, (i) change the location of the Stack on the Page, the Premier Graphic or the Alphabetical Listing on the Page or Alpha Page, (ii) redesign or reconfigure the Stack, the Page, the Alpha Page, Netscape's U.S. English-language Web Site, and/or the manner in which an end user interacts with any of the pages of Netscape's U.S. English-language Web Site, or (iii) revise Exhibit A, and Premier Provider shall promptly, and in any event, within no more than thirty (30) days following receipt of the notice, supply Netscape with a revised Premier Graphic and Alphabetical Listing which conform to the specifications of the revised Exhibit A. In the event that Netscape revises Exhibit A and Premier Provider must supply conforming materials, such conforming materials shall be received by Netscape and fully functional within five (5) days (excluding holidays) prior to the revised Premier Graphic, Stack or Alphabetical Listing being posted on Netscape's U.S. English-language Web Site. If Netscape has not received such revised and conforming materials within such five (5) day time period described above, or if the materials supplied by Premier Provider do not function in accordance with the specifications set by Netscape, then Netscape shall either (i) post previous

versions of Premier Provider's supplied materials, or (ii) make such changes as necessary to bring the materials into conformity with the new specifications, until such time as the specifications of Exhibit A are again revised. The schedule of planned updates for the Page are set forth in Exhibit E, as such Exhibit E may be revised from time to time.

3.7. UPDATE OF PREMIER GRAPHIC. Premier Provider may elect to revise or update its Premier Graphic, provided that such Premier Graphic complies with the specifications of Exhibit A. Netscape shall provide Premier Provider with a schedule of material due dates and planned Page updates.

3.8. EMERGENCY ENGINEERING SUPPORT. Netscape will provide, free of charge, up to one (1) hour per month of emergency engineering support services time to help Premier Provider service any newly revised Premier Graphic so that the Premier Graphic complies with the new specifications. Netscape will use reasonable commercial efforts promptly to remedy any material malfunctioning of the tabbing mechanism for the Premier Graphics, any material misplacement of the Alphabetical Listing or any material malfunctioning of the Premier Links or Alphabetical Link under the control of Netscape, provided Premier Provider will fully cooperate with Netscape to remedy any such material malfunctioning or misplacement, and provided further that Netscape shall not incur liability for any failure to remedy such material malfunctioning or misplacement if such remedy is not within the reasonable control of Netscape. Premier Provider may report malfunctions to Netscape at the email address srchprod@netscape.com. Notwithstanding the foregoing, Netscape has no obligation to perform services in connection with malfunctions resulting from software not supplied by Netscape.

4. ADDITIONAL PREMIER PROVIDER BENEFITS.

4.1. ADVERTISING SERVICES. Netscape will make available, on a pro rata basis during the term of this Agreement, total advertising services valued at the level set forth in Section 7.1. During the Premier Period, Premier Provider may purchase additional advertising on Netscape's U.S. English-language Web Site for advertising that will run during the Premier Period for the service of Premier Provider at a [XXXX] off Netscape's then standard rates for such advertising. Premier Provider shall execute Netscape's Sponsorship Agreement, a copy of which is attached as Exhibit C, with respect to postings of Premier Provider's advertisement ("PREMIER PROVIDER'S ADVERTISEMENT"). Premier Provider and Netscape shall mutually agree to the schedule and the placement of Premier Provider's Advertisement on Netscape's U.S. English-language Web Site. Premier Provider shall supply Netscape with the graphic files and other materials and information within the timeframes and as set forth in the specifications of the applicable Netscape

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advertising program and as reasonably requested by Netscape to produce the Premier Provider's Advertisement. Premier Provider's Advertisement shall not contain any Internet search functionality as such Premier Provider's Advertisement is served to end users.

4.2. LIMIT ON PREMIER PROVIDERS. Netscape shall limit the number of companies whose tabs appear on the Stack at any one time to a total of five (5) entities, including the "NameMe" provider.

4.3. PRESET BOOKMARK. Netscape shall include a graphic HTML link to Premier Provider's URL ("PREMIER PROVIDER'S BOOKMARK") in the bookmark section of the Netscape Communicator client software versions 4.x. Premier Provider hereby acknowledges that Premier Provider's Bookmark, although preset in the shipping version of the Netscape Communicator 4.x distributed by Netscape, may be reconfigured, customized or deleted by an end user. Should a user upgrade their version of the Communicator, the bookmarks which the user has loaded at the time of the upgrade will be carried forward and installed as part of the upgraded Communicator software.

4.4. INFOBLOCK. Premier Provider shall be accorded consideration for the possible inclusion of Premier Provider's service as a default "Infoblock", or similar opportunity, in Netscape's Constellation client software, subject to terms and conditions as Netscape may determine in its sole discretion.

5. EXPOSURE GUARANTEE

5.1. OCCURRENCE OF EXPOSURES. An exposure ("EXPOSURE") occurs upon the serving up to an end user of: (i) Premier Provider's Premier Graphic on the top of the Stack, (ii) Premier Provider's Web Site as a result of an end user clicking on a link (other than Premier Links) to Premier Provider's Web Site on Netscape's U.S. English-language Web Site, (iii) the page on Premier Provider's Web Site linked to Premier Provider's Bookmark (the "BOOKMARKED PAGE") in conjunction with the program described in this Agreement, or (iv) other Premier Provider content as a consequence of an end user accessing a promotional page on Netscape's U.S. English-language Web Site if the parties agree that such promotional page traffic shall constitute an Exposure. The parties acknowledge that an end user selecting Premier Provider's search service as a link off of an Internet navigational service co-branded by the parties shall be included in the definition of an Exposure. The Premier Graphic may be served on the top of the Stack to an end user by the following means: (i) the Premier Graphic appears as part of the Stack rotation, as described in Section 3.3, (ii) the Premier Graphic has been set as an end user's default selection, as described in Section 3.4, and (iii) an end user selects or clicks on the Premier Graphic tab in the Stack.

5.2. MINIMUM GUARANTEED EXPOSURES. Netscape guarantees that the Premier Graphic and the Bookmarked Page shall receive no fewer than a combined total of [XXXX] (such number of Exposures being referred to as the "MINIMUM GUARANTEED EXPOSURES") during the Premier Period.

5.3 MAKE-GOOD. If, at the end of the Premier Period, Premier Provider's content has not, in the aggregate, received total Exposures equal to or greater than the Minimum Guaranteed Exposures, and provided that Premier Provider has complied with its obligations hereunder, Netscape will: (i) continue to place the Premier Graphic on the Page as specified in Section 3 beyond the end of the Premier Period until such time as the Minimum Guaranteed Exposures have been achieved, or (ii) deliver to Premier Provider a program of equivalent value as a remedy for the shortfall in Exposures.

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6. PREMIER PROVIDER OBLIGATIONS. In addition to the other obligations set forth herein, Premier Provider shall:

6.1. NETSCAPE NOW. Premier Provider shall display the "Netscape Now" button [XXXX], and use reasonable commercial efforts to include the following statement (or a statement designated by Netscape and generally used by Netscape as a successor to the following statement or in connection with any successor program to Netscape's Netscape Now program) next to the Netscape Now button: "This site is best viewed with Netscape Navigator 3.0. Download Netscape Now!" (or such higher non-beta version as is then available). Premier Provider will produce the page such that when an end user presses or clicks on the Netscape Now button (or such other button used in connection with any successor program to the Netscape Now program), the end user's Internet client software will access the applicable HTML page located at a URL supplied by Netscape. On any page on which the Netscape Now button, or a successor button, is displayed, the Netscape Now button shall be top-most and left-most, and equal in size and prominence than the virtual button or other graphic for any third party Internet client software or software provider other than dedicated function software in the appropriate topical area (e.g., personal finance). Premier Provider shall use reasonable commercial efforts promptly to remedy any misplacement of the Netscape Now button on its home page or other pages or any malfunctioning of the button, provided Netscape will fully cooperate with Premier Provider to remedy any such misplacement or malfunctioning, and provided further that Premier Provider shall not incur liability for any failure to remedy such misplacement or malfunctioning if such remedy is not within the reasonable control of Premier Provider. In the event that Netscape replaces the Netscape Now program with a successor program, Netscape shall advise Premier Provider and Premier Provider shall produce the page to conform to such successor program, provided Premier Provider's obligations under such successor program shall not be materially increased. Netscape hereby grants Premier Provider a nonexclusive, nontransferable, nonassignable, nonsublicensable license to perform and display

the Netscape Now button directly in connection with fulfilling the foregoing obligation. Premier Provider's use of the Netscape Now button shall be in accordance with Netscape's reasonable policies regarding advertising and trademark usage as established from time to time by Netscape, including the guidelines of the Netscape Now Program published on Netscape's U.S. English-language Web Site. Premier Provider acknowledges that the Netscape Now button is a proprietary logo of Netscape and contains Netscape's trademarks. In the event that Netscape determines that Premier Provider's use of the Netscape Now button is inconsistent with Netscape's quality standards, then Netscape shall have the right to suspend immediately such use of the Netscape Now button. Premier Provider understands and agrees that the use of the Netscape Now button in connection with this Agreement shall not create any right, title or interest in or to the use of the Netscape Now button or associated trademarks and that all such use and goodwill associated with the Netscape Now button and associated trademarks will inure to the benefit of Netscape. Premier Provider agrees not to register or use any trademark that is similar to the Netscape Now button. Premier Provider further agrees that it will not use the Netscape Now button in a misleading manner or otherwise in a manner that could tend to reflect adversely on Netscape or its products. If Premier

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Provider fails to honor the commitment set forth in this Section 6.1, Netscape be relieved of its obligations described in Section 5.3;

6.2. SERVER SOFTWARE. [XXXX] of Netscape core Web server software product (currently comprised of Netscape Enterprise Server and Netscape FastTrack Server) to maintain Premier Provider's Web Site and, if requested, provide Netscape of evidence of such use. Netscape will provide Premier Provider with "Expert-Expert" product support, as described in Exhibit F, free of charge for any Netscape software deployed by Premier Provider in accordance with this obligation;

6.3. SITE FEATURES. [XXXX] of HTML Frames, layers, dynamic HTML pages, Java, JavaScript or the then current client software technology (or subsequent features displayable by the Browser, within the beta testing period of the availability of such features) ("SITE FEATURES") for display with those Internet software clients capable of displaying the Site Features [XXXX] as the parties shall mutually agree. Netscape shall use reasonable commercial efforts to help Premier Provider implement changes in order to comply with new Site Features;

6.4. MAILTO LINK. Include on the page served to an end user in conjunction with the results of the end user's search query a "mailto" link which users of Premier Provider's service can use to direct questions or help requests to Premier Provider. Netscape shall also include such a "mailto" link on the Page. Premier Provider will use reasonable efforts to reply promptly to any such question or help request;

6.5. NO DISABLING. Not provide or implement any means or functionality which would (i) alter or modify, or enable end users to alter or modify, the Browser standard user interface or configuration, (ii) disable any functionality of the Browser or any other Internet browser software, or (iii) modify the functioning of pages served from Netscape's U.S. English-language Web Site. If Premier Provider fails to honor the commitment set forth in this Section 6.5, Netscape be relieved of its obligations described in Section 5.3; and

7. PAYMENT TO NETSCAPE.

7.1. PAYMENT. For the benefits and services provided by Netscape to Premier Provider for the one (1) year Premier Period, Premier Provider shall pay Netscape a total of \$4,700,000 (the "PAYMENT") comprised of the following:

Participation in the Net Search Program \$3,125,000

Other fees, including: engineering services to create Premier Provider's Bookmark; inclusion of Premier Provider's Bookmark in Communicator 4.x; redesign of the Net Search Page; and advertising

services on Netscape's U.S. English-language Web Site during the term of this Agreement. \$1,575,000

7.2 TIMING OF PAYMENT. Premier Provider shall pay the Payment as follows:

\$1 million upon the execution of this Agreement;

\$1,400,000 on or prior to June 30, 1997 (less a credit of \$400,000 to be applied against this portion of the Payment pursuant to Section 7.7);

\$1,000,000 on or prior to September 30, 1997 (less a credit of \$400,000 to be applied against this portion of the Payment pursuant to Section 7.7);

\$1,000,000 on or prior to December 31, 1997 (less a credit of \$400,000 to be applied against this portion of the Payment pursuant to Section 7.7); and

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\$300,000 on or prior to March 31, 1998 (all of which shall be a credit to be applied against this portion of the Payment pursuant to Section 7.7).

7.3. OVERAGE PAYMENTS. If, during the Premier Period, the number of Premier Provider's Exposures exceeds the number of Minimum Guaranteed Exposures, Premier Provider shall remit to Netscape additional payments ("OVERAGE PAYMENTS") equal to seventeen dollars (\$17.00) per One Thousand (1,000) Exposures received in excess of the Minimum Guaranteed Exposures, subject to the terms of Section 7.4. Netscape shall invoice Premier Provider on a quarterly basis for such Overage Payments, Premier Provider shall remit to Netscape eighty-eight percent (88%) of such Overage Payment (the "PAYABLE PORTION") within thirty (30) days of receipt of such invoice and Premier Provider shall immediately grant to Netscape a credit, for application against the cost of Netscape's participation in advertising programs on Premier Provider's Web Site in accordance with Section 7.7, equal to twelve percent (12%) of such Overage Payment (the "CREDIT PORTION"). Notwithstanding the foregoing, in calendar year 1997, cash payments by Premier Provider to Netscape hereunder shall not exceed Six Million Dollars (\$6,000,000). Any payment amounts in excess of such amounts shall be paid to Netscape before March 31, 1998.

7.4. PAYMENT CAP. Notwithstanding the foregoing, the total amount payable by Premier Provider to Netscape as described in this Section 7 shall not exceed Nine Million Dollars (\$9,000,000) (the "PAYMENT CAP") including all amounts due under Section 7.1 and Section 7.3. If, at any time, Premier Provider's payments to Netscape, in the aggregate, approaches eighty percent (80%) of the Payment Cap, Netscape may, in its sole discretion, (1) modify the location of Premier Provider's tab on the Stack, (2) modify the location of Premier Provider's listing in the window that allows end users to select a default Premier Graphic as described in Section 3.4 (End User Default), or (3) reduce the rotation percentage, as described in Section 3.3, down to zero percent (0%). In no event shall Premier Provider be removed from the display of tabs in the Stack.

7.5. INTEREST. Any portion of the Payment or the Overage Payments which has not been paid to Netscape within the applicable time set forth above shall bear interest at the lesser of (i) one percent (1%) per month, or (ii) the maximum amount allowed by law.

7.6. TAXES. All payments due hereunder are exclusive of any applicable taxes. Premier Provider shall be responsible for all applicable national, state and local taxes, value added or sales taxes, exchange, interest, banking, collection and other charges and levies and assessments pertaining to payments other than U.S. taxes based on Netscape's net income. If Premier Provider is required by law to make any deduction or to withhold from any sum payable to

Netscape by Premier Provider hereunder, (I) Premier Provider shall effect such deduction or withholding, remit such amounts to the appropriate taxing authorities and promptly furnish Netscape with tax receipts evidencing the payments of such amounts, and (ii) the sum payable by Premier Provider upon which the deduction or withholding is based shall be increased to the extent necessary to ensure that, after such deduction or withholding, Netscape receives and retains, free from liability for such deduction or withholding, a net amount equal to the amount Netscape would have received and retained in the absence of such required deduction or withholding.

7.7. CREDIT AGAINST PAYMENT. Premier Provider shall provide Netscape with committed advertising inventory and services valued at One Million Five Hundred Thousand Dollars (\$1,500,000) as such inventory and services are valued based on Premier Provider's advertising rate card, and Netscape will provide to Premier Provider a total credit of One Million Five Hundred Thousand Dollars (\$1,500,000) to be applied against the Payment otherwise due under this Agreement as described in Section 7.2, as such credit is determined by the value of the advertising services Netscape receives from Premier Provider based on Premier Provider's advertising rate card. Such advertising inventory and services shall be mutually agreed upon by the parties including placement and available advertising key words or other value added targeting services.

8. USAGE REPORTS.

8.1. PROVIDE USAGE REPORTS. Netscape and Premier Provider will each provide the other, via email to the email address set forth below, with usage reports ("USAGE REPORTS") containing the information and in the format set forth in Exhibit B hereto. The Usage Reports shall cover each one-month time period of the Premier Period, and the parties shall use reasonable commercial efforts to deliver the Usage Reports within thirty (30) days following the end of each month. If, due to technical problems, a party is unable to provide any portion of a Usage Report in any given month, the previous month's Usage Report data will be substituted as a proxy for the unavailable data. The parties may, by mutual written agreement, alter the content and format of the Usage Reports. Once every quarter during the Premier Period, Netscape shall engage an independent auditor to audit the Usage Reports submitted to Premier Provider hereunder. During Netscape's normal business hours and at Premier Provider's expense,

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Premier Provider shall have the right to audit Netscape's Usage Reports during the Premier Period and for two months after the end of the Premier Period. If such audit shows that Premier Provider has overpaid at the end of the Premier Period, such overpayment shall be corrected by Premier Provider's presence on the Page being extended after the Premier Period for such time until Premier Provider has received the Exposures which are commensurate with the total amount, including credits, paid to Netscape hereunder.

8.2. NO LIABILITY. NETSCAPE AND PREMIER PROVIDER WILL USE REASONABLE COMMERCIAL EFFORTS TO ENSURE THE TIMELY DELIVERY, ACCURACY AND COMPLETENESS OF THE USAGE REPORTS, BUT NEITHER PARTY WARRANTS THAT THE USAGE REPORTS WILL CONFORM TO ANY PUBLISHED NUMBERS AT ANY GIVEN TIME. NEITHER PARTY SHALL BE HELD LIABLE FOR ANY CLAIMS AS THEY RELATE TO UNAUDITED USAGE REPORTS.

9. TERMINATION.

9.1. TERMINATION ON BREACH. Either party may terminate this Agreement if the other party materially breaches its obligations hereunder and such breach remains uncured for fifteen (15) days following notice to the breaching party of the breach or as otherwise provided in Section 10.

9.2. EFFECT OF TERMINATION. Except as specifically provided otherwise in this Agreement, upon termination of the Agreement, all rights and obligations hereunder shall cease and each party will promptly and at the direction of the other party, either return or destroy, and will not take or use, any items of any nature that belong to the other party and all items containing or related to Confidential Information of the other party with the exception of information contained in the Usage Reports. Notwithstanding the foregoing, if this Agreement is terminated by Premier Provider, or is terminated by Netscape

because of a breach by Premier Provider, Premier Provider shall remain liable for the value of the payments which are due or, but for the breach, would otherwise become due and payable under the terms of this Agreement. The following provisions shall survive the expiration or termination of this Agreement for any reason: Section 7.6 (Taxes), Section 8.2 (No Liability), Section 9.2 (Effect of Termination), Section 11 (Responsibility), Section 12 (Limitation of Liability), and Section 13 (General).

10. RIGHT TO REFUSE. Netscape will have the right to review the contents and format of the Premier Graphic, the Alphabetical Listing, the Bookmarked Page and Premier Provider's Advertisement. If Netscape, in its reasonable discretion, at any time determines that the Premier Graphic, the Alphabetical Listing, the Bookmarked Page or Premier Provider's Advertisement contains any material, or presents any material in a manner, that Netscape deems likely to lead to material injury, damage or liability to Netscape, Netscape will inform Premier Provider of the reason Netscape has made such determination and may (i) refuse to include the Premier Graphic or the Alphabetical Listing in the Page or Premier Provider's Advertisement on Netscape's U.S. English-language Web Site, and/or (ii) immediately terminate this Agreement if Premier Provider has not revised to Netscape's reasonable satisfaction the Premier Graphic, the Alphabetical Listing, the Bookmarked Page or Premier Provider's Advertisement within one (1) business day of written notice from Netscape; provided, however, that such determination shall not be based on competitive reasons not related to Netscape's core business. If Netscape, in its reasonable discretion, at any time determines that, within one (1) click away from the Net Search Program portion of Netscape's U.S. English-language Web Site (and not including search results), Premier Provider's Web Site contains any material, or presents any material in a manner, that Netscape deems inappropriate for any reason, Netscape may immediately terminate this Agreement if Premier Provider has not revised such material or presentation within seven (7) business days of written notice from Netscape. Netscape reserves the right to refuse to include in the Page any Premier Graphic, or any Alphabetical Listing in the Alpha Page, that does not

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completely conform to the specifications set forth in Exhibit A, and any Premier Provider's Advertisement that does not completely conform to the specifications of the applicable advertising program.

11. RESPONSIBILITY. Premier Provider is solely responsible for any legal liability arising out of or relating to (i) the Premier Graphic, the Alphabetical Listing, Premier Provider's Bookmark, the Bookmarked Page and Premier Provider's Advertisement, and/or (ii) any material to which users can link, within one (1) click away, through the Premier Graphic, the Alphabetical Listing, Premier Provider's Bookmark, the Bookmarked Page and Premier Provider's Advertisement but not including search results. Premier Provider represents and warrants that it holds the necessary rights to permit the use of the Premier Graphic, the Alphabetical Listing, the Premier URL, the Alphabetical URL, the Premier Links, the Alphabetical Link, Premier Provider's Bookmark, the Bookmarked Page and Premier Provider's Advertisements by Netscape for the purpose of this Agreement; and that the permitted use, reproduction, distribution, or transmission of the Premier Graphic, the Alphabetical Listing, Premier Provider's Bookmark, the Bookmarked Page, Premier Provider's Advertisements and any material to which users can link, within one (1) click away, through the Premier Graphic, Alphabetical Listing, Premier Provider's Bookmark, the Bookmarked Page and Premier Provider's Advertisements will not violate any criminal laws or any rights of any third parties, including, but not limited to, infringement or misappropriation of any copyright, patent, trademark, trade secret, music, image, or other proprietary or property right, false advertising, unfair competition, defamation, invasion of privacy or rights of celebrity, violation of any antidiscrimination law or regulation, or any other right of any person or entity, or otherwise violate any applicable local, state, national or international law. Premier Provider agrees to indemnify Netscape and to hold Netscape harmless from any and all liability, loss, damages, claims, or causes of action, including reasonable legal fees and expenses that may be incurred by Netscape, arising out of or related to Premier Provider's breach of any of the foregoing representations and warranties. In connection with such indemnification, Netscape will (i) promptly notify Premier Provider in writing of any such claim and grant Premier Provider control of the defense and all related settlement negotiations, and (ii) cooperate with Premier

Provider, at Premier Provider's expense, in defending or settling such claim; provided that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts Netscape, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Netscape's written consent. In connection with any such claim, Netscape may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

12. LIMITATION OF LIABILITY. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, AND WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. THE LIABILITY OF EITHER PARTY FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER (EXCEPT FOR DAMAGES OR ALLEGED DAMAGES ARISING UNDER SECTION 11) WHETHER IN CONTRACT OR TORT OR ANY OTHER LEGAL THEORY IS LIMITED TO AND SHALL NOT EXCEED THE PAYMENT DUE FROM PREMIER PROVIDER HEREUNDER.

13. GENERAL.

13.1. GOVERNING LAW. This Agreement shall be subject to and governed in all respects by the statutes and laws of the State of California without regard to the conflicts of laws principles thereof. The Superior Court of Santa Clara County and/or the United States District Court for the Northern District of California shall have exclusive jurisdiction and venue over all

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controversies in connection herewith, and each party hereby consents to such exclusive and personal jurisdiction and venue.

13.2. ENTIRE AGREEMENT. The parties agree that by signing this Agreement, the Net Search Program - Premier Provider agreement between the parties dated March 15, 1996, as amended, (the "1996 Net Search Agreement") shall be terminated effective as of May 1, 1997, and any outstanding rights, duties or obligations between the parties as described in the 1996 Net Search Agreement shall be extinguished as of May 1, 1997. This Agreement shall be the sole recital of the rights, duties and obligations of the parties with respect to Netscape's U.S. English-language Web Site and Premier Provider participation in the Net Search Program and shall supersede and replace the U.S. English-language Net Search Program -- Premier Provider Services Agreement entered into between the parties on March 17, 1997. This Agreement, including the exhibits and attachments referenced on the signature page hereto, constitutes the entire Agreement and understanding between the parties and integrates all prior discussions between them related to its subject matter. No modification of any of the terms of this Agreement shall be valid unless in writing and signed by an authorized representative of each party.

13.3. ASSIGNMENT. [XXXX].

13.4. NOTICES. All notices required or permitted hereunder shall be given in writing addressed to the respective parties as set forth below and shall either be (i) personally delivered, (ii) transmitted by postage prepaid certified mail, return receipt requested, or (iii) transmitted by nationally-recognized private express courier, and shall be deemed to have been given on the date of receipt if delivered personally, or two (2) days after deposit in mail or express courier. Either party may change its address for purposes hereof by written notice to the other in accordance with the provisions of this Subsection. The addresses for the parties are as follows:

Premier Provider:	Netscape:
Yahoo, Inc.!	Netscape Communications Corporation
3400 Central Expressway, Ste. 201	501 East Middlefield Road
Santa Clara, CA 95051	Mountain View, CA 94043
Fax: (408) 731-3510	Fax: (415) 528-4123
Attn: General Counsel	Attn: General Counsel

13.5. CONFIDENTIALITY. All disclosures of proprietary and/or confidential information in connection with this Agreement as well as the contents of this Agreement shall be governed by the terms of the Mutual Confidential Disclosure Agreement either entered into previously by the parties or entered into concurrently with this Agreement, a copy of which is attached

hereto as Exhibit D. The information contained in the Usage Reports provided by each party hereunder shall be deemed the Proprietary Information of the disclosing party. Notwithstanding the foregoing, Netscape may, in its sole discretion, make publicly available client software market share information contained in the Usage Reports submitted by Premier Provider, provided that Netscape shall not indicate that Premier Provider is the source of the information except as having participated in supplying a portion of aggregated data. Netscape shall provide Premier Provider with notice prior to using Premier Provider's name in connection with the release of any information received by Premier Provider in a Usage Report.

13.6. FORCE MAJEURE. Neither party will be responsible for any failure to perform its obligations under this Agreement due to causes beyond its reasonable control, including but not limited to, acts of God, war, riot, embargoes, acts of civil or military authorities, fire, floods or accidents.

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13.7. WAIVER. The waiver, express or implied, by either party of any breach of this Agreement by the other party will not waive any subsequent breach by such party of the same or a different kind.

13.8. HEADINGS. The headings to the Sections and Subsections of this Agreement are included merely for convenience of reference and shall not affect the meaning of the language included therein.

13.9. INDEPENDENT CONTRACTORS. The parties acknowledge and agree that they are dealing with each other hereunder as independent contractors. Nothing contained in this Agreement shall be interpreted as constituting either party the joint venturer, employee or partner of the other party or as conferring upon either party the power of authority to bind the other party in any transaction with third parties.

13.10. SEVERABILITY. In the event any provision of this Agreement is held by a court or other tribunal of competent jurisdiction to be unenforceable, such provision shall be reformed only to the extent necessary to make it enforceable, and the other provisions of this Agreement will remain in full force and effect.

13.11. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. 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 deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

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The parties have duly executed this Agreement as of the later of the two (2) dates set forth below.

PREMIER PROVIDER:	NETSCAPE:
YAHOO, INC.!	NETSCAPE COMMUNICATIONS CORPORATION
By: /s/ JEFFREY A. MALLETT	By: /s/ JENNIFER BAILEY
-----	-----
Print Name: Jeffrey A. Mallett	Print Name: Jennifer Bailey
-----	-----
Title: Senior Vice President	Title: VP of Electronic Marketing
-----	-----
Date: 3/21/97	Date: 3/21/97
-----	-----

Premier Provider Address: Netscape Address:
3400 Central Expressway, Ste. 201 501 East Middlefield Road
Santa Clara, CA 95051 Mountain View, California 94043
USA USA
Attention: General Counsel Attention: General Counsel
Facsimile: (408) 731-3510 Facsimile: _____
Email: jplace@yahoo.com Email: _____

Attached Exhibits:

Exhibit A: Specifications of the Page
Exhibit B: Usage Reports
Exhibit C: Form of Sponsorship Agreement
Exhibit D: Mutual Confidential Disclosure Agreement
Exhibit E: Schedule of Planned Updates
Exhibit F: Description of Expert-Expert Product Support

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EXHIBIT A
SPECIFICATIONS OF THE PAGE

Site Samplers are available exclusively to Premier and "Marquee" Providers. As of May 1, 1997, Net Search will support Netscape Navigator versions 2 and 3 (both Macintosh and PC platforms), and Microsoft Internet Explorer 3.0 (PC only). (see Net Search Sampler Test Specification, External for complete list) All other browsers will be routed to a simple version of the page which encourages users to download a more current version of Netscape's browser. Netscape will spend up to one hour of engineering time and 1/2 hour of Quality Assurance time per sampler per week to integrate the site samplers into the Net Search page if available. If more engineering or QA time than is available becomes necessary to fix bugs discovered, or if the necessary changes to fix any bugs include changes to the appearance of the sampler, it will be returned for revision. The specifications are as follows:

- - Size. All Premier Provider materials should be exactly 468 by 165 pixels. Design Site Samplers that include text and interactive forms for a default font size of 12 points. (Be aware, however, that text and forms may resize on your audience's browsers as they change their default font sizes.) Keep in mind that the < FONT SIZE= > tag is not implemented in early versions of web browsers.
Site samplers will be measured by taking a screen shot on a system configured as follows: A PC running Windows 95, with the settings configured for small fonts, and an NEC MultiSync XV17+ (17 inch) monitor. The screen shot will be taken of Netscape Navigator Gold version 3.1, with the Proportional Font set at 12pt Times New Roman, and the Fixed Font set at 10pt Courier New. The measurement will be taken in Paintbrush. Netscape will provide "measurement services", if needed, for companies that don't have the specified platform configuration.
- - HTML Quirks. We have found a few less-than-obvious quirks which cause some browsers to crash, which we thought would be helpful to pass on:
 1. < FORM > tags must follow IMMEDIATELY AFTER your sampler's first < TABLE > tag. Any variation of this whatsoever will cause a significant number of users to crash.
 2. Any empty < TD > tags should be separated by a carriage return. HTML should read as follows:
< TD >
< /TD >
as opposed to
< TD > < /TD >
 3. If text appears without any spacing between words (for instance, in a sentence as opposed to in a table), any text that falls closer than 50 pixels to the edge of the site sampler should be tested on a Unix machine. Often, this text will be cut off on that platform.
 4. Interleaving HTML tags will cause several browsers to crash. Tags should be ordered as follows:
 5. < H3 > < FONT COLOR="#000055" > Text here < /FONT > < /H3 >

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- as opposed to
6. < H3 > < FONT COLOR="#000055" > Text here < /H3 > < /FONT >
- - Tables. In order to maintain the robustness of the page, please do not include any more than one nested table, for a total of two tables per sampler. Any more than one nested table will cause crashes for a significant number of users. One simple table is ideal, as even one nested table may cause some implementation problems when integrated with the Net Search page. If you are nesting a table, please test carefully.
 - - Image maps. Only a client-side image map is necessary, since browsers which don't support client-side maps will not be directed to the main Net Search page.
 - - File sizes. To keep the user's load time low, we request that Premier Provider files not exceed 20K unless cleared by the Destinations production manager at email: destinationsprod@netscape.com.
 - - Animated GIFs. Due to the large number of users whose browsers do not support animated GIFs, and their typically large filesize, we are not implementing animated GIFs at this time.
 - - JavaScript. JavaScript tends to cause older browsers to behave unpredictably and in many cases crash, and there is delicate technology in place to implement the Site Sampler functionality. As a result, the implementation of Java Script in site samplers is not an option at this time.
 - - Delivery. Content providers should email files to Netscape at destinationsprod@netscape.com. If you are providing multiple files, you should place them in a folder labeled with the content provider's name. For the best possible results, deliver site samplers that are already integrated into a copy of the Net Search page.
 - - Filenames. It is important that filenames be in the following format: search_providername.fmt (for example, search_yoohoo.gif, search_yoohoo.htm). If there are two or more files of a certain format, filenames should be in the following format: search_providername#.fmt (for example, search_yoohoo1.gif, search_yoohoo2.gif). When you update your site sampler, continue to increment the number to help avoid caching issues.
 - - Format. All content providers need to provide HTML files that include the layout for their materials. All HTML should be uppercase. Please include the TARGET="_top" attribute in all HREF tags. Height and width tags need to be specified for all images. Graphics files should be in GIF format; all other formats should be cleared with the Destinations production manager at destinationsprod@netscape.com.
 - - Graphics. By limiting the number of individual graphics (server calls) in your Site Sampler, you will improve overall page performance and allow the page to load more quickly. Cropping as close as possible to the image, leaving no white space around them, will also allow the page to load more quickly. To minimize dithering and insure that the users across all platforms see what you expect them to see, we recommend use of the Netscape Color Palette.

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EXHIBIT B
USAGE REPORTS

Sample report provided by Premier Provider to Netscape each month.

For the week of: 5/1/97 - 5/8/97

NSCP 4.x - 5%
3.x - 40%
2.x - 5%
1.x - 2%
Total, basic - 52%

NSCP Gold 3.x - 25%
Total, Gold - 25%

Premier Provider shall also provide Netscape with audits from I/Pro, or audits from reputable third party Internet auditor, [XXXX].

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Sample report provided by Netscape to Premier Provider each month.

For the month of May, 1997

	(1) Rotated Exposures	(2) Default Exposures	(3) Total First Exposures (1+2)	(4) User Selected Exposures	(5) Total Exposures (3+4)
May 1	1M	200K	1.2M	400K	1.6M
May 2	1.1M	210K	1.31M	500K	1.81M
May 3	1.2M	220K	1.42M	600K	2.02M
. . .					
. . .					
May 31	1.8M	280K	2.08M	800K	3.08M
Total					

A running total of the Exposures will also be included.

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EXHIBIT C

FORM OF SPONSORSHIP AGREEMENT

[X] CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT D

MUTUAL CONFIDENTIAL DISCLOSURE AGREEMENT

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EXHIBIT E

SCHEDULE OF PLANNED UPDATES

- - Calendar: The following is the schedule for submitting materials for the

Net Search program during the first two months of the Premier Period.

FINAL MATERIALS DUE:

NET SEARCH PAGE GOES LIVE:

-----	-----
May 6, 1997	May 12, 1997
May 13, 1997	May 19, 1997
May 19, 1997 (please note this is a Monday)	May 22, 1997
May 27, 1997 (please note the 26th is a holiday)	June 2, 1997
June 3, 1997	June 9, 1997
June 10, 1997	June 16, 1997
June 17, 1997	June 23, 1997
June 24, 1997	June 30, 1997

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EXHIBIT F

DESCRIPTION OF EXPERT-EXPERT PRODUCT SUPPORT

Designed for medium to large organizations

- Web businesses
- Internet service providers
- Large system integrators
- Large resellers

Mission-critical level of support for Netscape customers.

- - Priority escalation to expert-level technical support engineer
- - Includes support for complex fault isolation
- - Customers provide front-line (help-desk) support for their installed base
- - 2 authorized customer contacts included
- - Unlimited incidents
- - 24 x 7 (pager only after hours for P1 issues only)
- - Informational support on selected beta products
- - Technical support bulletins
- - Incident closure reports

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EXHIBIT 11.1

COMPUTATION OF NET LOSS PER SHARE

	Year Ended	
	December 31, 1996	December 31, 1995 (a)
Net Loss	(\$2,334,000)	(\$634,000)
Weighted average number of shares used in computation:		
Common Stock	25,444,000	10,013,000
Preferred Stock	-	7,738,000
Number of common shares issued in accordance with Staff Accounting Bulletin No. 83	-	4,790,000
Total	25,444,000	22,541,000
Net loss per common and common equivalent share	(\$0.09)	(\$0.03)

(a) includes the Company's results from March 5, 1995 (inception) through December 31, 1995

EXHIBIT 13.1

PORTIONS OF THE 1996 ANNUAL REPORT TO SHAREHOLDERS

SELECTED FINANCIAL DATA

	YEAR ENDED DECEMBER 31,	
	1996	1995*
STATEMENTS OF OPERATIONS DATA:		
Net revenues	\$ 19,073,000	\$ 1,363,000
Gross profit	15,997,000	1,180,000
Sales and marketing expenses	13,825,000	738,000
Product development expenses	4,461,000	242,000
General and administrative expenses	4,516,000	880,000
Net loss	(2,334,000)	(634,000)
Net loss per share	\$ (0.09)	\$ (0.03)
Shares used in computing net loss per share	25,444,000	22,541,000

BALANCE SHEETS DATA:

Cash, cash equivalents, and short and long-term investments	\$102,302,000	\$ 5,297,000
Working capital	89,885,000	5,264,000
Total assets	110,255,000	6,298,000
Shareholders' equity	\$102,075,000	\$ 5,450,000

* PERIOD COMPRISED OF ONLY TEN MONTHS FROM MARCH 5, 1995 (INCEPTION) THROUGH DECEMBER 31, 1995.

FINANCIAL INFORMATION BY QUARTER

(UNAUDITED)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1996				
Net revenues	\$1,733,000	\$ 3,274,000	\$ 5,515,000	\$8,551,000
Gross profit	1,566,000	2,754,000	4,477,000	7,200,000
Net income (loss)	81,000	(1,366,000)	(1,145,000)	96,000
Net income (loss) per share	\$ 0.00	\$ (0.05)	\$ (0.04)	\$ 0.00
1995				
Net revenues	- \$	- \$	288,000	\$1,075,000
Gross profit	-	(26,000)	243,000	963,000
Net income (loss)	-	(355,000)	(371,000)	92,000
Net income (loss) per share	- \$	(0.02)	(0.02)	\$ 0.01

THE SECOND QUARTER OF 1995 INCLUDES THE COMPANY'S RESULTS FOR THE PERIOD FROM MARCH 5, 1995 (INCEPTION) THROUGH JUNE 30, 1995.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE DISCUSSION IN THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE DISCUSSED HEREIN. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED BELOW, AND THE RISKS DISCUSSED UNDER THE CAPTION, "RISK FACTORS" IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1996 (A COPY OF WHICH IS AVAILABLE UPON REQUEST FROM THE COMPANY).

OVERVIEW

Yahoo! offers branded Internet navigational services that are among the most widely used guides to information and discovery on the World Wide Web (the "Web"). From March 5, 1995 (Inception) to December 31, 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'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. Advertising revenues are recognized ratably 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 an advertisement appears in pages viewed by users of YAHOO!. To the extent minimum guaranteed impressions are not met, the Company defers recognition of the corresponding revenues until the remaining guaranteed impression levels are achieved. Deferred revenue is comprised of billings in excess of recognized revenue relating to advertising contracts.

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, continue to develop and extend the "Yahoo!" brand, attract, retain, and motivate qualified personnel, implement and successfully execute its advertising sales strategy, develop and market additional media properties, and develop and upgrade its technologies. There can be no assurance that the Company will be successful in addressing such risks. As of December 31, 1996, the Company had an accumulated deficit of \$2,968,000. 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. Although the Company reported a nominal profit for the quarter ended December 31, 1996, 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

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commercialize additional media properties. As a result of these factors, there can be no assurance that the Company will not 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. Accordingly, the cancellation or deferral of a small number of advertising contracts or inability to achieve contractual levels of impressions could have a material adverse effect on the Company's business, operating results, 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, operating results, 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, operating results, 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 Internet usage and advertising placements, the level of user traffic on YAHOO! and the Company's other online media properties, 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 current and planned YAHOO! properties, 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 lower during the summer and year-end vacation and holiday periods, when usage of the Web and the Company's services decline. Additionally, seasonality may also affect the amount of customer advertising dollars placed with the Company in the first and third quarters of a calendar year. 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 the period from inception (March 5, 1995) to December 31, 1995, and only recognized a comparatively insignificant amount of revenues during this period, and because of the significant growth in operating expenses from such period, as compared to the year ended December 31, 1996, the Company believes that a comparison of operating results for the period from inception (March 5, 1995) to December 31, 1995 versus the year ended December 31, 1996 is not meaningful.

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RESULTS OF OPERATIONS

NET REVENUES. Net revenues were \$19,073,000 for the year ended December 31, 1996. For the quarter ended December 31, 1996, net revenues were \$8,551,000, an increase of 55% from the third quarter ended September 30, 1996 due primarily to an increase in the number of advertisers from 340 in the quarter ended September 30, 1996 to 550 in the quarter ended December 31, 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 year ended December 31, 1996, SOFTBANK Corporation, a 36% shareholder of the Company, purchased directly and through SOFTBANK affiliates (including companies in which SOFTBANK has invested) \$2,075,000 of advertising at rates which are comparable with other large customers.

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, equipment depreciation, and compensation. Cost of revenues were \$3,076,000 for the year ended December 31, 1996, or 16% of net revenues. For the quarter ended December 31, 1996, cost of revenues were \$1,351,000, or 16% of net revenues. For the quarter ended September 30, 1996, cost of revenues were \$1,038,000, or 19% of net revenues. The \$313,000 increase in cost of revenues from the quarter ended September 30, 1996 was primarily attributable to an increase in the quantity of content available on the Company's online navigational guide YAHOO! and other Internet navigational services, and increased usage of YAHOO! branded properties and the Company's other Internet navigational services. The Company anticipates that its content and Internet connection expenses will increase with the quantity and quality of content available on the Company's Internet navigational services, and increased usage of Company's Internet navigational services. As measured in page views (defined as electronic page displays), the Company delivered an average of over 20 million page views per day in December 1996, compared with an average of approximately 6 million page views per day in February 1996. The Company anticipates that its content and Internet connection expenses as a percentage of revenue will increase for the foreseeable future, resulting in lower gross margins as a percentage of revenue.

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, the marketing and promotion of the Company's brand name, 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 significantly increase expenditures in all operating areas.

SALES AND MARKETING. Sales and marketing expenses were \$13,825,000 for the year ended December 31, 1996, or 72% of net revenue. For the quarter ended December 31, 1996, sales and marketing expenses were \$5,660,000, or 66% of net revenue as

compared to \$4,015,000, or 73% of net revenue for the quarter ended September 30, 1996. The increase of \$1,645,000 from the quarter ended September 30, 1996 is primarily attributable to increased commissions associated with the \$3,036,000 increase in revenue and additional compensation expense associated with increased direct sales personnel.

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Sales and marketing expenses consist primarily of Netscape Preferred Provider costs, advertising commissions, sales commissions, compensation, television advertising, public relations, travel, and costs of promotional materials. The Company anticipates that sales and marketing expenses will increase in future periods in absolute dollars as it continues to pursue an aggressive brand building strategy and continues to build a direct sales organization. In addition, in March 1996, the Company entered into an agreement with Netscape whereby it was designated as one of five "Premier Providers." Under the terms of this agreement, the Company is required to make payments totaling \$5,000,000 over the course of the one year term of this agreement, which commenced in mid-April 1996. There can be no assurance that Netscape will offer such a program in April 1997 or, if so, they materially increase the fee. 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.

PRODUCT DEVELOPMENT. Product development expenses were \$4,461,000 for the year ended December 31, 1996, or 23% of net revenue. For the quarter ended December 31, 1996, product development expenses were \$1,732,000, or 20% of net revenue as compared to \$1,362,000, or 25% of net revenue for the quarter ended September 30, 1996. The increase of \$370,000 from the quarter ended September 30, 1996 is primarily attributable to the development of new online media properties and the addition of engineers. Product development expenses consist primarily of employee compensation relating to developing and enhancing the features and functionality of YAHOO! and other online media properties. 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 absolute dollars in future periods.

GENERAL AND ADMINISTRATIVE. General and administrative expenses were \$4,516,000 for the year ended December 31, 1996, or 24% of net revenue. For the quarter ended December 31, 1996, general and administrative expenses were \$1,594,000, or 19% of net revenue as compared to \$1,673,000, or 30% of net revenue for the quarter ended September 30, 1996. The decrease of \$79,000 from the quarter ended September 30, 1996 is primarily attributable to a lower level of professional services being provided. General and administrative expenses consist primarily of compensation and fees for professional services. The Company believes that the absolute dollar level of general and administrative expenses will increase in future periods, as a result of increased staffing, fees for professional services, and costs associated with registering the Company's trademarks in various countries.

INVESTMENT INCOME, NET. Investment income, net of investment expense, was \$3,931,000 for the year ended December 31, 1996. For the quarter ended December 31, 1996, investment income was \$1,508,000 as compared to \$1,262,000 for the quarter ended September 30, 1996. The increase of \$246,000 from the quarter ended September 30, 1996 is primarily attributable to an higher average rate of return on investments. Investment income in future periods may fluctuate as a result of fluctuations in average cash balances maintained by the Company and changes to market rates for investments.

MINORITY INTERESTS IN LOSSES FROM OPERATIONS OF CONSOLIDATED SUBSIDIARIES. During the second half of 1996, the Company entered into two separate joint venture agreements (Yahoo! Marketplace and Yahoo! Europe) whereby the Company holds a majority interest in the subsidiaries under both agreements. Minority interests in losses from operations of these consolidated subsidiaries were \$540,000 for the year ended December 31, 1996. For the quarter ended December 31, 1996, minority

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interests in losses from operations of consolidated subsidiaries were \$374,000 as compared to \$166,000 for the quarter ended September 30, 1996. The increase of \$208,000 from the quarter ended September 30, 1996 is attributable to increased losses from operations of consolidated subsidiaries. Because these subsidiaries are still in the early stages of development, minority interests in losses from operations of consolidated subsidiaries will continue to fluctuate in future periods as do the results from consolidated subsidiaries. When and if the consolidated subsidiaries become profitable, the minority interests elimination on the statement of operations will have an adverse effect on the Company's net result.

INCOME TAXES. No provision for federal and state income taxes has been recorded as the Company has incurred net operating losses through December 31, 1996. At December 31, 1996, the Company had approximately \$5,900,000 of federal net operating loss carryforwards for tax reporting purposes available to offset future taxable income; such carryforwards expire in 2010. Under the Tax Reform Act of 1986, the amounts of and benefits from net operating losses carried forward may be impaired or limited in certain circumstances. Events which may cause 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 December 31, 1996, the effect of such limitation, if imposed, is not expected to be material.

LIQUIDITY AND CAPITAL RESOURCES

Yahoo! invests predominantly in instruments that are highly liquid, of high quality investment grade, and predominantly have maturities of less than one year with the intent to make such funds readily available for operating purposes. For the year ended December 31, 1996, cash provided by operating activities of \$436,000 was primarily due to increases in accrued liabilities and expenses of \$3,975,000, deferred revenues of \$1,055,000, accounts payable of \$972,000, and amounts due to related parties of \$948,000, offset by increases in accounts receivable of \$3,833,000 and prepaid expenses of \$353,000, and the net loss of \$2,334,000.

Capital expenditures for the year ended December 31, 1996 totaled \$2,427,000 and are expected to significantly increase in future periods. Capital expenditures have generally been comprised of purchases of computer hardware and software as well as leasehold improvements related to leased facilities.

For the year ended December 31, 1996, cash provided by financing activities of \$99,725,000 was primarily due to the March 1996 issuance of 5,100,000 shares of Mandatorily Redeemable Convertible Series C Preferred Stock for aggregate proceeds of \$63,750,000 and the April 1996 initial public offering of 2,990,000 shares of Common Stock for net proceeds of \$35,043,000. Additionally, proceeds of \$1,050,000 were received from minority investors.

The Company currently has no material commitments other than those under operating leases. The Company has experienced a substantial increase in its capital expenditures and operating lease arrangements in 1996 consistent with increased staffing and anticipates that this will continue in the future. At December 31, 1996, the Company had one payment remaining under the agreement with Netscape totaling \$1,500,000. Management believes existing cash and investments will be sufficient to meet the Company's operating 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.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,865,000	\$5,297,000
Short-term investments in marketable securities	60,689,000	--
Accounts receivable, net of allowance of \$600,000 and \$82,000	4,648,000	815,000
Prepaid expenses	353,000	--

Total current assets	97,555,000	6,112,000
Long-term investments in marketable securities	9,748,000	--
Property and equipment, net	2,223,000	186,000
Investment in unconsolidated joint venture	729,000	--
	-----	-----
	\$110,255,000	\$6,298,000
	-----	-----
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 992,000	\$ 20,000
Accrued expenses and other current liabilities	4,367,000	520,000
Deferred revenue	1,229,000	174,000
Due to related parties	1,082,000	134,000
	-----	-----
Total current liabilities	7,670,000	848,000
Commitments and contingencies (Note 7)		
Minority interests in consolidated subsidiaries	510,000	--
Shareholders' equity:		
Convertible Preferred Stock, \$0.001 par value; none and 7,750,072 shares authorized; none and 7,738,072 issued and outstanding	--	8,000
Preferred Stock, \$0.001 par value; 10,000,000 and no shares authorized; none issued and outstanding	--	--
Common Stock, \$0.001 par value; 150,000,000 and 50,000,000 shares authorized; 26,577,175 and 10,252,726 issued and outstanding	17,000	--
Additional paid-in capital	105,026,000	6,076,000
Accumulated deficit	(2,968,000)	(634,000)
	-----	-----
Total shareholders' equity	102,075,000	5,450,000
	-----	-----
	\$110,255,000	\$6,298,000
	-----	-----
	-----	-----

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1996	MARCH 5, 1995 (INCEPTION) TO DECEMBER 31, 1995
Net revenues	\$19,073,000	\$1,363,000
Cost of revenues	3,076,000	183,000
	-----	-----
Gross profit	15,997,000	1,180,000
Operating expenses:		
Sales and marketing	13,825,000	738,000
Product development	4,461,000	242,000
General and administrative	4,516,000	880,000
	-----	-----
Total operating expenses	22,802,000	1,860,000
	-----	-----
Loss from operations	(6,805,000)	(680,000)
Investment income, net	3,931,000	46,000
Minority interests in losses from operations of consolidated subsidiaries	540,000	-

Loss before income taxes	(2,334,000)	(634,000)
Provision for income taxes	-	-
Net loss	\$ (2,334,000)	\$ (634,000)
Net loss per share	(\$0.09)	(\$0.03)
Weighted average common shares and equivalents	25,444,000	22,541,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Issuance of Common Stock in connection with the formation of the Company	--	\$ --	10,000,000	\$ --	\$ --	\$ --	\$ --
Issuance of Series A Convertible Preferred Stock at \$0.20 per share	5,200,000	5,000	--	--	1,018,000	--	1,023,000
Issuance of Common Stock	--	--	63,326	--	1,000	--	1,000
Issuance of options to consultants in exchange for services	--	--	--	--	75,000	--	75,000
Issuance of Series B Convertible Preferred Stock at \$1.97 per share	2,538,072	3,000	--	--	4,978,000	--	4,981,000
Issuance of Common Stock pursuant to exercise of options	--	--	189,400	--	4,000	--	4,000
Net loss	--	--	--	--	--	(634,000)	(634,000)
Balance at December 31, 1995	7,738,072	8,000	10,252,726	--	6,076,000	(634,000)	5,450,000
Issuance of Mandatorily Redeemable Convertible Series C Preferred Stock at \$12.50 per share	5,100,000	5,000	--	--	63,745,000	--	63,750,000
Issuance of Common Stock, net of issuance costs of \$1,192,000	--	--	2,990,000	3,000	35,040,000	--	35,043,000
Conversion Convertible Preferred Stock to Common Stock	(12,838,072)	(13,000)	12,838,072	13,000	--	--	--
Issuance of Common Stock pursuant to exercise of options	--	--	496,377	1,000	9,000	--	10,000
Compensation expense on option grants	--	--	--	--	156,000	--	156,000
Net loss	--	--	--	--	--	(2,334,000)	(2,334,000)
Balance at December 31, 1996	--	\$ --	26,577,175	\$17,000	\$105,026,000	\$ (2,968,000)	\$102,075,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 1996	MARCH 5, 1995 (INCEPTION) TO DECEMBER 31, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,334,000)	\$ (634,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	390,000	133,000
Compensation expense on stock option grants	156,000	-
Minority interests in losses from operations of consolidated subsidiaries	(540,000)	-
Changes in assets and liabilities:		
Accounts receivable, net	(3,833,000)	(815,000)
Prepaid expenses	(353,000)	-
Accounts payable	972,000	20,000
Accrued expenses and other current liabilities	3,975,000	392,000
Deferred revenue	1,055,000	174,000
Due to related parties	948,000	134,000
	-----	-----
Net cash provided by (used in) operating activities	436,000	(596,000)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(2,427,000)	(107,000)
Purchases of investments in marketable securities	(113,285,000)	-
Proceeds from sales and maturities of investments in marketable securities	42,848,000	-
Investment in unconsolidated joint venture	(729,000)	-
	-----	-----
Net cash used by investing activities	(73,593,000)	(107,000)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Common Stock, net	35,053,000	5,000
Proceeds from issuance of Convertible Preferred Stock	63,750,000	6,004,000
Proceeds from minority investors	1,050,000	-
Repayment of lease obligations	(128,000)	(9,000)
	-----	-----
Net cash provided by financing activities	99,725,000	6,000,000
	-----	-----
Net change in cash and cash equivalents	26,568,000	5,297,000
Cash and cash equivalents at beginning of period	5,297,000	-
	-----	-----
Cash and cash equivalents at end of period	\$ 31,865,000	\$5,297,000
	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ 4,000
	-----	-----
SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS:		
Acquisition of property and equipment through capital leases	\$ -	\$ 137,000
	-----	-----

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY. 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 operations on that date. The Company conducts its business within one industry segment.

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of Yahoo! Inc. and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The equity and loss from operations attributable to the minority shareholder interests which related to the Company's foreign and domestic subsidiaries, are shown separately in the balance sheets and statements of operations, respectively. Losses in excess of the minority interest equity are charged against the Company. Investments in entities owned 20% or more but less than majority owned and not otherwise controlled by the Company are accounted for under the equity method.

The consolidated financial statements are presented in accordance with the accounting principles generally accepted in the United States.

REVENUE RECOGNITION. The Company derives substantially all of its revenues 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. Advertising revenues are recognized ratably over 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 an 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. During 1996, SOFTBANK, a 36% shareholder of the Company, and its related companies accounted for approximately 12% of net revenues. During the period from March 5, 1995 (Inception) to December 31, 1995, another company accounted for approximately 11% of net revenues. International revenues were not material in any period presented. License and royalty revenues are recognized as amounts are earned under the terms of applicable agreements, provided no significant Company obligations exist and collection of the resulting receivable is probable.

Revenues from barter transactions are recognized during the period in which the advertisements are displayed in YAHOO!. Barter transactions are recorded at the lower of estimated fair value of the goods or services received or the estimated fair value of the advertisements given. To date, barter transactions have been insignificant.

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PRODUCT DEVELOPMENT. Costs incurred in the classification and organization of listings within YAHOO! and the development of new products and enhancements to existing products are charged to expense as incurred.

Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," requires capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based upon the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working model and the point at which the product is ready for general release have been insignificant.

ADVERTISING COSTS. Advertising costs are recorded as expense the first time an advertisement appears. Advertising expense totaled \$3,801,000 for 1996 and \$126,000 for the period from March 5, 1995 (Inception) through December 31, 1995.

CASH, CASH EQUIVALENTS, SHORT AND LONG-TERM INVESTMENTS. The Company invests certain of its excess cash in debt instruments of the U.S. Government, its agencies, and 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 and current maturities less than twelve months from the balance sheet date are considered short-term investments, and those with maturities greater than twelve months from the balance sheet date are considered long-term investments.

At December 31, 1996, short-and long-term investments were classified as available-for-sale and consisted of 64% corporate debt securities, 26% debt

securities of the U.S. Government and its agencies, and 10% foreign debt securities. All long-term investments are due within five years. At December 31, 1996, the fair value of the investments approximated cost. Fair value is determined based upon the quoted market prices of the securities as of the balance sheet date. At December 31, 1995, the Company did not hold any short or long-term investments.

CONCENTRATION OF CREDIT RISK. Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash, cash equivalents, short and long-term investments, and accounts receivable. Substantially all of the Company's cash, cash equivalents, short and long-term investments are managed by two financial institutions. Accounts receivable are typically unsecured and are derived from revenues earned from customers primarily located in the United States. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses; historically, such losses have been immaterial and within management's expectations. At December 31, 1996, no one customer accounted for 10% or more of the accounts receivable balance. At December 31, 1995, two customers accounted for a total of 21% of the accounts receivable balance.

PROPERTY AND EQUIPMENT. Property and equipment, including leasehold improvements, are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally two to five years.

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INCOME TAXES. Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws.

FOREIGN CURRENCY. The functional currency of the Company's subsidiaries in the United Kingdom, Germany, and France is the local currency. The financial statements of these subsidiaries are translated to United States dollars using year-end rates of exchange for assets and liabilities, and average rates for the year for revenues, costs, and expenses. Translation gains and losses, which were insignificant at December 31, 1996, are deferred and accumulated as a component of shareholders' equity. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of operations and were not significant during the periods presented.

NET LOSS PER SHARE. Net loss per share is computed using the weighted average number of common and common equivalent shares outstanding during the period. 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 and warrants (using the treasury stock method or the modified treasury stock method, whichever applies). Common equivalent shares are excluded from the computation if their effect is antidilutive, except that, pursuant to the Securities and Exchange Commission Staff Accounting Bulletin, the convertible preferred stock (using the if-converted method) and common equivalent shares (using the treasury stock method and the assumed public offering price) issued subsequent to March 5, 1995 through April 11, 1996 have been included in the computation as if they were outstanding for all periods presented.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

RECLASSIFICATION. Certain prior period balances have been reclassified to conform with current period presentation.

BENEFIT PLAN. The Company maintains a 401(k) Profit Sharing Plan (the "401(k) Plan") for its full time employees. Each participant in the 401(k) Plan may elect to contribute from 1% to 17% of his or her annual compensation to the 401(k) Plan. The Company matches employee contributions at a rate of 25%.

Employee contributions are fully vested, whereas vesting in matching Company contributions occurs at a rate of 33.3% per year of employment. All contributions to the 401(k) Plan are invested at the employee's discretion in eight separate funds. During 1996, the Company's contribution amounted to \$81,000, all of which was expensed.

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NOTE 2 - BALANCE SHEET COMPONENTS

	DECEMBER 31,	
	1996	1995
Property and equipment:		
Computers and equipment	\$1,520,000	\$239,000
Furniture and fixtures	861,000	2,000
Leasehold improvements	290,000	3,000
	-----	-----
	2,671,000	244,000
Less: accumulated depreciation	(448,000)	(58,000)
	-----	-----
	\$2,223,000	\$186,000
	-----	-----
Accrued expenses and other current liabilities:		
Accrued vacation, wages, and other employee benefits	\$ 894,000	\$110,000
Accrued professional service expenses	706,000	48,000
Accrued content costs	554,000	--
Other	2,213,000	362,000
	-----	-----
	\$4,367,000	\$520,000
	-----	-----
	-----	-----

NOTE 3 - RELATED PARTY TRANSACTIONS

During July 1995, the Company entered into an agreement with a holder of approximately 2% of the Company's Common Stock at December 31, 1996 whereby the shareholder granted the Company a license for trademarks and intellectual property rights for inclusion in YAHOO!. The Company agreed to share with the shareholder certain advertising revenue earned from YAHOO! pages where the shareholder's data appears. The amount of advertising revenue allocated to the shareholder varies based upon the location of pages within YAHOO! and the level of customer usage of the supplied data. During 1996, the Company paid approximately \$375,000 to the shareholder under this agreement and the amount due to the shareholder at December 31, 1996 was \$186,000. During the period from March 5, 1995 (Inception) through December 31, 1995, no amount was paid to the shareholder under the agreement and the amount due to the shareholder at December 31, 1995 was \$35,000. The shareholder also pays certain fees for the maintenance of YAHOO! pages where its data appears. During 1996 and the period from March 5, 1995 (Inception) through December 31, 1995, the Company recognized \$20,000 and \$30,000, respectively, of maintenance revenue relating to the agreement.

During 1996, the Company recognized net revenues of approximately \$2,075,000 on advertising contracts placed by SOFTBANK and its related companies, a 36% shareholder of the Company at December 31, 1996. Contracted prices on these orders are comparable to those given to other major customers of the Company. During 1996, the Company also

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recognized publication revenues from a subsidiary of SOFTBANK of approximately \$200,000 and development and licensing revenues of approximately \$85,000. Additionally, a sales representative firm which is a subsidiary of SOFTBANK has provided services to the Company totaling approximately \$2,300,000 and \$177,000

during 1996 and 1995, respectively. The amount due to the firm for services rendered totaled \$896,000 at December 31, 1996 and \$99,000 at December 31, 1995. Additionally, the Company entered into two separate joint venture agreements with SOFTBANK during 1996 (see Note 4 below).

NOTE 4 - JOINT VENTURES

YAHOO! JAPAN. During April 1996, the Company signed a joint venture agreement with SOFTBANK, a 36% shareholder of the Company at December 31, 1996, whereby Yahoo! Japan Corporation was formed to establish and manage in Japan a Japanese version of the YAHOO! Internet Guide, develop related Japanese on-line navigational services, and conduct other related business. The Company's ownership interest in the joint venture is 40% and is being accounted for using the equity method. At December 31, 1996, the Company's investment in the joint venture was \$729,000, which was also the Company's initial investment. There is no commitment on either company's behalf to invest additional cash in the joint venture.

YAHOO! MARKETPLACE. On August 26, 1996, the Company entered into agreements with Visa International Service Association (VISA) and another party to establish a new company, Yahoo! Marketplace, to develop and operate a navigational service focused on information and resources for the purchase of consumer products and services over the Internet. The parties have agreed to invest a total of up to \$3,000,000 in proportion to their respective equity interests, and as of December 31, 1996, had invested \$1,000,000. The Company currently owns approximately 55% of the equity interest in Yahoo! Marketplace, and therefore, has consolidated the financial results. Additionally, the Company holds two options to acquire a further 9% interest in Yahoo! Marketplace for \$3,600,000 and \$7,000,000 which expire in August 1997 and August 1998, respectively. During 1996, Yahoo! Marketplace incurred losses from operations of \$637,000. At December 31, 1996, \$163,000 of the minority interest on the balance sheet represents VISA's interest in the net assets of Yahoo! Marketplace. In connection with this agreement, the Company has issued to VISA for a purchase price of \$50,000 a warrant to purchase 350,000 shares of the Company's Common Stock at an exercise price of \$12.50 per share, which warrant is exercisable during a two year period commencing in March 1997.

YAHOO! EUROPE. On November 1, 1996, the Company signed a joint venture agreement with a subsidiary of SOFTBANK, a 36% shareholder of the Company at December 31, 1996, whereby separate companies were formed in Germany, the United Kingdom, and France to establish and manage versions of the YAHOO! Internet Guide for Germany, the United Kingdom, and France, develop related on-line navigational services, and conduct other related business. The parties have agreed to invest a total of up to \$4,000,000 in proportion to their respective equity interests, and as of December 31, 1996,

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had invested \$2,000,000. The Company has a majority share of approximately 70% in each of the Yahoo! Europe entities, and therefore, has consolidated the financial results. During 1996, Yahoo! Europe incurred losses from operations of \$842,000. At December 31, 1996, \$347,000 of the minority interest on the balance sheet represents SOFTBANK's interest in the net assets of Yahoo! Europe.

NOTE 5 - SHAREHOLDERS' EQUITY

STOCK SPLIT. On March 6, 1996, the Board of Directors authorized a 2-for-1 stock split (the "Stock Split") of the Company's Preferred Stock and Common Stock. All references to the number of shares of Preferred Stock, Common Stock, and per share amounts have been retroactively restated in the accompanying financial statements to reflect the effect of the Stock Split.

COMMON STOCK. On April 11, 1996, the Company completed its initial public offering of 2,990,000 shares of its Common Stock. Net proceeds to the Company aggregated approximately \$35,043,000. 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. The Company has the right to repurchase, at the original issue price, a declining percentage of certain of the common shares issued to

employees under written agreements with such employees. The Company's right to repurchase such stock declines on a percentage basis over four years based on the length of the employees' continual employment with the Company. At December 31, 1996, 3,055,555 shares of common stock were subject to repurchase by the Company.

PREFERRED STOCK. At December 31, 1996, the Company has authorized 10,000,000 shares of undesignated preferred stock. At December 31, 1995, the Company had authorized 7,750,072 shares of preferred stock, of which 5,212,000 shares had been designated Series A Convertible Preferred Stock ("Series A") and 2,538,072 shares had been designated Series B Convertible Preferred Stock ("Series B"). At December 31, 1995, 5,200,000 of Series A and 2,538,072 of Series B were issued and outstanding. Holders of Series A and B were entitled to receive noncumulative, preferential dividends of \$0.025 and \$0.24625, respectively, per annum, when and if declared by the Board of Directors. No such dividends were declared. In the event of liquidation or sale of the Company, Series A and B shareholders were entitled to a per share distribution in preference to common shareholders equal to the original issue price per share of \$0.20 and \$1.97, respectively, plus any declared but unpaid dividends. During March 1996, the Company entered into an agreement to sell 5,100,000 shares of Mandatorily Redeemable Convertible Series C Preferred Stock ("Series C") at a price of \$12.50 per share for aggregate proceeds of \$63,750,000. The holder of Series C was entitled to receive cumulative, preferential dividends of \$0.625 per annum, payable on March 31 of each year, commencing March 31, 1997. The holder of Series C was also entitled to receive dividends on Common Stock, when and if declared by the Board of Directors, based on the number of shares of Common Stock held by the holder of Series C, assuming conversion of all Series C into Common Stock. No such dividends on Common Stock have been declared. In the event of liquidation or sale of the Company, the Series C shareholder was entitled to a per share dis-

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tribution in preference to common shareholders equal to the original issue price of \$12.50 per share plus any accrued and unpaid dividends. On April 11, 1996, the Company completed its initial public offering of its Common Stock. At that time, all issued and outstanding shares of the Company's Convertible Preferred Stock and Mandatorily Redeemable Convertible Preferred Stock were converted into an aggregate of 12,850,072 shares of Common Stock.

STOCK OPTION PLAN. In May 1995, the Board of Directors adopted the 1995 Stock Plan (the "Plan") which originally provided for the grant of up to 5,000,000 incentive stock options, non-qualified stock options, and stock purchase rights. On March 6, 1996, the Board of Directors approved an increase in the number of authorized shares in the Plan to 8,000,000. Under the Plan, incentive stock options may be granted to employees, officers, and directors of the Company and non-qualified stock options and stock purchase rights may be granted to consultants, employees, directors, and officers of the Company. Options granted under the Plan are for periods not to exceed ten years, and must be issued at prices not less than 100% and 85%, for incentive and nonqualified stock options, respectively, of the fair market value of the stock on the date of grant as determined by the Board of Directors. Options granted to shareholders who own greater than 10% of the outstanding stock are for periods not to exceed five years and must be issued at prices not less than 110% of the fair market value of the stock on the date of grant as determined by the Board of Directors. Options granted under the Plan generally vest 25% after the first year and ratably each month over the remaining thirty-six month period. Options to purchase 541,831 and 67,500 shares were exercisable at December 31, 1996 and 1995, respectively.

A summary of the Plan's activity is as follows:

	AVAILABLE FOR GRANT	OPTIONS OUTSTANDING	PRICE PER SHARE
Shares reserved	5,000,000	--	--
Options granted	(3,454,910)	3,454,910	\$0.02 - \$0.20
Options exercised	--	(189,400)	\$0.02
	-----	-----	-----
Balance at December 31, 1995	1,545,090	3,265,510	\$0.02 - \$0.20

Additional shares reserved	3,000,000	--	--
Options granted	(3,716,343)	3,716,343	\$0.20 - \$20.875
Options canceled	281,000	(281,000)	\$0.02 - \$18.50
Options exercised	--	(496,377)	\$0.02
	-----	-----	-----
Balance at December 31, 1996	1,109,747	6,204,476	\$0.02 - \$20.875
	-----	-----	-----

During the period from January 1996 through April 1996, the Company granted options to purchase an aggregate of 2,300,468 shares of Common Stock at exercise prices ranging from \$0.20 to \$10.00 per share. Based in part on an independent appraisal obtained by the Company's Board of Directors, \$625,000 of compensation expense relating to certain options is to be recognized over the four-year vesting periods of the options, of which, \$156,000 was recognized in 1996. During the period from March 5, 1995 (Inception) through December 31, 1995, the Company granted options to purchase 294,400

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shares of Common Stock to consultants in exchange for services at an exercise price of \$0.02 per share. The Company recorded expense totaling \$75,000 during the period from March 5, 1995 (Inception) through December 31, 1995 based on the estimated fair value of the services received.

DIRECTORS' STOCK OPTION PLAN. Effective March 6, 1996, the Board of Directors adopted the 1996 Directors' Stock Option Plan (the "Directors' Plan"). The Directors' Plan provides for the issuance of up to 200,000 nonstatutory stock options to nonemployee directors of the Company. Each person who becomes a nonemployee director of the Company after the date of the Company's initial public offering will automatically be granted a nonstatutory option (the "First Option") to purchase 40,000 shares of Common Stock upon the date on which such person first becomes a director. Thereafter, each director of the Company will be granted an annual option (the "Annual Option") to purchase 5,000 shares of Common Stock. Options under the Directors' Plan will be granted at the fair value of the stock and will vest in equal monthly installments over four years, in the case of the First Option, or at the end of four years in the case of the Annual Option. At December 31, 1996, there had been no option grants under the Directors' Plan.

EMPLOYEE STOCK PURCHASE PLAN. Effective March 6, 1996, the Company's Board of Directors adopted the Employee Stock Purchase Plan (the "Purchase Plan"), which provides for the issuance of a maximum of 300,000 shares of Common Stock. Eligible employees can have up to 15% of their earnings withheld, up to certain maximums, to be used to purchase shares of the Company's Common Stock on every January 1st and July 1st. The price of the Common Stock purchased under the Purchase Plan will be equal to 85% of the lower of the fair market value of the Common Stock on the commencement date of each six month offering period or the specified purchase date. There were no shares issued under the Purchase Plan during 1996.

STOCK COMPENSATION. The Company accounts for its employee stock option plans in accordance with the provisions of Accounting Principles Board Opinion No. 25. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (FAS 123), "Accounting for Stock-Based Compensation" which established a fair value based method of accounting for employee stock option plans. The Company has elected to adopt the disclosure method of FAS 123. Had compensation cost for the Company's option plans been determined based on the fair value at the grant dates, as prescribed in FAS 123, the Company's net loss and pro forma net loss per share would have been as follows:

	1996	1995
Net loss:		
As reported	\$ (2,334,000)	\$ (634,000)
	-----	-----
Pro forma	\$ (3,158,000)	\$ (636,000)

	-----	-----
	-----	-----
Net loss per share:		
As reported	\$ (0.09)	\$ (0.03)
	-----	-----
Pro forma	\$ (0.12)	\$ (0.03)
	-----	-----
	-----	-----

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Prior to the Company's initial public offering, the fair value of each option grant was determined on the date of grant using the minimum value method. Subsequent to the offering, the fair value was determined using the Black-Scholes model. Except for the volatility assumption which was only used under the Black-Scholes model, the following range of assumptions was used to perform the calculations:

	1996	1995
Expected life	30 months	30 months
Interest rate	5.1% - 6.5%	5.3% - 6.0%
Volatility	53%	not applicable
Dividend yield	0%	0%

Because additional stock options are expected to be granted each year, the above pro forma disclosures are not representative of pro forma effects on reported financial results for future years.

NOTE 6 - INCOME TAXES

No provision for federal and state income taxes has been recorded as the Company has incurred net operating losses through December 31, 1996. The following table sets forth the primary components of deferred tax assets:

	DECEMBER 31,	
	1996	1995
Net operating loss and credit carryforwards	\$ 2,651,000	\$ 94,000
Nondeductible reserves and expenses	1,382,000	134,000
Other	86,000	--
	-----	-----
Gross deferred tax assets	4,119,000	228,000
Valuation allowance	(4,119,000)	(228,000)
	-----	-----
	\$ --	\$ --
	-----	-----
	-----	-----

At December 31, 1996 and December 31, 1995, the Company fully reserved its deferred tax assets. The Company believes sufficient uncertainty exists regarding the realizability of the deferred tax assets such that a valuation allowance is required.

Deferred tax assets and related valuation allowances of approximately \$2,400,000 relate to certain U.S. operating loss carryforwards resulting from the exercise of employee stock options, the tax benefit of which, when recognized, will be accounted for as a credit to additional paid-in capital rather than a reduction of the income tax provision. Additionally, deferred tax assets of \$236,000 relate to operating loss carryforwards in various foreign jurisdictions. Certain of these carryforwards will expire if not utilized.

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At December 31, 1996, the Company had approximately \$5,900,000 of federal net operating loss carryforwards for tax reporting purposes available to offset future taxable income; such carryforwards expire in 2010. Additionally, the Company has approximately \$6,400,000 of California net operating loss carryforwards for tax reporting purposes which will expire beginning in 2003.

Under the Tax Reform Act of 1986, the amounts of and benefits from net operating losses carried forward may be impaired or limited in certain circumstances. Events which may cause 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 December 31, 1996, the effect of such limitation, if imposed, is not expected to be material.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company leases its facilities under noncancelable operating lease agreements which expire in June 1998 and January 1999. Future minimum lease payments under noncancelable operating leases with initial terms of one year are \$527,000 in 1997, \$482,000 in 1998, and \$36,000 in 1999 aggregating \$1,045,000. Rent expense under operating leases totaled \$350,000 during 1996 and \$20,000 for the period from March 5, 1995 (Inception) through December 31, 1995.

On March 15, 1996, the Company entered into an agreement with Netscape whereby the Company was designated as one of five "Premier Providers." Under the terms of the agreement, the Company is required to make payments of up to \$5,000,000 over the course of the agreement's one year term, which began in mid-April 1996. During 1996, \$3,500,000 had been paid and recognized as expense under the agreement. The remaining \$1,500,000 was paid during January 1997.

From time to time the Company is subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of trademarks and other intellectual property rights. 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.

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REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF YAHOO! INC.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Yahoo! Inc. and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for the year ended December 31, 1996 and the period from March 5, 1995 (Inception) through December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

San Jose, California
January 14, 1997

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CORPORATE INFORMATION

EXECUTIVE OFFICERS AND DIRECTORS

Timothy Koogle
President and Chief Executive Officer

Jerry Yang
Co-founder, Chief Yahoo and Director

David Filo
Co-founder and Chief Yahoo

Jeff Mallett
Senior Vice President, Business Operations

Gary Valenzuela
Senior Vice President, Finance and Administration, Chief Financial Officer

Farzad Nazem
Senior Vice President, Product Development and Site Operations

Anil Singh
Vice President, Advertising Sales

Eric Hippeau
Director (1); Chairman and CEO, Ziff-Davis Publishing Company

Arthur Kern
Director (1) (2); Chairman and CEO, American Media

Michael Moritz
Director (1) (2); General Partner, Sequoia Capital

- (1) MEMBER OF THE COMPENSATION COMMITTEE
- (2) MEMBER OF THE AUDIT COMMITTEE

ALL TRADEMARKS ARE THE PROPERTIES OF THEIR RESPECTIVE OWNERS

STOCK INFORMATION

Yahoo! Inc. Common Stock is quoted on the NASDAQ National Market System under the symbol YHOO. The following table sets forth the range of high and low closing sales prices for the quarters indicated:

1996	High	Low
Second Quarter	\$ 33.00	\$ 18.25
Third Quarter	\$ 24.00	\$ 15.75
Fourth Quarter	\$ 22.63	\$ 17.00

CORPORATE HEADQUARTERS

Yahoo! Inc.
3400 Central Expressway, Suite 201
Santa Clara, California 95051-0703

INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP
San Jose, California

LEGAL COUNSEL

Venture Law Group
Menlo Park, California

TRANSFER AGENT

First National Bank of Boston
c/o Boston EquiServe Limited Partnership
P.O. Box 8040
Boston, Massachusetts 02266-8040

FORM 10-K

A copy of the Yahoo! Inc. Form 10-K as filed with the Securities and Exchange Commission is available at biz.yahoo.com/profiles/yhoo.html or request a copy by mail without charge by contacting:

Investor Relations
Yahoo! Inc.
3400 Central Expressway, Suite 201
Santa Clara, California 95051
(408) 731-3382
investor_relations@yahoo.com

ANNUAL MEETING

The annual meeting of shareholders will be April 30, 1997 at 2:00 pm at the Guild Theatre, located at 949 El Camino Real, Menlo Park, California

DESIGN & PRODUCTION: Hausman Design, Palo Alto, CA, www.hausmandesign.com

The Company had 472 shareholders of record as of December 31, 1996. The Company has not declared or paid any cash dividends on its Common Stock and presently intends to retain its future earnings, if any, to fund the development and growth of its business and, therefore, does not anticipate paying any cash dividends in the foreseeable future.

EXHIBIT 21.1

SUBSIDIARIES OF YAHOO! INC.

Name	Jurisdiction of Incorporation
-----	-----
Yahoo! Marketplace, L.L.C.	Delaware
Yahoo! UK Ltd.	United Kingdom
Yahoo! Holdings Limited	United Kingdom
Yahoo! France, SARL	France
Yahoo! GmbH	Germany

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-3694) of Yahoo! Inc. of our report dated January 14, 1997 which appears in the 1996 Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears in this Form 10-K.

PRICE WATERHOUSE LLP
San Jose, California
March 31, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE YAHOO!
INC. ANNUAL REPORT ON FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 1996 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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