

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1996

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

For the transition period from _____ to _____

Commission File Number 0-28018

YAHOO! INC.

(Exact name of Registrant as specified in its charter)

California

77-0398689

(State or other jurisdiction of
incorporation or organization)

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

3400 Central Expressway
Suite 201, Santa Clara, California 95051

(Address of principal executive offices)

(408) 731-3300

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days:

YES NO

There were 26,519,181 shares of the issuer's Common Stock outstanding as of November 5, 1996.

YAHOO! INC.

INDEX

PART I. FINANCIAL INFORMATION	PAGE NO.
Item 1. Consolidated Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets September 30, 1996 and December 31, 1995	3
Condensed Consolidated Statements of Operations Three months ended September 30, 1996 and 1995; Nine months ended September 30, 1996 and 1995	4
Condensed Consolidated Statements of Cash Flows Nine months ended September 30, 1996 and 1995	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	14
Item 2. Changes in Securities	14
Item 3. Defaults Upon Senior Securities	14
Item 4. Submission of Matters to a Vote of Security Holders	14
Item 5. Other Information	14
Item 6. Exhibits and Reports on Form 8-K	14
Signatures	15

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

YAHOO! INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 1996	December 31, 1995
	-----	-----
ASSETS		
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$27,708,000	\$5,297,000
Short-term investments	58,747,000	-
Accounts receivable, net	3,101,000	815,000
Prepaid expenses	651,000	-
	-----	-----
Total current assets	90,207,000	6,112,000
Long-term investments	14,330,000	-
Property and equipment, net	1,621,000	186,000
Investment in unconsolidated joint venture	729,000	-
	-----	-----
	\$106,887,000	\$6,298,000
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$1,211,000	\$ 20,000
Accrued expenses and other current liabilities	3,044,000	491,000
Deferred revenue	279,000	174,000
Due to related party	163,000	35,000
Current portion of lease obligations	-	31,000
	-----	-----
Total current liabilities	4,697,000	751,000
Lease obligations	-	97,000
Minority interests in consolidated subsidiaries	284,000	-
Shareholders' equity:		
Series A Convertible Preferred Stock	-	5,000
Series B Convertible Preferred Stock	-	3,000
Common Stock	99,000	-
Additional paid-in capital	104,871,000	6,076,000
Accumulated deficit	(3,064,000)	(634,000)
	-----	-----
Total shareholders' equity	101,906,000	5,450,000
	-----	-----
	\$106,887,000	\$6,298,000
	-----	-----

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

YAHOO! INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 1996	September 30, 1995	September 30, 1996	September 30, 1995 (a)
Net revenues	\$5,515,000	\$288,000	\$10,522,000	\$288,000
Cost of revenues	1,038,000	45,000	1,725,000	71,000
Gross profit	4,477,000	243,000	8,797,000	217,000
Operating expenses:				
Sales and marketing	4,015,000	275,000	8,165,000	335,000
Product development	1,362,000	66,000	2,729,000	84,000
General and administrative	1,673,000	277,000	2,922,000	539,000
Total operating expenses	7,050,000	618,000	13,816,000	958,000
Loss from operations	(2,573,000)	(375,000)	(5,019,000)	(741,000)
Investment income, net	1,262,000	4,000	2,423,000	15,000
Minority interests in losses from operations of consolidated subsidiaries	166,000	-	166,000	-
Net loss	(\$1,145,000)	(\$371,000)	(\$2,430,000)	(\$726,000)
Net loss per share	(\$0.04)	(\$0.02)	(\$0.10)	(\$0.03)
Shares used in computing net loss per share	26,504,000	22,541,000	24,093,000	22,541,000

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

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

YAHOO! INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	September 30, 1996	September 30, 1995 (a)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$2,430,000)	(\$726,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and other noncash charges	441,000	96,000
Minority interests in losses from operations of consolidated subsidiaries	(166,000)	-
Changes in assets and liabilities:		
Accounts receivable, net	(2,286,000)	(117,000)
Prepaid expenses	(651,000)	-
Accounts payable and accrued liabilities	3,872,000	96,000
Deferred revenue	105,000	35,000
Net cash used in operating activities	(1,115,000)	(616,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment, net	(1,759,000)	(115,000)
Purchase of investments, net	(73,077,000)	-
Investment in unconsolidated joint venture	(729,000)	-
Net cash used by investing activities	(75,565,000)	(115,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of stock, net	98,769,000	1,003,000
Proceeds from minority investors	450,000	-
Repayment of lease obligations	(128,000)	-
Net cash provided by financing activities	99,091,000	1,003,000
Net change in cash and cash equivalents	22,411,000	272,000
Cash and cash equivalents at beginning of period	5,297,000	-
Cash and cash equivalents at end of period	\$27,708,000	\$272,000

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

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

YAHOO! INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - THE COMPANY AND BASIS OF PRESENTATION:

Yahoo! Inc. (the "Company") develops and maintains YAHOO!, a branded Internet navigational service that is among the most widely used guides for information and discovery on the World Wide Web. The Company was incorporated in California on March 5, 1995 and commenced operations on that date.

The consolidated financial statements include the accounts of Yahoo! Inc. and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. 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 accompanying unaudited condensed consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period.

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Registration Statement on Form SB-2 (No. 333-2142-LA), including the related Prospectus dated April 12, 1996 (the "Registration Statement"). Certain prior period balances have been reclassified to conform with current period presentation.

NOTE 2 - INVESTMENTS:

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

YAHOO! INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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

On April 1, 1996, the Company signed a joint venture agreement with SOFTBANK Corporation, a 36% owner of the Company, 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 share of the joint venture is 40% and is being accounted for using the equity method.

NOTE 3 - MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:

On August 26, 1996, the Company entered into agreements with Visa International Service Association 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 Company currently owns approximately 53% of the equity interest in Yahoo! Marketplace (after giving effect to anticipated issuances of equity to management employees), and therefore, has consolidated the results of operations, balance sheet, and statement of cash flows. A portion of the minority interest on the balance sheet represents Visa's interest in the net assets of Yahoo! Marketplace.

NOTE 4 - SHAREHOLDERS' EQUITY:

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

YAHOO! INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 5 - PER SHARE AMOUNTS:

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

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

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 REGISTRATION STATEMENT (A COPY OF WHICH IS AVAILABLE UPON REQUEST FROM THE COMPANY).

OVERVIEW

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

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

The Company has an extremely limited operating history, and its prospects are subject to the risks, expenses, and difficulties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. To address these risks, the Company must, among other things, continue to respond to competitive developments, attract, retain, and motivate qualified personnel, implement and successfully execute its advertising sales strategy, develop and market additional media properties, upgrade its technologies, and commercialize products and services incorporating such technologies. There can be no assurance that the Company will be successful in addressing such risks. As of September 30, 1996, the Company had an accumulated deficit of \$3,064,000. Although the Company has experienced revenue growth in recent periods, there can be no assurance that revenues of the Company will continue to increase or continue at their current level. The extremely limited operating history of the Company makes the prediction of future results of operations difficult or impossible and, therefore, the recent revenue growth experienced by the Company should

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

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

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

also expects that, in the future, it will experience seasonality in its business with advertising impressions (and therefore revenues) being 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 quarter 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 quarter ended September 30, 1995 and the period from inception (March 5, 1995) to September 30, 1995, and only recognized an insignificant amount of revenues during these periods, and because of the significant growth in operating expenses from such periods in 1995 as compared to the same periods of 1996, the Company believes that a comparison of operating results for the three months ended September 30, 1995 and the period from inception (March 5, 1995) to September 30, 1995 versus the three months ended September 30, 1996 and the nine months ended September 30, 1996, respectively, is not meaningful.

RESULTS OF OPERATIONS

NET REVENUES

Net revenues were \$5,515,000 for the quarter ended September 30, 1996. The revenue increase of 68% from the second quarter ended June 30, 1996 was due primarily to an increase in the number of advertisers, from 230 in the quarter ended June 30, 1996 to 340 in the quarter ended September 30, 1996. Many of the Company's customers purchase advertisements on a short-term basis. There can be no assurance that customers will continue to purchase advertising on the Company's Web pages. During the quarter ended June 30, 1996, SOFTBANK Group, a 36% owner of the Company, indicated its intention to purchase directly or through SOFTBANK affiliates (including companies in which SOFTBANK has invested) \$2,000,000 of advertising during the period ending December 31, 1996. These purchases commenced in the quarter ended September 30, 1996, and during this period, SOFTBANK and its affiliates purchased \$800,000 of advertisements in connection with this arrangement 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 \$1,038,000 for the quarter ended September 30, 1996; or 19% of net revenues. The Company's \$518,000 increase in cost of revenues from the quarter ended June 30, 1996, was primarily attributable to increases in the quantity and quality of content available on the Company's

online navigational guide YAHOO! and other Internet navigational services, and increased usage of YAHOO! branded properties and the Company's other Internet navigational services. As measured in page views (defined as electronic page displays), the Company delivered an average of over 14 million page views per day in September 1996, compared with an average of approximately 9 million page views per day in June of 1996. The Company anticipates that its content and Internet connection expenses as a percentage of revenue will continue to increase for the foreseeable future, which may result 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, and increased efforts to commercialize the Company's products and services. The Company believes that continued expansion of its operations is essential to enhance and extend the YAHOO! main site, establish branded properties in targeted markets, and expand the Company's user and advertising base. As a consequence, the Company intends to continue to increase expenditures in all operating areas.

SALES AND MARKETING

Sales and marketing expenses consist primarily of Netscape Preferred Provider costs, advertising commissions, third party sales commissions, compensation, television advertising, public relations, travel, and costs of promotional materials. Sales and marketing expenses were \$4,015,000 for the quarter ended September 30, 1996, or 73% of net revenue. The 22% increase in sales and marketing expenses from the quarter ended June 30, 1996 was primarily attributable to a full quarter of Netscape Preferred Provider costs, increased expenses associated with television ad campaigns, expanding the Company's advertising sales and product management staffs, and increased commissions as a result of the increase in advertising revenues in this period. The Company anticipates that sales and marketing expenses will increase in future periods as it continues to pursue an aggressive brand building strategy and builds a direct sales organization.

PRODUCT DEVELOPMENT

Product development expenses consist primarily of employee compensation to support new product development. Product development expenses were \$1,362,000 for the quarter ended September 30, 1996, or 25% of net revenue. The \$325,000 increase in product development expenses from the quarter ended June 30, 1996 was primarily attributable to increased staffing and associated costs relating to 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 future periods.

GENERAL AND ADMINISTRATIVE

General and administrative expenses consist primarily of compensation and fees for professional services. General and administrative expenses were \$1,673,000 for the quarter ended September 30, 1996, or 30% of net revenues. The \$911,000 increase in general and administrative expenses from the quarter ended June 30, 1996 was primarily attributable to increased staffing, fees for professional services, and costs associated with registering the Company's trademarks in various countries. The Company believes that the absolute dollar level of general and administrative expenses will increase in future periods.

INVESTMENT INCOME, NET

Investment income, net of investment expense, was \$1,262,000 for the quarter ended September 30, 1996. The \$293,000 increase in interest income, net of interest expense, from the quarter ended June 30, 1996 was primarily attributable to a higher average investment balance from public offering proceeds received in early April 1996.

INCOME TAXES

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

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1996, the Company had cash, cash equivalents, and investments totaling \$100,785,000 comprised of \$27,708,000 in cash and cash equivalents, \$58,747,000 in short-term investments and \$14,330,000 in long-term investments. The Company has primarily financed its operations through the sale of equity securities.

The Company currently has no material commitments other than those under 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. The Company has payments remaining to Netscape through April 10, 1997 of \$2,625,000. The Company believes that current cash balances and short-term investments will be sufficient to fund its working capital and capital expenditures requirements for at least the next twelve months. Thereafter, the Company may sell additional equity or debt securities or obtain credit facilities. The sale of additional equity or convertible debt securities will result in additional dilution to the Company's shareholders.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a. The exhibits listed in the accompanying Index to Exhibits are filed as part of this Report on Form 10-Q.
- b. No reports on Form 8-K were filed by the Company during the period covered by this Report on Form 10-Q.

SIGNATURES

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

YAHOO! INC.

Dated: November 14, 1996

By: /s/ Gary Valenzuela

Senior Vice President, Finance
and Administration, and Chief
Financial Officer
(Principal Financial Officer)

Dated: November 14, 1996

By: /s/ James J. Nelson

Corporate Controller
(Principal Accounting Officer)

YAHOO! INC.

INDEX TO EXHIBITS

Title	Exhibit No.
- - - - -	---
Yahoo! Marketplace Limited Liability Company Agreement dated August 26, 1996 by and between Yahoo! Inc., Visa Marketplace Inc., and Sterling Payot Capital, L.P.	10.1
Yahoo! Marketplace Operating Agreement dated August 26, 1996 by and between Yahoo! Marketplace, Yahoo! Inc., and Visa International Service Association	10.2
Computation of Net Loss Per Share	11
Financial Data Schedule	27

YAHOO! MARKETPLACE, L.L.C.

LIMITED LIABILITY COMPANY AGREEMENT

This LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") is made and entered into as of August 26, 1996 (the "Effective Date"), by and among Yahoo! Inc., a California corporation ("Yahoo"), and the other persons whose names are set forth in SCHEDULE 1 hereto. Capitalized terms not otherwise defined herein are defined in Section 1.9.

WHEREAS, the Members desire to form a Delaware limited liability company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the Members hereby agree as follows:

ARTICLE I

FORMATION OF COMPANY

1.1 FORMATION. The Members hereby form the Company pursuant to the Delaware Limited Liability Company Act (6 Del. Code Sections 18-101 ET SEQ.) (the "Act"), which Act shall govern the rights and liabilities of the Members except as otherwise herein expressly stated.

1.2 NAME OF THE COMPANY. The name of the Company is Yahoo! MarketPlace, L.L.C., a Delaware limited liability company.

1.3 FILINGS, OTHER ACTIONS. Yahoo has caused to be filed a Certificate of Formation (the "Certificate") with the office of the Secretary of State of Delaware. The Board (as defined below) shall take all other actions which may be necessary or appropriate from time to time to comply with all requirements of law for the formation and operation of a limited liability company and to ensure the limited liability of the Members in the State of Delaware and all jurisdictions where the Company may elect to do business.

1.4 PLACE OF BUSINESS. The principal place of business for the Company initially shall be at 635 Vaqueros Avenue, Sunnyvale, CA 94086; provided, however, that the Board may change the address of the principal office by notice in writing to all the Members. In addition, the Company may maintain such other offices and places of business as the Board may deem advisable.

1.5 TERM. The Company shall continue in effect perpetually, subject to earlier termination in accordance with the provisions of this Agreement.

1.6 PURPOSES AND POWERS.

(a) Subject to the provisions of this Agreement, the purposes of the Company shall be to provide on-line services and related products and services targeted to individual and business consumers located within the United States and its territories, as well as any and all activities necessary or incidental thereto.

(b) The Company shall have all powers necessary, suitable or convenient for the accomplishment of its purposes.

(c) Nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company organized under the laws of the State of Delaware.

1.7 DELAWARE OFFICE; AGENT FOR SERVICE OF PROCESS. The Company's agent for service of process in the State of Delaware shall be c/o The Prentice-Hall Corporation System, Inc., 32 Loockerman Square, Suite L100, Dover, County of Kent, Delaware. The name of the registered agent for service of process on the Company is The Prentice-Hall Corporation System, Inc. The Board may designate a different agent for service of process at any time, provided, however, that the Board shall give all of the Members written notice promptly following such change.

1.8 TITLE TO COMPANY PROPERTY. All property owned by the Company, whether real or personal, tangible or intangible, shall be owned by the Company as an entity, and no Member individually nor any other person, partnership, corporation or other entity shall have any ownership interest in such property.

1.9 DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings ascribed to them below. Capitalized terms defined in the Operating Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Operating Agreement.

(a) "ACT" shall mean the Delaware Limited Liability Company Act, 6 Del. Code Sections 18-101 ET SEQ.

(b) "AFFILIATES" shall mean Subsidiaries and Related Entities and with respect to VMI, Visa International Service Association. A "Subsidiary" shall mean a company in which on a class-by-class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by a party, but only so long as such ownership or control exists. For Visa and VMI, a "Related Entity" shall mean an entity (A) at least fifty percent (50%) of whose stock or other equity is owned collectively by Visa Members and that has the authority to process Visa payment transactions, but only so long as such ownership exists; (B) has an equity interest in Visa and is owned in whole collectively by Visa Members or financial institutions (E.G., national or regional group members); or (C) is exclusively managed by Visa or a national or group member of Visa for the purpose of processing Visa payment transactions, but only so long as such exclusive management exists. Notwithstanding anything to the contrary set forth above, however, Subsidiaries or Related Entities do not include any individual Visa Member, bank or like financial institution. Visa Affiliates include, for example, without limitation, Visa USA, Inc., Vital, Inc., Plus and Interlink.

(c) "AGREEMENT" shall mean this Limited Liability Company Agreement, as the same may be amended from time to time (including by the addition of Counterparts).

(d) "APPROVAL" shall mean consent by the Members to an action by the affirmative vote of Members holding a majority of the Percentage Interests in the Company entitled to vote with respect to such matter, or such other Percentage Interests as may be expressly stated herein, which vote may be obtained either at a meeting of Members duly noticed (to the address of each Member shown on the Company's records at least ten (10) days prior to the date set forth in such notice) or by a written consent executed and delivered by such Members; provided, however, that if Approval is obtained by written consent, the Company must send written notice of the action so taken to each non-consenting Member within three (3) days after the taking of such action. The failure of the Company to provide such written notice to the non-consenting Members shall not invalidate the action so taken so long as such failure was inadvertent.

(e) "BANKRUPTCY" shall mean with respect to any person, being the subject of an order for relief under Title 11 of the United States Code, or any successor statute in any foreign jurisdiction having like import or effect, or that such person shall have made an assignment for the benefit of its creditors generally or a receiver shall have been appointed for substantially all of the property and assets of such person.

(f) "BOARD" shall mean the Board of Managers of the Company, designated in accordance with Section 3.1.

(g) "BOOK VALUE" shall mean, as of any particular date, the value at which the Company's assets are properly reflected on the books of the Company as of such date in accordance with the provisions of Treasury Regulations Section 1.704-1(b). The Book Values of all Company assets shall, if the Board in its sole discretion deems it appropriate, be adjusted to equal their respective gross fair market values, as determined by the Board, at the times specified in those regulations.

(h) "CAPITAL ACCOUNT" shall mean the individual capital account of a Member maintained in accordance with Section 2.5 hereof.

(i) "CAPITAL CONTRIBUTION" shall have the meaning set forth in Section 2.2 hereof.

(j) "CERTIFICATE" shall have the meaning set forth in Section 1.3 hereof.

(k) "CODE" shall mean the Internal Revenue Code of 1986, as amended.

(l) "COMPANY" shall mean Yahoo! MarketPlace, L.L.C., a Delaware limited liability company organized pursuant to this Agreement.

(m) "COMPETITOR" shall mean, with respect to any party to this Agreement, an entity that would reasonably be determined to be involved in any substantial way in a business that is directly competitive in any territory with the primary business of such party, whether directly or indirectly, including (without limitation) as a partner, joint venturer or owner of more than ten (10%) of the voting power of such competitive entity.

(n) "COUNTERPART" shall mean an additional document executed and delivered by (i) any new Member admitted to membership in the Company after the original date of this Agreement, and (ii) such existing Members having the right under this Agreement to approve the admission of such new Member, which document shall set forth the new Member's Percentage Interest, the resulting Percentage Interests of all other Members, and any other terms and conditions as shall apply to such Members membership in the Company. Each Counterpart shall be attached to, and shall become part of, this Agreement.

(o) "DISTRIBUTABLE CASH" shall mean, with respect to each fiscal year of the Company, the Company's cash flow from operations for such fiscal year, as reflected in financial statements audited by the Company's independent public accountants, after providing for reserves that are determined by the Board to be required to fund ongoing development, marketing, operations and capital expenditures of the Company in accordance with the Operating Plan, and after deducting any amounts determined by the Board to be subject to any contingency.

(p) "FOUNDERS" shall mean, collectively, Yahoo and each member of the Visa Group.

(q) "MANAGEMENT POOL" shall mean the Percentage Interest granted to executives of the Company by the Board as non-cash compensation, which in no event shall exceed cumulatively and in the aggregate eight percent (8%) of the Percentage Interests outstanding on the date of the first grant of Percentage Interests to executives of the Company pursuant to Section 7.3 hereof. The creation of the Management Pool shall reduce the respective Percentage Interests of each of the Visa Group and Yahoo in equal amounts. For example, if the full eight percent (8%) of the then outstanding Percentage Interests is granted to executives of the Company, each of Yahoo's and the Visa Group's respective Percentage Interest shall be reduced by four percent (4%).

(r) "MANAGER" shall mean a person appointed to the Board of Managers in accordance with Section 3.1.

(s) "MEMBER" shall mean Yahoo, each member of the Visa Group and each other person admitted to membership in the Company whose names, Capital Contributions and Percentage Interests are set forth on SCHEDULE 1 hereto and all Counterparts.

(t) "OPERATING AGREEMENT" shall mean that certain Operating Agreement dated as of even date herewith between the Company, Yahoo and Visa.

(u) "OPERATING PLAN" shall mean the Operating Plan for the Company which has been approved by the Board as the same may be amended from time to time as set forth herein, which Operating Plan shall be updated no less frequently than once each calendar year.

(v) "PERCENTAGE INTEREST" shall have the meaning set forth in Section 2.1 hereof.

(w) "PROFIT" OR "LOSS" shall mean for each taxable year, the Company's taxable income or taxable loss for such taxable year, as determined under Section 703(a) of the Code and Section 1.703-1 of the Treasury Regulations (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or taxable loss), but with the following adjustments: (i) any tax-exempt income or Company expenditures described in Section 705(a)(2)(B) of the Code shall be taken into account in computing such taxable income or taxable loss; (ii) any item of income or gain required to be allocated specially to a Member under Section 6.2 hereof shall not be taken into account in computing such taxable income or taxable loss; and (iii) in lieu of the depreciation, amortization, gain or loss taken into account in computing such taxable income or loss, the Company shall compute such items based on the Book Value of Company property rather than its tax basis, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3).

(x) "TAX DISTRIBUTIONS" shall mean an amount equal to (a) the combined effective federal and California maximum corporate income tax rates in effect for such fiscal year (taking into account the deductibility of state taxes against federal taxable income, currently 41%), multiplied by (b) the amount by which the Company Profit (other than income and gain referred to in Section 6.6 hereof) allocated to such Member for such fiscal year exceeds the cumulative net Company Loss (if any) allocated to such Member since the inception of the Company.

(y) "TAX MATTERS PARTNER" has the meaning set forth in Section 5.6.

(z) "TREASURY REGULATIONS" shall mean the Income Tax Regulations issued by the Department of the Treasury.

(aa) "VISA" shall mean Visa International Service Association, a Delaware corporation.

(bb) "VISA GROUP" shall mean VMI, Sterling Payot Capital, L.P. and their permitted assignees.

(cc) "VISA OWNERSHIP PERIOD" shall mean the period commencing with the Effective Date and ending on the later to occur of (i) the date the Visa Group holds, in the aggregate, less than [REDACTED]* of all then outstanding Percentage Interests; or (ii) the date on which the Visa Brand Features are no longer used in the Service.

(dd) "VMI" shall mean Visa Marketplace, Inc., a Delaware corporation, a wholly-owned subsidiary of Visa.

* Confidential treatment requested. Omitted portion filed separately with the Commission.

ARTICLE II

CAPITAL CONTRIBUTIONS

2.1 PERCENTAGE ECONOMIC INTERESTS. Each Member shall have an undivided percentage economic interest in the Company, including, except as may otherwise be provided in Article VI hereof, each item of income, gain, loss, deduction, credit and distributions of the Company (a "Percentage Interest"), equal to the percentage set forth next to such Member's name on SCHEDULE 1 of this Agreement (or, after admission of new Members, on the most recently adopted Counterpart).

2.2 CAPITAL CONTRIBUTIONS.

(a) Upon execution of this Agreement, the Founders have contributed to the Company cash in the respective amounts set forth on SCHEDULE 1. The Founders have agreed at the time of such contribution their respective initial Capital Accounts (as defined below) were equal to the amount of such contributions, subject to adjustment upon the events described in this Agreement. The contributions made by the Founders under this Section 2.2, and the subsequent contributions of cash capital by Members to the Company under Section 2.4, are hereafter referred to as "Capital Contributions."

(b) In event that following the execution of this Agreement the Board from time to time determines that the Company requires additional funding (in light of the financial criteria set forth in the Operating Plan), the Members will, within ten (10) days following notice from the Company (which notice shall include a certified resolution of the Board approving such funding), make additional Capital Contributions in cash in the amount set forth in such notice, which shall be made in proportion to their Percentage Interest; provided that the aggregate additional Capital Contributions required by the Board shall not exceed two million dollars (\$2,000,000) from all Founders, unless a higher amount receives the unanimous approval of the Founders who hold any of the then outstanding Percentage Interest.

2.3 MEMBER ADVANCES. In addition to the Capital Contributions provided for under Section 2.2 and without limiting the provisions of Section 2.4, the Members may, if the Board in its discretion deems it appropriate, make cash advances in such amounts and upon such commercially reasonable repayment, interest and other terms as the Board and the Member providing such advance shall agree; provided, however, that during the Visa Ownership Period, such advances shall not be made without Visa's prior written consent. Any such cash advances shall be treated as loans to the Company rather than Capital Contributions and shall therefore not affect a Member's Capital Account.

2.4 ADDITIONAL CAPITAL CONTRIBUTIONS. The Board may admit additional Members and accept additional Capital Contributions from such additional Members or from existing Members from time to time and on such commercially reasonable terms as the Board deems appropriate;

provided, however, that during the Visa Ownership Period, the Board must obtain Visa's written consent prior to taking any such action unless (i) Visa has been notified of the material terms of the issuance of Percentage Interests in such transaction, and VMI and Sterling Payot Capital, L.P. have the right exercisable within twenty (20) days following such notice to purchase a portion of such new Percentage Interests (on the terms set forth in the notice) up to an amount sufficient for each of VMI and Sterling Payot Capital, L.P. respectively to maintain the amount of its total Percentage Interest immediately preceding such transaction, and (ii) if Yahoo or Yahoo's Affiliates are the only purchasers of such additional Percentage Interests, the material terms of such transaction have been determined in good faith by an independent third party appraiser or investment bank to be fair from a financial point of view to the Company and the Members (other than Yahoo). No Member shall be obligated to make any other Capital Contributions, and no Member shall make any such further Capital Contributions except as otherwise provided in this Article II.

2.5 CAPITAL ACCOUNTS.

(a) A separate capital account (a "Capital Account") shall be maintained for each Member strictly in accordance with the rules set forth in Treasury Regulations Section 1.704-1(b)(2)(iv). Subject to the preceding sentence, each Member's Capital Account shall be (i) increased by the amount of Capital Contributions made by such Member to the Company and allocations to such Member of Company Profits and other items of book income and gain; and (ii) decreased by the amount of money and fair market value of property (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code) distributed to it by the Company and allocations to such Member of Company Loss and other items of book loss and deductions; and (iii) otherwise adjusted in accordance with the additional rules set forth in Treasury Regulations Section 1.704-1(b)(2)(iv).

(b) In the event the Book Values of Company assets are adjusted pursuant to Treasury Regulations Section 1.704-1(b) and Section 1.9(g), the Capital Accounts of all Members shall be adjusted simultaneously to reflect the allocations of income, gain, loss or deduction that would be made to the Members if there were a taxable disposition of the Company's property for its fair market value. If any assets of the Company are to be distributed in kind, such assets shall be distributed on the basis of their fair market values after the Members' Capital Accounts have been adjusted to reflect the manner in which any unrealized income gain, loss or deduction with respect to such assets (that have not been reflected in the Capital Accounts previously) would be allocated between the Members if there were a taxable disposition of the property for its fair market value.

(c) If any interest in the Company is transferred in accordance with the provisions of this Agreement, the transferee Member shall succeed to that portion of the Capital Account of the transferring Member as relates to such transferred interest.

(d) It is the intent of the Company that the Capital Accounts of all Members be determined and maintained in accordance with the principles of Treasury Regulations

Section 1.704-1 at all times throughout the full term of the Company and the foregoing provisions of this Section 2.5 shall be interpreted in accordance with such intention.

2.6 RETURN OF CAPITAL; PARTITION. Except as otherwise provided herein, no Member shall have any right to (a) withdraw from the Company, (b) demand the return of all or any part of such Member's Capital Account during the term of the Company or (c) receive a return of such Member's Capital Account from any specific assets of the Company. Each Member irrevocably waives any right which such Member may have to cause a partition of all or any part of the Company's assets. No Member shall be entitled to receive any interest with respect to a Capital Contribution.

2.7 LIABILITY OF MEMBERS. Notwithstanding anything to the contrary herein contained, no Member shall be liable for any debts, expenses, liabilities or obligations of the Company except as otherwise agreed in writing by such Member or as provided by law.

ARTICLE III

MANAGEMENT OF COMPANY

3.1 BOARD OF MANAGERS.

(a) The Board shall consist of five (5) persons, or such higher number of persons determined by Approval of seventy five percent (75%) of all then outstanding Percentage Interests; provided, however, that during the Visa Ownership Period, the number of authorized members of the Board may not be increased without Visa's prior written consent. Each of the directors shall be appointed, and shall serve at the pleasure of, the holders of a majority in interest of all Percentage Interests; provided that, during the Visa Ownership Period, the members of the Board of Directors shall be determined as follows:

(i) Two (2) Managers shall be appointed by, and shall serve at the pleasure of, Yahoo;

(ii) Two (2) Managers shall be appointed by Visa and shall serve at the pleasure of Visa; provided that each director appointed by Visa shall be a full-time employee of Visa; and

(iii) One (1) Manager shall be appointed by, and shall serve at the pleasure of, Yahoo, subject to the approval of Visa, which approval shall not be unreasonably withheld.

(b) Board actions shall be valid only if made (i) at a meeting held in person or by conference telephone upon at least three (3) business days' prior notice (by telephone, courier or electronic mail confirmed by courier), at which at least a majority of all Managers (including any temporary alternate for a Manager who is reasonably acceptable to a majority of the remaining Managers) then in office are present and a majority of those Managers present at the meeting approve the Board action; or (ii) by a writing signed by at least four (4) Managers

(including during the Visa Ownership Period at least one (1) Manager appointed by Visa, if at such time Visa has an appointee on the Board). Such actions, when evidenced in a writing certified by any person appointed to serve as Secretary or Chairman of the Board of the Company may be relied upon by third parties for all purposes in respect of their dealings with the Company.

After the Visa Ownership Period and thereafter so long as Visa or any of its Affiliates shall own any of the total outstanding Percentage Interests, Visa shall be entitled to appoint one (1) Manager, to serve at the pleasure of Visa.

3.2 CONTROL BY BOARD. Subject to the provisions of Section 3.3, and except as may be otherwise expressly stated in this Agreement, the Board shall have full and exclusive responsibility and authority for the management, supervision and conduct of the business and affairs of the Company and the Board is hereby granted the right, power and authority to do on behalf of the Company all things determined thereby to be necessary or desirable to carry out such duties and responsibilities, including (without limitation) the right, power and authority from time to time to do the following:

(a) to borrow money in the name and on behalf of the Company, and to secure any such loans by a mortgage, pledge or other encumbrance upon any assets of the Company;

(b) to cause to be paid all amounts due and payable by the Company to any person or entity;

(c) to employ such agents, employees, managers, accountants, attorneys, consultants and other persons necessary or appropriate to carry out the business and affairs of the Company, to delegate by express Board action any powers of the Board enumerated herein (subject to the provisions of Section 3.3), and to pay to such persons such fees, expenses, salaries, wages and other compensation as it shall in its sole discretion determine;

(d) to pay, extend, renew, modify, adjust, subject to arbitration, prosecute, defend or compromise, upon such terms as it may determine and upon such evidence as it may deem sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the Company;

(e) to pay any and all fees and to make any and all expenditures which it deems necessary or appropriate in connection with the organization of the Company, the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement;

(f) to the extent that funds of the Company are, in the Board's judgment, not immediately required for the conduct of the Company's business, temporarily to deposit the excess funds in such bank account or accounts, or invest such funds in such interest-bearing taxable or nontaxable investments, as the Board shall deem appropriate;

(g) to acquire, prosecute, maintain, protect and defend or cause to be protected and defended all patents, patent rights, trade names, trademarks, copyrights and service marks, all applications with respect thereto and all proprietary information which may be held by the Company;

(h) to enter into, execute, acknowledge and deliver any and all contracts, agreements or other instruments necessary or appropriate to carry on the business of the Company as set forth herein;

(i) to acquire interests in such other entities as the Board may deem appropriate to conduct the planned business activities of the Company on such terms as the Board deems in the Company's interests;

(j) to cause to be paid any and all taxes, charges and assessments that may be levied, assessed or imposed upon any of the assets of the Company, unless the same are contested by the Company;

(k) to make all elections and decisions of a tax and accounting nature required or permitted on behalf of the Company, including without limitation the election provided for by Section 754 of the Code; and

(l) to exercise all other powers conferred by the Act or other applicable law on, or not prohibited to, a "Manager" of the Company from time to time (as such term is defined in the Act).

3.3 SPECIAL ACTIONS. During the Visa Ownership Period, the following actions by the Company shall require approval of at least eighty percent (80%) of the then number of authorized Managers and the prior written consent of Visa:

(a) appointment of the Chief Executive Officer of the Company (or any other officer of the Company exercising such authority);

(b) any sale or transfer of all or substantially all of the Company's assets to any third party;

(c) any withdrawal of any Member involving the distribution with respect to such Member's Capital Account;

(d) any dissolution or winding up of the Company;

(e) any merger of the Company with another entity (other than in connection with any roll-up or similar transaction in which the substantive economic rights of the Members are not materially adversely affected and all Members are affected in the same manner);

(f) any amendment or revision to the Operating Plan including, without limitation, any annual update of the Operating Plan; or

(g) any amendment to this Agreement in accordance with Section 12.8.

Without limiting the foregoing, following the Visa Ownership Period and thereafter so long as Visa or any of its Affiliates shall own any of the total outstanding Percentage Interests, the actions described in (b), (d), (e), (f) and (g) shall require the prior written consent of Visa; if such action would adversely affect Visa in any manner materially differently than the other Members.

3.4 EXTENT OF MANAGER'S OBLIGATIONS. Each Manager shall devote such time and attention to the activities of the Company as are reasonably necessary and appropriate to carry out the Manager's duties hereunder. It is expressly acknowledged and understood that the Managers may also devote time to the affairs of other entities and to other business activities.

3.5 STANDARD OF CARE; INDEMNIFICATION. No Manager shall be liable, in damages or otherwise, to the Company or to any of the Members for any act or omission performed or omitted by such Manager pursuant to the authority granted by this Agreement, except if such act or omission results from gross negligence, willful misconduct or bad faith. The Company shall save, indemnify, defend and hold harmless each Manager to the fullest extent permitted by the Act, including without limitation, from and against any and all claims or liabilities of any nature whatsoever, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with any action taken or omitted by such Manager pursuant to the authority granted by this Agreement, except where attributable to the gross negligence, willful misconduct or bad faith of such Manager or such Manager's agents. Each Manager shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any act or omission of such Manager in reliance on such advice shall in no event subject such Manager to liability to the Company or any Member. Each Member expressly acknowledges and agrees that other Members (and Managers who may be related to such Members) may engage in activities competitive with those of the Company, and may pursue business opportunities that may also be available to the Company; and except as otherwise provided herein or in the Operating Agreement or any other agreement among Members, and except for any liability relating to the misuse or improper disclosure of the Company confidential or proprietary information, no Member shall have any liability as a fiduciary or otherwise in connection with the pursuit of such activities.

3.6 COMPENSATION OF MANAGERS. The Managers shall receive no other compensation for services to the Company apart from such reimbursement and rights with respect to Company distributions and allocations of Profits and Losses as set forth in Article VI.

ARTICLE IV

RIGHTS OF MEMBERS

4.1 NO AUTHORITY TO MANAGE. It is expressly understood that no Member, in such Member's capacity as such, other than the Managers, shall take part in the management or control of the business, transact any business for the Company, have the right to vote on any Company matter, or have the power to sign for or bind the Company to any agreement or

document. Notwithstanding the foregoing, Members may participate in the management of the Company if and to the extent so contemplated by the terms of any employment relationship with the Company.

4.2 APPROVAL RIGHTS OF MEMBERS. Notwithstanding Section 4.1 or Article III of this Agreement, the Managers shall not amend the Certificate in any manner that, if contained in an amendment to this Agreement or an action described in Section 3.3, would require the Approval of Members or the separate approval of Visa without first obtaining such approval. Except as provided in this Section 4.2 or as may be otherwise expressly provided under this Agreement or the Act, the Members shall not have the right to approve any other actions or decisions of the Manager with respect to matters relating to the Company.

4.3 RECORDS OF THE COMPANY. The Company shall make available for inspection at its principal place of business, upon reasonable request for purposes reasonably related to the interest of a person as a Member, any of the following records of the Company: (a) a current list of the full name, last known business or residence address, Capital Contribution and Percentage Interests owned by each Member; and (b) such other books and records as may be required to be provided to the Members pursuant to the Act or other applicable law. The Members acknowledge that the records of the Company constitute valuable trade secrets, and any information or records so obtained or copied shall be kept and maintained in strictest confidence and shall in no event be disclosed to any other parties without the written consent of the Company.

ARTICLE V

ACCOUNTING, RECORDS, REPORTS AND MEETINGS

5.1 BOOKS OF ACCOUNTS AND RECORDS. The Company's books and records and the Certificate shall be maintained at the principal office of the Company and the Members and their designated representatives shall each have access thereto at all reasonable times to the extent set forth in Section 4.3. The books and records shall be kept in accordance with generally accepted accounting principles applied in a consistent manner by the Company and shall reflect all transactions and be appropriate and adequate for the business of the Company.

5.2 FINANCIAL STATEMENTS AND REPORTS. The Company will provide to the Members financial statements of the Company annually, which shall be audited by independent auditors of national standing (which may also be the independent auditors to any Member). The Company also will provide within ninety (90) days after the end of each fiscal year of the Company a copy of the Company's federal, state and local income tax or information returns for such fiscal year and any other information reasonably necessary for the preparation of the Members' federal and state income tax returns.

5.3 BANK ACCOUNT. Company moneys shall be deposited in the name of the Company in one or more financial institutions to be designated by the Board and may be withdrawn on the signatures of such officers of the Company as the Board may designate from time to time.

5.4 FISCAL YEAR. The fiscal year of the Company shall be from January 1 to December 31, or such other period as may be required by law or determined by the Board.

5.5 TAX ELECTIONS. The Board, in its sole discretion, shall determine the Company's accounting methods and conventions under the tax laws of the United States, the several states and other relevant jurisdictions as to the treatment of income, gain, loss, deduction and credit of the Company or any other method or procedure related to the preparation of such tax returns. The Board, in its sole discretion, may cause the Company to make or refrain from making any and all elections permitted by such tax laws (including, without limitation, an election under Section 754 of the Code).

5.6 TAX MATTERS PARTNER. Pursuant to Section 6231(a)(7)(A) of the Code, the Members hereby designate Yahoo as the Company's "Tax Matters Partner." As such, for any fiscal year in which the Company is subject to the provisions of Section 6221, et seq. of the Code, Yahoo is authorized, at the expense of the Company, to represent the Company and each Member in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend the funds of the Company for professional services and costs in connection therewith. The other Members hereby agree to cooperate with the Manager and to do or refrain from doing any and all acts reasonably required by the Manager in connection with any such proceedings. Yahoo will at all times act in accordance with the direction of the Board with respect to decisions to be made by the Tax Matters Partner.

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

6.1 ALLOCATIONS OF COMPANY PROFITS AND LOSSES. Company Profits and Losses for each fiscal year shall be allocated in proportion to the Members' Percentage Interests.

6.2 SPECIAL ALLOCATIONS.

(a) If the Company ever has "partnership minimum gain" or "partner minimum gain" (as defined by Treasury Regulations Section 1.704-2), then the rules of such Regulations regarding allocation and chargebacks of such items shall apply.

(b) All deductions, losses, and Code Section 705(a)(2)(B) expenditures of the Company, as the case may be, that are treated under Treasury Regulations Section 1.704-2(b) as attributable to "partner nonrecourse debt" of the Company shall be allocated to the Members bearing the risk of loss with respect to such liabilities in accordance with such Treasury Regulations.

(c) If any Member unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which creates or increases a deficit in such Member's Capital Account in excess of such Member's share of partnership minimum gain and partner minimum gain (as determined under Treasury

Regulations Section 1.704-2), if any, such Member shall be allocated items of book income and gain in an amount and manner sufficient to eliminate or to reduce, as quickly as possible, such deficit. For purposes of this Section 6.2(c), Capital Accounts shall be adjusted hypothetically as provided for in Treasury Regulations Section 1.704-(b)(2)(ii)(d). The Members intend that the provision set forth in this Section 6.2(c) shall constitute a "qualified income offset" as described in such section of the Treasury Regulations and this Section 6.2(c) shall be interpreted consistent with such intention.

6.3 TIME OF ALLOCATIONS. The Profit, Loss and other items of the Company for each fiscal year shall be allocated to the Members' Capital Accounts at the end of such fiscal year in accordance with the provisions of Sections 6.1 and 6.2.

6.4 DISTRIBUTIONS.

(a) Tax Distributions shall be distributed to each Member within ninety (90) days after the end of each fiscal year. Tax Distributions to each Member under this subsection (a) shall be credited against and shall reduce by a corresponding amount the next distributions to which such Partner otherwise would be entitled under subsection (b) and subsection (c) of this Section 6.4.

(b) To the extent that, after giving effect to Section 6.4(a), the Company has additional Distributable Cash for any fiscal year commencing with the fiscal year ending December 31, 1996, such Distributable Cash will be distributed to the Members in proportion to their respective Percentage Interests within ninety (90) days following the end of such fiscal year.

(c) Without limiting Section 6.4(a) or Section 6.4(b), the Board, in its discretion, may, but shall not be obligated to, cause the Company to distribute such other amounts, whether in cash or in kind, as the Board may from time to time deem advisable. Distributions made pursuant to this Section 6.4(c) shall be made to the Members in proportion to their Percentage Interests at the time of such distribution.

(d) The Company shall withhold all such amounts as may be required by law and any amounts so withheld shall be deemed to have been distributed under this Section 6.4 to the Member with respect to whom such withholding obligation arose and, to the extent such amounts exceed the amount such Member would have otherwise received, shall be counted towards and reduce by a corresponding amount, future distributions to such Member. If any sums are withheld with respect to a Member, the Company shall remit the sums so withheld to and file the required forms with the Internal Revenue Service or other applicable government agency, and in the event of any claimed over-withholding, the Member shall be limited to an action against such government agency for refund and hereby waives any claim or right of action against the Company on account of such withholding.

(e) Notwithstanding any other provision herein, no distribution shall be made to the Members which would render the Company insolvent.

6.5 TAX RETURN. The Company shall, within ninety (90) days after the end of each calendar year, file a federal income tax information return and transmit to each Member a copy of such return and a schedule (Schedule K-1 or successor schedule) showing such Member's distributive share of the Company's income, deductions and credits.

6.6 ALLOCATION OF CERTAIN TAX ITEMS. If any property of the Company is reflected in the Capital Accounts of the Members and on the books of the Company at a Book Value that differs from the adjusted tax basis of such property, then the tax items with respect to that property shall, in accordance with Treasury Regulations Section 1.704-1(b)(4)(i), be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of the applicable property and its Book Value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' share of tax items under Code Section 704(c).

6.7 ALLOCATION BETWEEN TRANSFEROR AND TRANSFEREE. The proportion of the income, gain, loss, deductions and credits of the Company for any fiscal year of the Company during which any Percentage Interest in the Company is transferred by a Member to another party pursuant to the terms hereof that is allocable in respect of such Percentage Interest shall be apportioned between the transferor and the transferee of the Percentage Interest on the basis of the number of days during such fiscal year that each is the owner thereof, without regard to (a) the results of the Company's operations before or after the effective date of the transfer, or (b) any distributions made to the Members before or after the date of the transfer.

6.8 TAX ALLOCATIONS BINDING. The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company allocations for income tax purposes.

ARTICLE VII

TRANSFER OF INTERESTS

7.1 LIMITATIONS ON TRANSFERS. No Percentage Interest shall be assigned or transferred by any Member, directly or indirectly, except as follows:

(a) The members of the Visa Group may assign or transfer all or part of their respective Percentage Interests only so long as (i) such transfer shall be approved in advance by the holders of a majority of the outstanding Percentage Interest (other than the member of the Visa Group desiring to transfer its Percentage Interest) (which approval may be granted or withheld in such approving Members' sole discretion and shall not be required for any party that is a member of the Visa Group or an Affiliate of Visa or an Affiliate of a member of the Visa Group so long as such transferring Member remains liable for its obligations hereunder); (ii) in no event shall Visa and its Affiliates at any time own less than fifty percent (50%) of the Percentage Interests owned by all members of the Visa Group; and (iii) such party shall assume in writing all obligations of the transferring party under this Agreement and under the Operating Agreement.

(b) Yahoo may assign or transfer all or part of its Percentage Interest only so long as (i) such transfer, shall be approved in advance by the holders of a majority of the outstanding Percentage Interests (other than Yahoo) (which approval may be granted or withheld in such Members' sole discretion and shall not be required for any party that is an Affiliate of Yahoo so long as Yahoo remains liable for its obligations hereunder); and (ii) such party shall assume in writing all obligations of Yahoo under this Agreement and under the Operating Agreement.

(c) Any Member other than Yahoo or the members of the Visa Group may transfer or assign all or part of their respective Percentage Interest only so long as (i) any party to which such interest shall be assigned or transferred shall not be a Competitor to the Company, Yahoo or Visa; (ii) such transfer shall be approved in advance by the Board (which approval may be granted or withheld in the Board's sole discretion); and (iii) such party shall assume in writing all obligations of the transferring party under this Agreement.

(d) Except as expressly set forth in the Operating Agreement, no assignment or transfer of any Percentage Interest shall affect any of the assigning or transferring party's obligations under the Operating Agreement (which cannot be assigned without the written consent of the other parties to the Operating Agreement).

7.2 RIGHTS OF FIRST REFUSAL. Without limiting the provisions of Section 7.1:

(a) In the event of a contemplated assignment or transfer by any member of the Visa Group to a party that is not a member of the Visa Group or an Affiliate of Visa or an Affiliate of a member of the Visa Group, the party proposing such transfer shall provide Yahoo with notice of such proposed transfer, which notice shall include a description of all terms of such transfer (including the amount to be transferred, the price to be paid and the date of the proposed transfer), and the name, address and telephone number of the proposed transferee. Yahoo shall have the right, exercisable by notice within thirty (30) days following receipt of such notice, to purchase all or part of the Percentage Interest to be transferred upon the terms and conditions set forth in the notice. In the event that Yahoo does not elect to purchase all or part of such Percentage Interest, the transferring party shall be entitled to complete such transaction (on terms no more favorable to the transferee in any respect) within thirty (30) days following the end of such thirty (30) day period (and any transfer proposed thereafter shall again comply with the foregoing notice and right of first refusal provisions). Yahoo's right of first refusal may be assigned by Yahoo to any Affiliate of Yahoo.

(b) In the event of and contemplated assignment or transfer by Yahoo to a party that is not an Affiliate of Yahoo, the party proposing such transfer shall provide the Visa Group with notice of such proposed transfer, which notice shall include a description of all terms of such transfer (including the amount to be transferred, the price to be paid and the date of the proposed transfer), and the name, address and telephone number of the proposed transferee. The Visa Group shall have the right, exercisable by notice within thirty (30) days following receipt of such notice, to purchase all or part of the Percentage Interest to be transferred upon the terms and conditions set forth in the notice. In the event that the Visa Group does not elect to purchase all

or part of such Percentage Interest, the transferring party shall be entitled to complete such transaction (on terms no more favorable to the transferee in any respect) within thirty (30) days following the end of such thirty (30) day period (and any transfer proposed thereafter shall again comply with the foregoing notice and right of first refusal provisions). The Visa Group's right of first refusal may be assigned to any Affiliate of Visa or any Affiliate of a member of the Visa Group. The Visa Group shall be entitled to allocate the Percentage Interest subject to the right of first refusal among the members of the Visa Group at the Visa Group's discretion; provided that in the absence of any other agreement the Percentage Interests subject to the right of first refusal shall be allocated pro rata based upon the total Percentage Interest held by all members of the Visa Group.

7.3 MANAGEMENT POOL. Notwithstanding anything to the contrary in this Agreement, the Board, without the consent or approval of any Member, may admit as Members executives of the Company and grant to them portions of the Management Pool on such terms and conditions as the Board deems appropriate. The allocation of the Management Pool among the executives of the Company shall be subject to the approval of the Board.

7.4 SPECIAL BUY-OUT RIGHTS OF YAHOO.

(a) Yahoo shall have two options, exercisable in Yahoo's sole discretion, to purchase Percentage Interests from the Visa Group. The first option ("First Option") shall be exercisable by Yahoo in the period starting on the first anniversary of the Effective Date and ending twelve (12) months thereafter. The second option ("Second Option") shall be exercisable by Yahoo during the period starting on the first anniversary of the Effective Date and ending twenty-four (24) months thereafter. If Yahoo elects to exercise either option, (i) it must do so within the appropriate period or such option shall terminate and be of no further force and effect and (ii) it may exercise each option only once for the amounts listed below.

(b) The First Option shall be exercised at a price of [REDACTED]* and shall entitle Yahoo to purchase from the Visa Group [REDACTED]* of the then outstanding Percentage Interests.

(c) The Second Option shall be exercised at a price of [REDACTED]* and shall entitle Yahoo to purchase from the Visa Group [REDACTED]* of the then outstanding Percentage Interest.

(d) The First Option and the Second Option shall be reduced proportionately for any reduction in the Visa Group's Percentage Interests below [REDACTED]* of all then outstanding Percentage Interests that occurs at any time prior to the second anniversary of the Effective Date except that the First Option and the Second Option shall not be reduced for any reduction in the Visa Group's Percentage Interests that is a result of (i) the creation of the Management Pool (such reduction in the Visa Group's interest shall not be greater than four percent (4%) of all then outstanding Percentage Interests) and (ii) the exercise by Yahoo of any purchase rights granted in this Section 7.4. Any such reduction in the First Option and/or the Second Option shall be applied equally to the First Option and to the Second Option.

* Confidential treatment requested. Omitted portion filed separately with the Commission.

(e) Notwithstanding anything to the contrary contained herein, in no event shall the exercise of the First Option or the Second Option result in the Visa Group owning less than [REDACTED]* of the then outstanding Percentage Interests. In such event the First Option and/or the Second Option shall be reduced so that after exercise of the option(s) the Visa Group shall own at least [REDACTED]* of the then outstanding Percentage Interests. Any reduction in the First Option or the Second Option required by this Section 7.4(e) shall be applied equally to the First Option and the Second Option. No such reduction shall affect any prior exercise of the First Option or the Second Option.

(f) Yahoo's purchase rights under this Section 7.4 may be assigned in part by Yahoo to one or more third party investors none of which is a Competitor of the Company or Visa; provided, however, that (i) Yahoo may only assign rights to purchase Percentage Interest from the Visa Group that represent cumulatively and in the aggregate less than a majority of the Percentage Interests subject to such purchase rights and (ii) Yahoo may not assign any of its non-economic rights set forth in this Agreement or the Operating Agreement, including, without limitation, its rights to appoint Managers to the Board or any of its rights of consent, approval or disapproval.

(g) Yahoo shall exercise its purchase rights hereunder through written notice within the time periods specified above to the member of the Visa Group then holding the greatest Percentage Interest, and the Visa Group shall be entitled to allocate the Percentage Interests to be purchased in the Visa Group's discretion; provided that, in the absence of any other agreement, the Percentage Interests to be purchased shall be allocated pro rata based upon the total Percentage Interests held by all members of the Visa Group. The date the Visa Group receives the written notice of Yahoo's election to purchase a portion of the Visa Group's Percentage Interest shall be the "Notice Date." Yahoo shall be deemed to have exercised any purchase right granted in this Section 7.4 on the Notice Date related to such purchase right. Any purchase by Yahoo under this Section 7.4 shall be completed within thirty (30) days following the Notice Date; provided that such period shall be extended to the extent required by applicable law (including, without limitation, any delay required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976). The purchase price for Percentage Interests purchased may be paid by Yahoo either in cash, shares of Yahoo Common Stock, or a combination of both, as determined in Yahoo's sole discretion; provided that any shares of Yahoo Common Stock shall be registered under the Securities Act of 1933 (and qualified or exempt under any applicable state blue sky authorities) in a manner permitting public resale no later than ninety (90) days following the closing of the purchase of Percentage Interests. The value of any shares of Yahoo Common Stock for these purposes will be determined based upon the average closing price of such shares on the NASDAQ Stock Market (or such other principal exchange or trading system upon which such shares are traded or sale prices are quoted) for the thirty (30) trading days preceding the closing of the purchase of Percentage Interests. In the event that any shares issued by Yahoo in such transaction shall not be registered for resale at the time of issuance, the total value of the shares issued in such transaction (based upon the closing price on the second (2nd) trading date preceding effectiveness of the registration statement) shall be at least equal to the

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purchase price provided herein, or Yahoo will issue sufficient additional registered shares or pay the difference in cash.

ARTICLE VIII

DEATH, INCOMPETENCE OR DISSOLUTION OF A MEMBER

8.1 EFFECT ON COMPANY. The death, incompetence, dissolution or Bankruptcy of a Member shall not entitle any Member to a return of capital other than to the extent such Member normally would be entitled to a distribution under the provisions of this Agreement. Such event shall not cause a dissolution of the Company except as otherwise provided in Section 10.1.

8.2 RIGHTS OF PERSONAL REPRESENTATIVE. On the death, incompetence, dissolution or Bankruptcy of a Member his or her personal representative, executor, administrator, guardian or conservator shall have all the rights of a Member for the purpose of settling such Member's estate, or administering such Member's property, including the power of assignment.

ARTICLE IX

WITHDRAWAL

9.1 WITHDRAWAL OF MEMBERS.

(a) No Member may withdraw from the Company and receive a distribution with respect to such Member's Capital Account unless such withdrawal has received the Approval of Members holding a majority of all Percentage Interest (disregarding for such purpose the Percentage Interest of the withdrawing Member) and the Board as provided in Section 3.3 hereof.

(b) In the event of a withdrawal permitted hereunder, the Percentage Interest in the Company of such Member shall terminate as of such date and, subject to the provisions hereof, the former Member's Capital Account (together with such Member's allocable share of Company Profits or less such Member's allocable share of Company Losses through the date of effectiveness of such withdrawal) shall be paid, subject to the provisions of this Agreement, in cash or in kind, to such former Member within thirty (30) days after the effective date of withdrawal.

ARTICLE X

DISSOLUTION, MERGER AND LIQUIDATION

10.1 EVENTS OF DISSOLUTION. Upon the determination of the Board, as provided in Section 3.3 hereof (without any requirement of Approval by the other Members), the Company will be dissolved and the assets shall either be liquidated forthwith or the property shall be distributed in kind to the Members after payment of the debts of the Company as determined by agreement of the Members. The Company shall also dissolve upon the death, incompetence,

Bankruptcy, retirement, resignation or expulsion of any Member unless Approval is provided by the remaining Members within ninety (90) days after such event to continue the Company.

10.2 MERGER. The Company shall be merged with another entity under applicable provisions of the Act if (and on such terms as) the Board in its sole discretion deems appropriate (subject to the provisions of Section 3.3 hereof).

10.3 LIQUIDATION PROCEEDS. In settling accounts after liquidation, the moneys of the Company shall be applied in the following manner:

(a) The liabilities of the Company to creditors, including Members who are creditors to the extent permitted by law, shall be paid or otherwise adequately provided for except for liabilities of the Company for distributions to Members.

(b) The remaining assets shall be distributed to the Members in accordance with their positive Capital Account balances. If any assets are to be distributed in kind, each Member's Capital Account shall first be adjusted to reflect the Profits or Losses that would have been allocated to such Member if such assets had been sold for cash at their fair market value at the time of the distribution.

(c) In the event that any Member withdraws from the Company in accordance with the provisions of this Agreement, such Member shall be distributed an amount equal to such Member's Capital Account balance as of the date of such withdrawal (taking into account all adjustments to such Capital Account through the date of such withdrawal).

ARTICLE XI

CERTAIN SECURITIES RELATED MATTERS

11.1 INVESTMENT INTENT. Each Member hereby represents and warrants to the Company and to the other Members that such Member's Percentage Interest will be acquired for such Member's own account, for investment, and not with a view to or for sale in connection with any distribution thereof, nor with any present intention of reselling or distributing such Percentage Interest. Each Member fully understands that the Company is relying upon the truth and accuracy of the foregoing representations, and the representations that follow, to establish exemptions from registration under the Securities Act of 1933 (the "Securities Act"), and from registration or qualification under the California Corporate Securities Law of 1986 and other applicable securities laws (the "Laws").

11.2 ABSENCE OF REGISTRATION. Each Member also hereby represents that such Member understands that such Member must bear the economic risk of such Member's investment in the Company for an indefinite period of time because such Percentage Interest has not been registered under the Securities Act or registered/qualified under the Laws and therefore cannot be sold unless they are subsequently so registered and qualified or exemptions from such registration and qualification are available, and the Company is under no obligation to so register

or qualify any Percentage Interest or to comply with any exemption and has no current intention of so doing.

11.3 RESTRICTED SECURITIES; ABSENCE OF TRADING MARKET. Each Member further hereby represents that such member understands that (a) such member's Percentage Interest constitute "restricted securities" under the Securities Act and that Rule 144 promulgated under the Securities Act is not now available with respect to the transfer of such Member's Percentage Interest and that there is no present likelihood that it will be available in the future, (b) that there is no public market for such Percentage Interest and there is no present likelihood that any such market will develop, and (c) the Company is newly formed and has no earnings or operating history.

11.4 PREEXISTING RELATIONSHIP; INVESTMENT EXPERIENCE. Each Member represents and warrants (a) that such Member has a preexisting personal or business relationship with Yahoo and/or Visa and/or other members of the Visa Group, as the case may be, such that such Member is aware of the character, business acumen and general business and financial circumstances of such parties, or (b) that either alone or with a purchaser representative, such Member can bear the economic risk of the investment in the Company and has such knowledge and experience in financial or business matters that such Member is capable of evaluating the merits and risks of an investment in the Company.

11.5 RESIDENCE. Each Member represents that such Member's principal residence (or the location of such Member's executive office in the case of a Member which is an entity) is located in the state of California.

11.6 ECONOMIC RISK. Each Member hereby represents that such Member has adequate net worth and means for providing for such Member's current needs and personal contingencies to sustain a complete loss of such Member's investment, is able to bear such a loss, and that such Member has no need of liquidity of such Member's investment.

11.7 RESALE. Each Member hereby represents such Member's awareness that such Member's rights to transfer such Member's Percentage Interest will be restricted by the Securities Act, the Laws, and this Agreement; that any certificates or other documents evidencing such Member's Percentage Interest may bear the legends relating to those restrictions which are set forth herein; and that corresponding notations will be made by the Company in its appropriate records.

11.8 CORPORATE POWER. Each Member hereby represents that it has all requisite corporate power and authority to execute and deliver this Agreement and the Operating Agreement.

11.9 AUTHORIZATION. Each Member hereby represents that all corporate action on the part of such Member and its officers, directors and stockholders, necessary for the authorization, execution and delivery of this Agreement and the Operating Agreement, the performance of all obligations of such Member hereunder and thereunder has been taken and this Agreement and the Operating Agreement constitute valid and legally binding obligations of such Member,

enforceable in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

11.10 CONSENTS. Each Member hereby represents that no consent, approval, qualification, order or authorization of, or filing with, any local, state or federal governmental authority or other third party is required on the part of such Member in connection with such Member's valid execution, delivery or performance of this Agreement and the Operating Agreement.

11.11 COMPLIANCE WITH OTHER INSTRUMENTS. Each Member hereby represents that the execution, delivery and performance by such Member of this Agreement and the Operating Agreement, and the consummation of the transactions contemplated hereby and thereby will not result in any violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either (i) a material default under any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or (ii) an event that results in the creation of any material lien, charge or encumbrance upon any assets of such Member or the suspension, revocation, impairment, forfeiture or nonrenewal of any material permit, license, authorization or approval applicable to such Member, its business or operations, or any of its assets or properties.

ARTICLE XII

MISCELLANEOUS

12.1 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) transmitted by electronic mail via the Internet with receipt being acknowledged by the recipient by return electronic mail (with a copy of such transmission transmitted by postage prepaid registered or certified airmail, return receipt requested); (iv) transmitted by facsimile (with a copy of such transmission by postage paid prepaid registered or certified airmail, return receipt requested); or (v) deposited prepaid with a nationally recognized overnight courier service. Unless otherwise provided herein, all notices shall be deemed to have been duly given on: (a) the date of receipt (or if delivery is refused, the date of such refusal) if delivered personally, by electronic mail, facsimile or by courier; or (b) 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 on SCHEDULE 1 to this Agreement.

12.2 EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12.3 ASSIGNABILITY. Without limiting the restrictions upon assignment and transfer set forth herein, each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

12.4 GENDER AND NUMBER. Whenever required by the context hereof, the singular shall include the plural and the plural shall include the singular. The masculine gender shall include the feminine and neuter genders, and the neuter shall include the masculine and feminine.

12.5 CAPTIONS. Sections, titles or captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any of its provisions.

12.6 SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.7 INTEGRATION. This Agreement, together with the Operating Agreement and all Counterparts, contain the entire agreement of the parties with respect to the subject matter hereof, and supersedes all other agreements or understandings of any kind (including, without limitation, the Letter Agreement between Yahoo and Visa dated March 27, 1996).

12.8 AMENDMENTS.

(a) This Agreement may be amended by the Board (as provided in Section 3.3 hereof) without the consent of any Member for the purpose of adding provisions hereto or changing in any manner or eliminating any of the provisions hereof or of modifying in any manner the rights and obligations of the Members hereunder, in each case without the consent of any other Member. Notwithstanding the foregoing, any such amendment which materially and adversely affects any Member in a manner different from any other Member shall require the Approval of such materially and adversely affected Member.

(b) Each of the Members does hereby constitute and appoint the Secretary of the Company (as directed by the Board) as such Member's true and lawful representative and attorney-in-fact, in his name, place and stead to make, execute, sign and file, the Certificate and any amendments thereto in the office of the Secretary of State of the State of Delaware which may be required because of this Agreement or the making of any amendments or supplements thereto as provided in this Section 12.8 and to make, execute, sign and file this Agreement and all amendments thereto and all such other instruments, documents and certificates which, from time to time, in the opinion of the Company's legal counsel, may be required, by the laws of the United States of America, the State of Delaware or any other jurisdiction in which the Company shall determine to do business, or any political subdivision or agency thereof, or by this Agreement, or which such legal counsel may deem necessary or appropriate to effectuate, implement and continue the valid and subsisting existence and business of the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date first written above.

FOUNDERS:

Yahoo! Inc., a California corporation

By: /s/ Timothy Koogle

Title: President and CEO

Visa Marketplace, Inc., a Delaware corporation

By: /s/ Scott Randall

Title: President

Sterling Payot Capital, L.P., a California limited partnership

By: Sterling Payot Management, Inc., a Delaware corporation, its general partner

By: /s/ Robert Smelick

Robert Smelick, Managing Director

SCHEDULE 1

Member - - - - -	Initial Cash Contribution -----	Percentage Interest -----
Yahoo! Inc. 635 Vaqueros Avenue Sunnyvale, CA 94086 Attn: President Facsimile: (408) 328-3302 e-mail: tkoogleg@yahoo.com	\$ 550,000	55.0%

Copy to:

James L. Brock
 Venture Law Group
 2800 Sand Hill Road
 Menlo Park, CA 94025
 Facsimile: (415) 233-8386
 e-mail: jbrock@venlaw.com

Visa Marketplace, Inc. 900 Metro Center Boulevard Foster City, CA 94404 Attn: Legal Department Facsimile: (415) 432-2145 e-mail: konsta@ix.netcom.com	\$ 300,000	30.0%
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Copy to:

Mark Anderson
 Farella Braun & Martel
 235 Montgomery Street, 30th Floor
 San Francisco, CA 94104
 Facsimile: (415) 954-4480
 e-mail: andersom@fom.com

Sterling Payot Capital, L.P.
222 Sutter Street, 8th Floor
San Francisco, CA 94108
Facsimile: (415) 274-4545
e-mail: aversa@spcom.com

\$ 150,000 15.0%

\$1,000,000 100.0%

YAHOO! MARKETPLACE, L.L.C.

OPERATING AGREEMENT

This Operating Agreement (the "Agreement") is entered into as of August 26, 1996 (the "Effective Date") by and among the following parties (the "Parties", individually a "Party"):

(i) Yahoo! MarketPlace, L.L.C., a Delaware limited liability company (the "Company") with its principal offices initially at 635 Vaqueros Avenue, Sunnyvale, California 94086;

(ii) Yahoo! Corporation, a California corporation ("Yahoo") with its principal offices at 635 Vaqueros Avenue, Sunnyvale, California 94086; and

(iii) Visa International Service Association, a Delaware corporation ("Visa") with its principal offices at 900 Metro Center Boulevard, Foster City, CA 94404;

with reference to the following:

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

B. Visa, through its member banks, is a leading provider of transaction payment services and systems.

C. Yahoo, Visa (or a wholly-owned special purpose subsidiary of Visa) and certain other parties have entered into an Limited Liability Company Agreement of even date herewith (the "LLC Agreement") for the creation of the Company. The Company has been formed to develop and operate a navigational service on the World Wide Web focused on information and resources for the purchase of consumer products and services over the Internet, which the Parties intend to develop as the premier electronic commerce interface for both consumers and merchants.

D. The Company, Yahoo and Visa desire to enter into this Agreement in order to set forth certain agreements relating to the Company and its business, including the licensing of certain rights and the performance of certain services by Yahoo and Visa to the Company.

On this basis, the Parties agree as follows:

1. 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. Capitalized terms defined in the LLC Agreement and not otherwise defined herein shall have the meanings ascribed to them in the LLC Agreement.

(a) "Affiliates" shall mean Subsidiaries and Related Entities. A "Subsidiary" shall mean a company in which on a class-by-class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by a party, but only so long as such ownership or control exists. For Visa, a "Related Entity" shall mean an entity (A) at least fifty percent (50%) of whose stock or other equity is owned collectively by Visa Members and that has the authority to process Visa payment transactions, but only so long as such ownership exists; (B) has an equity interest in Visa and is owned in whole collectively by Visa Members or financial institutions (E.G., national or regional group members); or (C) is exclusively managed by Visa or a national or group member of Visa for the purpose of processing Visa payment transactions, but only so long as such exclusive management exists. Notwithstanding anything to the contrary set forth above, however, Subsidiaries or Related Entities do not include any individual Visa Member, bank or like financial institution. Visa Affiliates include, for example, without limitation, Visa USA, Inc., Vital, Inc., Plus and Interlink. For Yahoo, "Related Entity" shall include any joint venture of which Yahoo owns an equity interest and to which Yahoo has licensed Yahoo Brand Features in connection with the commercialization of "Yahoo!" branded products or services.

(b) "Claim" means any judgment, losses, deficiencies, damages, liabilities, costs and expenses (including 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.

(c) "Company Brand Features" means the Company's trademarks, trade names, service marks, service names and distinct brand elements that may appear in the Service from time to time and are protected under copyright law or as to which the Company may establish trademarks or trade dress rights, and any modifications to the foregoing that may be created during the term of this Agreement, but excluding the Yahoo Brand Features and the Visa Brand Features (e.g., any reference to the word "Yahoo!" or "Visa" or derivatives thereof, respectively, shall not be deemed to be Company Brand Features).

(d) "Company Properties" means all content and materials developed for use in the Service (other than the Yahoo Properties and the Visa Properties) solely by the Company's employees or contractors, including (without limitation) the Company Brand Features, and the organization, user look-and-feel and other distinctive elements of the Service, and all Intellectual Property Rights in the foregoing.

(e) "Competitive Service" means any WWW Site or other Internet-based service that is engaged in the MarketPlace Activities in any respect.

(f) "Components" means information, materials, products, features, services, content, computer software, designs, artistic renderings, drawings, sketches, characters, layouts, and the digital implementations thereof.

(g) "Confidential Information" means any information of a Party disclosed to any other Party in the course of this Agreement, which is identified as, or should be reasonably understood to be, confidential or proprietary to the disclosing Party, including, but not limited to know-how, trade secrets, log data, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, projections, and marketing data. "Confidential Information" shall not include information which: (i) is known or becomes known to the recipient directly or indirectly from a third-party source other than one having an obligation of confidentiality to the providing Party; (ii) is or becomes publicly available or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the recipient; or (iii) 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.

(h) "Consumers" means individuals or businesses who purchase products and services that are (i) typically purchased at retail (e.g. retail stores, mail order telephone order, etc.) and (ii) are purchased for use or consumption by the purchasing individual or business (rather than for resale or as components or tools used in the manufacture of goods and services).

(i) "Derivative Work" means 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.).

(j) "HTML" means Hypertext Markup Language or any successor or replacement to HTML.

(k) "Intellectual Property Rights" means trade secrets, patents, copyrights, service marks, 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.

(l) "Joint Developments" means all content and materials that are developed for use in the Service jointly by employees or contractors of the Company, on the one hand, and employees or contractors of Yahoo and/or employees or contractors of Visa, on the other hand, and all Intellectual Property Rights in the foregoing.

(m) "Launch Date" means the date on which the Service is first made publicly available.

(n) "Link" means a URL hidden behind a formatting option that may take the form of a colored item of text (such as a URL description), logo or image, and which allows a user to automatically move between WWW pages, WWW Sites or within a WWW document.

(o) "MarketPlace Activities" means [REDACTED]*

(p) "Operating Plan" means the Operating Plan of the Company in effect from time to time, as defined in the LLC Agreement.

(q) "Percentage Interest" means the "Percentage Interest" in the Company as defined in the LLC Agreement, or such other measurement of equity interests into which "Percentage Interests" may hereafter be converted or exchanged.

(r) "Service" means a WWW Site to be developed and offered by the Company in accordance with this Agreement to engage in the MarketPlace Activities in the United States and its territories.

(s) "Service Name" means the name of the Service, which shall be mutually acceptable to Yahoo and Visa, shall include the name "Yahoo" prominently (such as in "Yahoo! MarketPlace"), and shall not include the name "Visa", except to the extent that the Service Name is presented in connection with the Visa Tagline.

(t) "Term" shall mean the period from the Effective Date through the dissolution of the Company as provided in the LLC Agreement, or, if sooner, the date on which this Agreement is terminated in accordance with Section 9.2.

(u) "URL" means Universal Resource Locator, which provides a unique Internet protocol address for accessing a WWW page, or any similar unique addressing protocol that may be developed in the future.

(v) "Visa Brand Features" means Visa's trademarks, including the marks "Visa," "Bring Your Visa Card" the Visa Icon and the Visa Tagline, and all trade names, service marks, service names and distinct brand elements that Visa regularly uses in its business and are protected under copyright or trademark law or as to which Visa has established trademarks or trade dress rights, and any modifications to the foregoing that may be created during the term of this Agreement.

* Confidential treatment requested. Omitted portion filed separately with the Commission.

(w) "Visa Brand Guidelines" means the guidelines for use of the Visa Brand Features in the Service, which are attached to this Agreement as EXHIBIT A.

(x) "Visa Competitors" means [REDACTED]* as well as such other entities that Yahoo and Visa shall deem to be a Visa Competitor from time to time.

(y) "Visa Ownership Period" means the period commencing with the Effective Date and ending on the later to occur of (i) the date the Visa Group holds, in the aggregate, less than [REDACTED]* of all then outstanding Percentage Interests; or (ii) the date on which the Visa Brand Features are no longer used in the Service.

(z) "Visa Icon" means a graphic and/or text image, designated by Visa (with Yahoo's reasonable approval), in an appropriate size and configuration to serve as a Link to a Visa WWW Site as described in this Agreement; it being agreed that the Visa Icon may not be sufficiently large to include the Visa Tagline or similar amounts of text.

(aa) "Visa Members" means any entity that is a formal member of Visa pursuant to Visa's Operating Regulations.

(bb) "Visa Operating Contributions" means those services and functions described on EXHIBIT B, to be provided to the Company by Visa in connection with this Agreement.

(cc) "Visa Properties" means the Visa Brand Features and any software or other materials owned or licensed by Visa and provided to the Company pursuant to this Agreement (including, without limitation, any such materials relating to transaction payment processing), and all Intellectual Property Rights in the foregoing.

(dd) "Visa Tagline" means a secondary tagline to be used in connection with the title of the Service, which will be selected by Visa subject to the Company's consent, such consent not to be unreasonably withheld, such as "...bring your Visa card."

(ee) "WWW" means the World Wide Web, a system for accessing and viewing text, graphics, sound and other media via the collection of computer networks known as the Internet, and any similar system that may be developed in the future.

(ff) "WWW Site" means a collection of materials and information made available on the WWW via one or more related network servers, which collection is organized around a common theme or organization, and which is accessed primarily via a single URL.

(gg) "Yahoo Brand Features" means the Yahoo trademark, "Yahoo!", and directly related distinct brand elements (such as the presentation of the word, "Yahoo!") regularly appearing in the Yahoo Directory, as well as the other regularly

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appearing distinctive elements and look-and-feel of the Yahoo Directory that are protected under U.S. copyright law or as to which Yahoo has established trademarks or trade dress rights (for example, Yahoo's copyright in the organization and selection of entries in the

Yahoo! directory), and any modifications to the foregoing that may be created during the term of this Agreement.

(hh) "Yahoo Brand Guidelines" means the guidelines for use of the Yahoo Brand Features in the Service, which are attached to this Agreement as

EXHIBIT C.

(ii) "Yahoo Competitor " means [REDACTED]*, as well as such other entities that Yahoo and Visa shall deem to be a "Yahoo Competitor" from time to time; provided, however, that "Yahoo Competitors" shall not include any entity a majority of the voting power of which is owned by Visa or one or more Visa Members.

(jj) "Yahoo Directory" means the collection of HTML files and certain related scripts comprising a directory to URLs (which directory currently resides at URL - <http://www.yahoo.com>), including the other search tools currently included with such directory, as the same may be maintained from time to time on any Yahoo WWW Site.

(kk) "Yahoo Directory Tools" means certain software tools described on EXHIBIT D for use in modifying HTML directories of URLs, in object code (machine readable) form only, together with any improvements or modifications of the foregoing that Yahoo may create during the Term.

(ll) "Yahoo Operating Contributions" means those services and functions described on EXHIBIT E to be provided to the Company by Yahoo in connection with this Agreement.

(mm) "Yahoo Properties" means the Yahoo Search Engine, the Yahoo Directory Tools and the Yahoo Brand Features.

(nn) "Yahoo Search Engine" means, collectively, the software programs used to locate information within the HTML scripts included in the Yahoo Directory, which are described on EXHIBIT D, together with any improvements, modifications or substitutions for the foregoing that Yahoo may make publicly available during the Term.

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

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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.

2. OBLIGATIONS OF YAHOO TO THE COMPANY AND VISA.

2.1 EXCLUSIVITY. Yahoo agrees that any and all MarketPlace Activities will be conducted by Yahoo and its Affiliates exclusively through the Company. Notwithstanding the foregoing, nothing in this Agreement shall be construed to restrict Yahoo's right to offer [REDACTED]* and Yahoo! branded merchandise in any online service developed or operated by Yahoo or any of its Affiliates, provided that such service is not otherwise engaged in the MarketPlace Activities.

2.2 GRANT OF LICENSE.

2.2.1 YAHOO BRAND FEATURES. Subject to the terms and conditions of this Agreement, Yahoo hereby grants to the Company a non-exclusive, worldwide, fully paid license during the Term to distribute, reproduce, transmit and display in the Service (in the manner described in this Agreement) the Yahoo Brand Features in the title and presentation of the Service (including as part of the Service Name), and in connection with the distribution, marketing and promotion of the Service, subject in each case to compliance with the Yahoo Brand Guidelines.

2.2.2 YAHOO SEARCH ENGINE AND DIRECTORY TOOLS. Subject to the terms and conditions of this Agreement, Yahoo hereby grants to the Company an irrevocable and perpetual non-exclusive, worldwide, fully paid license to:

(a) Use, reproduce and make available through the Service (in object code form only) the Yahoo Search Engine; and

(b) Use and reproduce the Yahoo Directory Tools in connection with the development and maintenance of the Service.

2.3 SOFTWARE MAINTENANCE. During the Term, Yahoo shall promptly notify the Company of any defects or malfunctions in the Yahoo Search Engine or the Yahoo Directory Tools or any operator or user manuals, training materials, guides, listings, specifications and other materials used in conjunction with the same (collectively,

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"Documentation") of which it learns from any source and which have an adverse effect on the business of the Company. Yahoo shall promptly correct any such defects or malfunctions in the Yahoo Search Engine, the Yahoo Directory Tools or the Documentation discovered during such period and provide the Company with corrected copies of same, without charge. Yahoo's obligation hereunder shall not affect any other liability which it may have to the Company.

2.4 CERTAIN LIMITATIONS ON COMPETITIVE ACTIVITIES. During the Term, Yahoo will not use or license any of its Intellectual Property Rights in the Yahoo Search Engine, the Yahoo Directory, the Yahoo Directory Tools, or the name, "Yahoo", for use in any Competitive Service.

2.5 OPERATIONAL ASSISTANCE. During the Term, Yahoo will provide the Company with the Yahoo Operating Contributions, at no cost to the Company or Yahoo (except as set forth herein), as well as such other support as Yahoo and the Company shall mutually agree. Yahoo shall be reimbursed by the Company on a monthly basis for Yahoo's direct out-of-pocket expenses incurred in connection with such activities, which shall be determined by Yahoo and the Company on an arms-length basis, and a reasonably detailed explanation of which shall be provided to the members of the Board of the Company concurrently with the regular delivery of financial information about the Company. The Company shall not be obligated to reimburse Yahoo for any such expenses until such expenses have been reviewed and approved by the Board of the Company.

2.6 YAHOO DIRECTORY PROMOTIONS FOR THE SERVICE. At no expense to the Company or Visa, Yahoo will for a period of [REDACTED]* from the Launch Date:

2.6.1 Display in the primary "Navigation Bar" above the fold on the top page of the Yahoo Directory a Link to the front page (i.e., the page delivered in response to the primary URL of the Service) of the Service (which Link shall include the Visa Icon), in a precise location on such page and in a form as Yahoo shall determine; and no Competitive Service shall be similarly referenced during this period on the top page of the Yahoo Directory.

2.6.2 Display a Link to the Service in other appropriate locations throughout the Yahoo Directory as Yahoo shall determine, in its reasonable discretion.

2.6.3 Display a Link to the Service every [REDACTED]* for a minimum of [REDACTED]*, which need not be consecutive, along the top page promotional marquee of the Yahoo Directory which promotional marquee shall be above the fold on the top page.

2.6.4 To the extent that Yahoo licenses any portion of the Yahoo Directory to third parties for inclusion in such parties' WWW Sites, use commercially reasonable efforts to include the Link to the Service described in Section 2.6.1 (including

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the Visa Tagline) in such third party licensed WWW Site in substantially the same manner as it may appear in the Yahoo Directory.

2.7 YAHOO DIRECTORY PROMOTIONS FOR VISA. At no expense to the Company or Visa, Yahoo will for a period of [REDACTED]* from the Launch Date:

2.7.1 Place a Visa Icon on the lower left hand corner of the front page of the Yahoo Directory, or such other locations as Visa shall approve; provided, however, that if after the Effective Date Yahoo materially changes the size or configuration of the

front page and as a result of such change the Visa Icon is no longer in an as desirable location on the front page, Visa and Yahoo will work together in good faith to determine a new location for the Visa Icon, which location shall be comparable to the location of the Visa Icon prior to the change. Yahoo's obligation to place the Visa Icon on the front page shall terminate immediately if any WWW page referenced by the Link in the Visa Icon includes a Link to any Yahoo Competitor. For such period no Visa Competitor shall receive reference placement or presentation that is equal to or superior to the Visa Icon in terms of prominence, placement and similar factors.

2.7.2 To the extent that Yahoo licenses any portion of the Yahoo Directory to third parties for inclusion in such parties' WWW Sites, use commercially reasonable efforts to include the Visa Link described in Section 2.7.1 in such third party licensed WWW Site in substantially the same manner as it appears in the Yahoo Directory.

3. OBLIGATIONS OF VISA TO THE COMPANY AND YAHOO.

3.1 USE OF VISA BRAND FEATURES. During the Term, the Company shall be entitled in connection with the Service to use, reproduce and transmit the Visa Icon and the Visa Tagline, as well as such other Visa Brand Features as Visa shall approve, acting reasonably. The Visa Brand Features shall be used by the Company only in compliance with the Visa Brand Guidelines.

3.2 OPERATIONAL ASSISTANCE. From the Effective Date through twenty-four (24) months following the Launch Date, Visa will provide the Company with the Visa Operating Contributions at no cost to the Company (except as set forth herein), as well as such other support as Visa and the Company shall mutually agree. Such activities will be undertaken actively by Visa, particularly during the first twelve (12) months following the Effective Date, consistent with the Operating Plan.

3.3 CERTAIN LIMITATIONS ON COMPETITIVE ACTIVITIES.

3.3.1 For a period of [REDACTED]* following the Effective Date, Visa will not (a) actively promote, by means of any system-wide marketing effort, any Yahoo Competitor, or (b) enter into any joint branding relationship with any Yahoo Competitor

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that involves the use of the "Visa" name as part of the name of such Yahoo Competitor's Competitive Service.

3.3.2 Notwithstanding the provisions of Section 3.3.1, it is understood that (a) Visa will make its payment methods available to other companies that provide services that may be competitive with those of Yahoo and the Service; (b) Visa will place advertisements with other companies that provide services that may be competitive with those of Yahoo and the Service; and (c) such restrictions shall not prohibit any Visa Members from entering into credit or debit card co-branding agreements with any third party.

3.4 VISA PROMOTION OF THE SERVICE. For a period of three (3) years following the Launch Date, Visa will agree to provide, at no expense to the Company or Yahoo,

(a) a Link to the Service (in such form as the Company shall provide, which shall be reasonably acceptable to Visa) on the top page of Visa's principal WWW Site; and (b) advertisement placements for the Service (in such form as the Company shall provide, which shall be reasonably acceptable to Visa) on additional pages in Visa's principal WWW Site consistent with the Operating Plan.

3.5 VISA PROMOTION OF THE YAHOO DIRECTORY. For a period of [REDACTED]* following the Launch Date, Visa will, at no expense to Yahoo or the Company, include a Link (in such form as Yahoo shall provide, which shall be reasonably acceptable to Visa) to the Yahoo Directory on the top page of Visa's principal WWW Site; provided that Visa's obligation to place such Yahoo Link shall terminate immediately if any WWW page referenced by such Yahoo Link includes a Link to any Visa Competitor. For such period, Yahoo will also be featured as the premiere Internet navigational service in terms of prominence, placement and similar factors.

3.6 VISA ADVERTISING ON THE YAHOO DIRECTORY. Visa will purchase no less than a total of [REDACTED]* of advertising on the Yahoo Directory within [REDACTED]* from the Effective Date, at prices and terms that shall be [REDACTED]*. Such minimum advertising purchases shall be in addition to the advertising contracts that have already been signed by Visa and Yahoo prior to the Effective Date.

4. OBLIGATIONS OF THE COMPANY TO YAHOO AND VISA.

4.1 PROVISIONS RELATING TO THE SERVICE. The Company agrees with Yahoo and Visa as follows with respect to the Service:

4.1.1 It is anticipated that there will not be a subscription fee for consumers who use the Service, but there may be a fee for merchants listed in the Service as determined by the Company. It is anticipated that the principal sources of revenue for the Service will be advertising fees. It is anticipated that the Service may generate revenues from transaction fees through relationships with merchants participating in the

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Service, which revenues, in the absence of any other agreement with Yahoo and Visa, will be retained by the Company. The fee structure utilized by the Company will not distinguish or discriminate among different methods of payment by consumers.

4.1.2 It is understood that the Service may include sub-sets of commerce content that will be developed by Yahoo and/or others. This commerce content will be included under the distinct umbrella brand of the Service and, where appropriate, the Company will enter into commercial relationships directly with such content providers. The Company management will consult with Yahoo and Visa with respect to such content relationships.

4.1.3 It is understood that the Company may, in its sole discretion, accept payment methods for goods and services purchased through the Service other than Visa payment methods; provided, that:

(i) So long as Visa or its Affiliates own any Percentage Interest in the Company or the Company is using the Visa Brand Features in the Service, (a) the Company will ensure that Visa will be the default payment method (i.e., the method not requiring any additional selection action by the user) for the purchase of goods and services anywhere in the Service where the Company has the ability to make such decisions (i.e., where the transaction is processed on network servers operated by or on behalf of the Company); (b) the Company will use reasonable efforts to ensure that Visa will be the default payment method anywhere else in the Service where the Company has the ability to influence such decisions; (c) there shall be a Visa Icon on any portal page or transfer page to any merchants participating in the Service; and (d) Visa will receive superior placement (in terms of prominence, placement or size) for the Visa Icon (A) at any location in the Service and (B) at any location in merchant WWW Sites where companies in businesses similar to the businesses of Visa are listed or promoted, where the Company has the ability to influence such decisions.

(ii) For a period of [REDACTED]* from the Effective Date (or such longer period as the parties may mutually agree), the Company and Yahoo will not actively promote any Visa Competitor; provided that neither Yahoo nor the Company shall be restricted from presenting advertising or promotions from Visa Competitors in accordance with the standard advertising and promotional practices of Yahoo and the Company, so long as such advertising or promotions do not state that a Visa Competitor is the preferred method of payment on Yahoo or the Service.

4.1.4 So long as Visa or its Affiliates own any Percentage Interest in the Company or the Company is using the Visa Brand Features in the Service, the Company will cooperate with Visa, to create a method for users of the Service to apply for a Visa card from the front page of the Service by "clicking" on the Visa reference on such page. This method shall be mutually acceptable to Visa and the Company.

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4.1.5 It is understood by the parties that Visa has financial arrangements with merchants and with cardholders that involve transaction fees, financing fees, member fees, and similar charges. The Parties acknowledge and agree that these financial arrangements will not in any way be affected by Visa's or its Affiliates' participation in the Company or the Service.

4.1.6 It is understood and agreed that the Company may enter into commercial relationships with other third parties for the promotion and distribution of the Service, which relationships may include, without limitation, the presentation of third party brands, services, content and other materials in the Service; provided that, during the Visa Ownership Period, the Company will not enter into any co-branding relationships or other contractual relationships with any Visa Competitor, except for any non-promotional contractual relationships solely for the purpose of permitting settlement of online transactions with payment systems that may be offered by Visa Competitors.

4.2 COMPANY RESPONSIBILITY. The Company shall have all primary responsibility for the development, implementation, operation and maintenance of the Service, including with respect to those activities as to which Yahoo or Visa have agreed to provide support and assistance as set forth in this Agreement.

4.3 GEOGRAPHIC LIMITATIONS. The Company agrees that (i) the Service shall focus on serving only Consumers located within the United States and its territories, (ii) Yahoo and Visa have reserved the right, in their discretion, to offer services similar to the Service for Consumers located outside of the United States and its territories ("Non-U.S. Services") and (iii) the Company shall have no right to participate in the ownership, income or profits with respect to any Non-U.S. Services. Yahoo and Visa agree that any and all Non-U.S. Services shall be jointly owned and operated by Yahoo and Visa (or a wholly-owned special purpose subsidiary of Visa) and that each of Visa and Yahoo will receive all of the analogous benefits of this Agreement with respect to all Non-U.S. Services, so long as each of Yahoo and Visa agree to perform the analogous duties described in this Agreement and so long as each of Visa and Yahoo assists in the funding for the new region's activities, such funding being proportional to its equity share in any entity created by Yahoo and Visa (or a special purpose wholly-owned subsidiary of Visa) at that time. To the extent that Visa has been provided with the reasonable opportunity to participate on such basis in any international Marketplace Activities and has not committed in writing to participate on such terms within ninety (90) days following notice of any such opportunity (and the related terms in reasonable detail) by Yahoo, Yahoo shall be free to pursue such activities separately and without any duty to account to the Company or Visa; provided that Visa will use its best efforts to provide any such notice (or indication that it does not intend to pursue such an opportunity) within sixty (60) days following Yahoo's notice.

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5. CONFIDENTIAL INFORMATION.

5.1 PROTECTION OF CONFIDENTIAL INFORMATION. Each of the Parties recognizes that, in connection with the performance of this Agreement, each of them may disclose to the others such Party's Confidential Information. Each Party receiving any Confidential Information from another Party agrees to maintain the confidential status of such Confidential Information and not to use any such Confidential Information for any purpose other than the purpose for which it was originally disclosed to the receiving Party, and not to disclose any of such Confidential Information to any third party. No Party shall disclose any other Party's Confidential Information to its employees and agents except on a need-to-know basis.

5.2 PERMITTED DISCLOSURE. The Parties acknowledge and agree that each may disclose Confidential Information: (i) as required by law; (ii) to their respective directors, officers, employees, attorneys, accountants and other advisors, who are under an obligation of confidentiality, on a "need-to-know" basis; (iii) to investors or joint venture partners, who are under an obligation of confidentiality, on a "need-to-know" basis; or (iv) in connection with disputes or litigation between the parties involving such Confidential Information and each Party shall endeavor to limit disclosure to that purpose and to ensure maximum application of all appropriate judicial safeguards (such as placing documents under seal).

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

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

5.5 CONFIDENTIALITY OF AGREEMENT. Except as required by law (including, without limitation, applicable disclosure requirements of the Securities and Exchange Commission) 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 Parties, which consent shall not be unreasonably withheld or delayed.

5.6 FUTURE BUSINESS ACTIVITIES. This Agreement shall not limit any Party's present and future business activities of any nature, including business activities which could be competitive with any other Party, except to the extent such activities would involve a breach of (i) the confidentiality restrictions contained in this Section or (ii) any other express provision of this Agreement. 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 5 of this Agreement in connection with such development.

5.7 NON-DISCLOSURE AGREEMENT. The confidentiality provisions contained in this Section 5 supersede any prior Non-Disclosure Agreement between the Parties; provided that no party shall be relieved of liability for any breach of such Non-Disclosure Agreement prior to the Effective Date.

6. REPRESENTATIONS AND WARRANTIES; CERTAIN COVENANTS.

6.1 AUTHORITY. Each Party represents and warrants to each other Party that:

6.1.1 CORPORATE AUTHORITY; NO CONFLICT; BINDING AGREEMENT. Such Party has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; and the execution of this Agreement by such Party; 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; and 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.

6.1.2 NO IMPLIED REPRESENTATIONS OR WARRANTIES. Such Party acknowledges that no other Party has made any representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement or the LLC Agreement.

6.2 NO INFRINGEMENT. Such Party will use its reasonable efforts to ensure that the Components which such Party includes in or associates with the Service (including, without limitation, the Yahoo Properties and the Visa Properties) do not and shall not (i) infringe on or violate any Intellectual Property Right of any third party; or (ii) violate any applicable law, regulation or third party right when included in a manner consistent with this Agreement. In the event that any Party becomes aware of any such infringement (or alleged infringement) or violation, such Party will promptly notify the other Parties and shall provide all information relating to such matters as such other Parties may reasonably request.

7. OWNERSHIP AND RESERVED RIGHTS.

7.1 RESERVED RIGHTS OF YAHOO.

7.1.1 LICENSE LIMITATIONS. In using the Yahoo Properties pursuant to this Agreement, the Company acknowledges and agrees that: (a) the Company will use the Yahoo Properties only in accordance with the Yahoo Brand Guidelines, (b) the Yahoo Properties are and shall remain the property solely of Yahoo and its licensors; (c) nothing in this Agreement shall confer in the Company any right of ownership in the Yahoo Properties; and (d) the Company shall not now or in the future contest the validity of the trademarks, service marks or other Yahoo Brand Features.

7.1.2 YAHOO OWNERSHIP. Yahoo shall retain all ownership rights in and to the Yahoo Properties, including, without limitation, any Yahoo Brand Features that may be incorporated into the Service or its distinctive trademarks or trade names and any Derivative Works of the Yahoo Properties that may be created by the Company. The Company hereby assigns to Yahoo any ownership interest it may be deemed to possess in the Yahoo Properties and during the Term and thereafter will assist Yahoo in every reasonable way, at Yahoo's expense, to obtain, secure, perfect, maintain, defend and enforce for Yahoo's benefit all Intellectual Property Rights with respect to the Yahoo Properties. Except as expressly provided in this Agreement, Yahoo shall be entitled to exercise all rights of ownership of the Yahoo Properties, including (without limitation) the right to license the Yahoo Properties to any other party.

7.1.3 LICENSES BACK.

(a) The Company hereby grants to Yahoo a non-exclusive, fully-paid, worldwide, perpetual license (with the right to sublicense) to use, reproduce, distribute and display any Company Properties (including, without limitation, any Company Properties that constitute Derivative Works of any Yahoo Properties) and to create Derivative Works therefrom (other than any Company Properties or Derivative Works created from Visa Properties or from materials that constitute Visa Operating Contributions described in Section 7.1.3(b)), subject to all of the competitive limitations and other restrictions upon Yahoo activities set forth in this Agreement (including, without limitation, that Yahoo will not use or permit the use of any Company Properties or Derivative Works created from Company Properties during the Term in connection with any Competitive Service.)

(b) The Company hereby grants to Visa a non-exclusive, fully-paid, worldwide, perpetual license (with right to sublicense) to use, reproduce, distribute and display any Company Properties that constitute Derivative Works of any Visa Properties and to create Derivative Works therefrom, subject to all of the competitive limitations and other restrictions on Visa activities set forth in this Agreement; provided that during the Term Visa will not use or permit the use of any such Derivative Works (as distinguished from any underlying Visa Operating Contribution) in connection with any Competitive Service.

(c) The Company agrees that Yahoo and Visa may be involved in the development and operation of Non-U.S. Services. The Company hereby grants to each of Visa and Yahoo, a non-exclusive, fully-paid, perpetual, worldwide license (with rights to sublicense) to use, reproduce, distribute and display any and all Company Properties and to create Derivative Works therefrom for the sole purpose of creating, owning and operating Non-U.S. Services in accordance with the provisions of Section 4.3 (Geographic Limitations) hereof.

(d) The foregoing licenses shall survive any termination or expiration of this Agreement.

7.2 RESERVED RIGHTS OF VISA.

7.2.1 LICENSE LIMITATIONS. In using the Visa Properties pursuant to this Agreement, the Company acknowledges and agrees that: (a) the Company will use the Visa Properties only in accordance with the Visa Brand Guidelines, (b) the Visa Properties are and shall remain the property solely of Visa and its licensors; (c) nothing in this Agreement shall confer in the Company any right of ownership in the Visa Properties; and (d) the Company shall not now or in the future contest the validity of the trademarks, service marks or other Visa Brand Features.

7.2.2 VISA OWNERSHIP. Visa shall retain all ownership rights in and to the Visa Properties including without limitation, any Visa Brand Features that may be incorporated into the Service or its distinctive trademarks or trade names and any Derivative Works of the Visa Properties that may be created by the Company. The Company hereby assigns to Visa any ownership interest it may be deemed to possess in the Visa Properties and during the Term and thereafter will assist Visa in every reasonable way, at Visa's expense, to obtain, secure, perfect, maintain, defend and enforce for Visa's benefit all Intellectual Property Rights with respect to the Visa Properties. Except as expressly provided in this Agreement, Visa shall be entitled to exercise all rights of ownership of the Visa Properties, including (without limitation) the right to license the Visa Properties to any other party.

7.3 JOINT DEVELOPMENTS. The Company hereby grants to each of Yahoo and Visa a non-exclusive, world-wide, perpetual, fully-paid license (with rights to sublicense) to use, reproduce, distribute and display any and all Joint Developments and to create Derivative Works therefrom for use in any Non-U.S. Service. Neither Yahoo nor Visa shall undertake a Joint Development without first either obtaining the written consent of any Party not participating in the development of the Joint Development as to the scope and subject matter of such Joint Development or having the scope and subject matter of the Joint Development approved by the Board. The Company, Yahoo and Visa shall jointly own all Joint Developments developed collectively by (i) employees or contractors of the Company, (ii) employees or contractors of Visa and (iii) employees or contractors of Yahoo, and, to the extent such Joint Developments are distinct from the Company Properties, the Yahoo Properties and the Visa Properties, each Party shall be

entitled to exercise all rights of ownership with respect to such Joint Developments, without any duty to account to any other Party; provided that Visa's and Yahoo's use of any such Joint Developments shall be subject to all of the competitive limitations and other restrictions upon their activities set forth in this Agreement (including, without limitation, that each of Visa and Yahoo will not use any such Joint Developments during the Term in connection with any Competitive Service). The foregoing license shall survive any expiration or termination of this Agreement.

7.3.1 YAHOO JOINT DEVELOPMENTS. The Company and Yahoo shall jointly own all Joint Developments developed by employees or contractors of the Company and employees or contractors of Yahoo, and, to the extent such Joint Developments are distinct from the Company Properties, on the one hand, and the Yahoo Properties on the other hand, each party shall be entitled to exercise all rights of ownership with respect to such Joint Developments, without any duty to account to the other party; provided that Yahoo's use of any such Joint Developments shall be subject to all of the competitive limitations and other restrictions upon Yahoo activities set forth in this Agreement (including, without limitation, that Yahoo will not use or permit the use of any such Joint Developments during the Term in connection with any Competitive Service).

7.3.2 VISA JOINT DEVELOPMENTS. The Company and Visa shall jointly own all Joint Developments developed by employees or contractors of the Company and employees or contractors of Visa, and, to the extent such Joint Developments are distinct from the Company Properties, on the one hand, and the Visa Properties on the other hand, each party shall be entitled to exercise all rights of ownership with respect to such Joint Developments, without any duty to account to the other party; provided that during the Term Visa will not use or permit the use of any such Joint Developments in connection with any Competitive Service.

7.4 RESTRICTIONS. No licenses are granted by Yahoo or Visa except for those expressly set forth in this Agreement. Except to the extent expressly provided in this Agreement, the Company shall not (i) modify, adapt, translate or create Derivative Works based on the Yahoo Properties or the Visa Properties, or (ii) remove any copyright, trademark or other proprietary rights notices from the Yahoo Properties or the Visa Properties.

8. LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION.

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

8.2 NO ADDITIONAL WARRANTIES. EXCEPT AS SET FORTH IN THIS AGREEMENT, NO 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, WITHOUT LIMITATION, AS TO THE OPERATION OF THE YAHOO SEARCH ENGINE OR YAHOO DIRECTORY TOOLS), INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

8.3 INDEMNIFICATION.

8.3.1 YAHOO INDEMNIFICATION. 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 the Company, any Company Affiliates, Visa, any Visa Affiliates, and their officers, directors, employees, agents, distributors and licensees (collectively, the "indemnified parties") harmless from and against any Claim against the indemnified party to the extent the basis of such Claim is that: (A) the Yahoo Properties infringe any Intellectual Property Right of a third party; (B) Yahoo does not have the right to license the Yahoo Properties as set forth herein; or (C) a third party has been or may be injured or damaged in any way by any material breach by Yahoo of any of its duties, representations or warranties under this Agreement; provided that Yahoo shall have no obligation to the indemnified parties pursuant to this Section unless (x) the indemnified party gives Yahoo prompt written notice of the Claim; (y) Yahoo is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) the indemnified party provides Yahoo with reasonable assistance in the defense or settlement thereof; and provided further that if any settlement results in any ongoing liability to, or prejudices or detrimentally impacts the indemnified party, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require the indemnified party's written consent. In connection with the defense of any such Claim, each indemnified party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

8.3.2 VISA INDEMNIFICATION. Subject to the limitations set forth below, Visa, at its own expense, shall indemnify, defend (or at Visa's option and expense, settle) and hold the Company, any Company Affiliates, Yahoo, any Yahoo Affiliates and their officers, directors, employees, agents, distributors and licensees (collectively, the "indemnified parties") harmless from and against any Claim against the indemnified party to the extent the basis of such Claim is that: (A) the Visa Properties infringe any Intellectual Property Right of a third party; (B) Visa does not have the right to license the Visa Properties as set forth herein; or (C) a third party has been or may be injured or damaged in any way by any material breach by Visa of any of its duties, representations or warranties under this Agreement; provided that Visa shall have no obligation to the indemnified parties pursuant to this Section unless (x) the indemnified party gives Visa

prompt written notice of the Claim; (y) Visa is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) the indemnified party provides Visa 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 the indemnified party, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require the indemnified party's written consent. In connection with the defense of any such Claim, each indemnified party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

8.3.3 COMPANY INDEMNIFICATION. Subject to the limitations set forth below the Company, at its own expense, shall indemnify, defend (or at the Company's option and expense, settle) and hold Visa, any Visa Affiliates, Yahoo, any Yahoo Affiliates and their officers, directors, employees, agents, distributors and licensees (collectively, the "indemnified parties") harmless from and against any Claim against the indemnified party to the extent the basis of such Claim is that: (A) the Company Properties infringe any Intellectual Property Right of a third party; (B) a third party has been or may be injured or damaged in any way by any material breach by the Company of any of its duties, representations or warranties under this Agreement; (C) any Company Properties are defamatory, libelous, slanderous, inaccurate or otherwise results in injury or damage to any person; and (D) there is any other liability or obligation of the Company arising out of the Company's development and operation of the Service, which liability or obligation does not result from any intentional misconduct or gross negligence of the indemnified party or its Affiliates; provided that the Company shall have no obligation to the indemnified parties pursuant to this Section unless (x) the indemnified party gives the Company prompt written notice of the Claim; (y) the Company is given the right to control and direct the investigation, preparation, defense and settlement of the Claim; and (z) the indemnified party provides the Company 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 the indemnified party, and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require the indemnified party's written consent. In connection with the defense of any such Claim, each indemnified party may have its own counsel in attendance at all public interactions and substantive negotiations at its own cost and expense.

9. TERM.

9.1 TERM OF AGREEMENT. This Agreement shall be effective from the Effective Date until the earlier to occur of (i) the dissolution of the Company as provided in the LLC Agreement, and (ii) termination of this Agreement pursuant to Section 9.2.

9.2 GROUNDS FOR TERMINATION. Notwithstanding Section 9.1, any party may, at its sole option, terminate this Agreement in the event that:

(i) Any other party breaches any of its obligations, representations or warranties under this Agreement in any material respect and fails to cure such breach within thirty (30) days of receiving notice thereof;

(ii) Any other party makes an assignment for the benefit of its creditors, a voluntary or involuntary petition is filed with respect to such party under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under the provisions of any law of like import in connection with such party (which filing, if involuntary, is not lifted within sixty (60) days following filing), or the appointment of a trustee or receiver for such party or its property;

(iii) the Launch Date fails to occur within [REDACTED]* after the Effective Date; or

(iv) with respect to Yahoo and Visa only, either of Yahoo or its Affiliates on the one hand or Visa or its Affiliates on the other hand, no longer owns any Percentage Interest in the Company, provided that the election to terminate this Agreement may only be made by the Party that continues to own a Percentage Interest in the Company.

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

9.4 SURVIVAL. No termination of this Agreement by one Party shall affect the rights and obligations hereunder of the other Parties to each other. The respective rights and obligations of the Parties under Sections 2.2.2, 2.3, 4.3, 5, 7, 8, 9.3 and 10 shall survive any 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.

10. MISCELLANEOUS.

10.1 INDEPENDENT CONTRACTORS. The Parties to this Agreement are independent contractors. No Party is an agent, representative, or partner of any other Party. No Party shall have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or liability of, or to otherwise bind, any other Party. This Agreement shall not be interpreted or construed to create an association, agency, joint venture or partnership between the Parties or to impose any liability attributable to such a relationship upon any Party. Neither Yahoo nor Visa shall have any liability whatsoever for the obligations of the Company hereunder or otherwise, notwithstanding any

* Confidential treatment requested. Omitted portion filed separately with the Commission.

ownership interest in the Company of Yahoo, Visa or their respective Affiliates, or their involvement or participation in the activities of the Company.

10.2 GOVERNING LAW. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, without reference to conflicts of laws principles.

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

10.4 NO ASSIGNMENT. No 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 any 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 and all of its rights or obligations to (x) any Affiliate of such Party (provided that such Party remains liable for its obligations hereunder), or (y) any successor of such Party by way of merger or consolidation or the acquisition of all or substantially all of the business and assets of the assigning Party relating to the Agreement, provided that such assignee (i) has at least the same net worth after such transaction as the assigning Party has immediately prior to such transaction, (ii) assumes in writing all of the assigning Party's obligations under this Agreement, and (iii) is not a direct business competitor with any other Party.

10.5 NOTICES; APPROVALS. 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) transmitted by electronic mail via the Internet with receipt being acknowledged by the recipient by return electronic mail (with a copy of such transmission transmitted by postage prepaid registered or certified airmail, return receipt requested); (iv) transmitted by facsimile (with a copy of such transmission by postage paid prepaid registered or certified airmail, return receipt requested); or (v) deposited prepaid with a nationally recognized overnight courier service. Unless otherwise provided herein, all notices shall be deemed to have been duly given on: (a) the date of receipt (or if delivery is refused, the date of such refusal) if delivered personally, by electronic mail, facsimile or by courier; or (b) 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 in the introduction to this Agreement, attention "President".

10.6 ENTIRE AGREEMENT. This Agreement and the LLC Agreement represent 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 (including the letter agreement between Yahoo and Visa dated March 27, 1996). No party has relied upon any promises, inducements, representations made by any other Party or expectations of further business dealings except as expressly provided in this Agreement.

10.7 WAIVER. Any of the provisions of this Agreement may be waived by the Party entitled to the benefit thereof. No Party shall be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the waiving Party, and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

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

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

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

10.11 RECOVERY OF COSTS AND EXPENSES. If any Party to this Agreement brings an action against any other Party to enforce its rights under this Agreement, the prevailing Party shall be entitled to recover all reasonable costs and expenses, including attorneys' fees and costs incurred in connection with such action, including any appeal of such action.

10.12 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.

10.13 INCONSISTENT AGREEMENTS. No Party shall agree to any contractual provision or term in any agreement with any third party which contains a provision or term which would cause such Party to be in breach of this Agreement.

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

The Parties to this Agreement by their duly authorized representatives have executed this Agreement as of the date first above written.

Yahoo! Inc., a
California corporation

Visa International Service Association, a
Delaware corporation

By: /s/ Timothy Koogle

Title: President and CEO

By: /s/Bennet R. Katz

Title: /s/ Group Executive Vice President
and General Counsel

Yahoo! MarketPlace, L.L.C., a
Delaware limited liability company

By: /s/ Scott Randall

Title: President

EXHIBIT 11

YAHOO! INC.
COMPUTATION OF NET LOSS

	Three Months Ended		Nine Months Ended	
	September 30, 1996	September 30, 1995	September 30, 1996	September 30, 1995 (a)
Net Loss	(\$1,145,000)	(\$371,000)	(\$2,430,000)	(\$726,000)
Weighted average number of shares used in computation:				
Common Stock	26,504,000	10,013,000	24,093,000	10,013,000
Preferred Stock		7,738,000		7,738,000
Number of common shares issued in accordance with Staff Accounting Bulletin No. 83		4,790,000		4,790,000
Total	26,504,000	22,541,000	24,093,000	22,541,000
Net loss per common and common equivalent share	(\$0.04)	(\$0.02)	(\$0.10)	(\$0.03)

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

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

1

9-MOS	DEC-31-1996	JAN-01-1996	SEP-30-1996
			27,708,000
			58,747,000
			3,101,000
			0
			0
	90,207,000		1,621,000
			0
	106,887,000		
	4,697,000		0
	0		0
			99,000
		101,807,000	
106,887,000			0
	10,522,000		0
			0
		1,725,000	
	13,816,000		
			0
		0	
	(2,430,000)		
			0
(2,430,000)			0
			0
			0
			0
	(2,430,000)		
			(0.10)
			0.00