

**DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE-CRIMINAL INVESTIGATION
AND
DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION**

**IN THE MATTER OF:
Yahoo! Inc.,
Overture, Inc.,
Altavista Company, and
Inktomi Corporation.**

**SETTLEMENT AGREEMENT
AND RELEASE OF CLAIM
TO PROPERTY**

Yahoo! Inc., a corporation, including acquired entities Overture, Inc., Altavista Company, and Inktomi Corporation (collectively hereinafter referred to as Yahoo!), by Yahoo!'s undersigned attorney, pursuant to board of directors' authority granted its chief executive officer or duly-authorized officers, and the United States Department of Justice and the United States Attorney's Office for the Eastern District of Missouri (hereinafter, the "United States") enter into this Settlement Agreement and Release of Claim to Property (the "Agreement").

1. Yahoo! and the United States reach this Agreement as a full and complete settlement and adjustment of their differences regarding the forfeitability, and amount of forfeitable funds, resulting from the following alleged conduct of Yahoo! and the above-described acquired entities: The United States alleges and Yahoo! neither admits nor contests that certain funds received by Yahoo! and the above-described acquired entities are subject to forfeiture resulting from Yahoo!'s acceptance, processing and use of payments received from, or attributable to, promoting, inducing, procuring, aiding and abetting offshore gambling enterprises in their conducting, in whole or part, on-line and other sportsbookmaking and casino-type gambling activities in the United States. The alleged conduct upon which this forfeiture rests

occurred during and between approximately 1997 and the date of this agreement, in the Eastern District of Missouri, and elsewhere.

2. The payment and forfeiture to the United States described in Paragraphs 3 and 4 fo this Agreement, together with the obligation and provision of the substitute assets described in Paragraph 5 of this Agreement, constitutes a full and complete settlement and adjustment of the differences of the parties to this Agreement regarding the forfeitability, and amount of forfeitable funds, resulting from the alleged conduct of Yahoo! described in Paragraph 1 and the above-described acquired entities .

3. In settlement of these allegations, Yahoo! (a) shall present, at the time it executes this Agreement, to one or more Special Agents of the Federal Bureau of Investigation -St. Louis Division (hereinafter, the "FBI") and/or Special Agents of the Internal Revenue Service - Criminal Investigation Division (hereafter, the "IRS-CI"), Yahoo!'s cashier's check immediately payable to the United States Marshals Service in the amount of Three Million U.S. Dollars (\$3,000,000.00); (b) shall relinquish all rights to the funds represented by the check; and (c) Yahoo! shall not then or thereafter contest the forfeiture of those funds to the United States.

4. The FBI and IRS-CI shall immediately seize the funds the check represents and implement uncontested administrative forfeiture proceedings against those funds, with the cashier's check being immediately deposited into an appropriate U.S. Marshals Service holding account until the administrative forfeiture is finalized, at which time the funds will be deposited into one or more appropriate United States forfeiture funds, pursuant to the law, for use or distribution in accordance with law. The United States will move for the forfeiture of these funds pursuant to federal law, including Title 18, United States Code, Section 981, et seq., and related regulations, and Yahoo! shall not contest this forfeiture. These funds are represented in full by

the Three Million U.S. Dollars (\$3,000,000.00) payment described above, the forfeiture of which to the United States is the object of all parties to this Agreement, and the fair market value of the substitute assets described in Paragraph 5. The United States and Yahoo! agree to the mutual release of all non-tax civil claims and defenses the parties might otherwise have asserted in administrative or judicial forfeiture proceedings based upon the conduct described herein. Nothing in this Agreement is intended to limit any defenses that Yahoo!, its acquired entities or its successor entity(-ies), if any, may have in any other proceedings.

5. The United States has determined that since it formally notified Yahoo! of the United States' intent to forfeit funds, Yahoo! has approached the issues raised by that notice in a laudable, cooperative and conciliatory manner and has assisted in, and promised to continue to assist in, investigations into alleged illegal online gambling conduct by the United States and its law enforcement agencies consistent with lawful requests. Moreover, Yahoo! further agrees to provide online advertising (display/graphical and/or search marketing in Yahoo!'s sole discretion) valued as set forth below at U.S. \$1,500,000 (One Million Five Hundred Thousand U.S. Dollars) per year for three (3) consecutive years, beginning no later than January 4, 2008 ("In-Kind Media") for a public service advertising campaign on behalf of the United States. The In-Kind Media will be provided by Yahoo! on a Run of Network US-IP basis on Yahoo! owned and operated sites, and shall not be provided on any affiliate websites or websites owned by any third party. The value of the In-Kind Media shall be calculated based upon Yahoo!'s then-current list rates (if applicable, e.g., for display advertising and certain forms of search marketing) as adjusted annually. The In-Kind Media shall be standard creative media (display/graphical and/or search marketing) designed to inform and educate users of the United States' position that offshore/foreign gambling enterprises conducting, in whole or part, online or

telephonic sportsbookmaking and casino-type gambling activities in the United States may be subject to arrest and prosecution or other enforcement action by the United States government for violations of federal and state law, as are United States-based gamblers who use those wagering services. The United States proposes that Yahoo! review previous public service advertising campaigns regarding the illegality of such online gambling, and that the In-Kind Media reflect similar content. A portion of the In-Kind Media may also include sponsored search results for non-profit organizations addressing issues of addiction to gambling. Yahoo! will implement the In-Kind Media campaign to target relevant demographic groups generally equivalent to the groups targeted by the promotional activities of offshore gambling enterprises referenced in Paragraph 1 above. Yahoo! will provide at the end of each of the three (3) years a written summary of the In-Kind Media provided hereunder, including proof of valuation.

6. Yahoo! expressly agrees that it shall not through attorneys, directors, agents, officers, employees or otherwise make any public statement in any public forum contradicting paragraph 1 of the Agreement, except in connection with the defenses of any pending or subsequent legal or administrative proceedings. Any such contradictory public statement made by Yahoo! or by its directors, officers, employees or agents acting on its behalf (and not in their own personal capacities) shall constitute a breach of this Agreement and the United States would then not be bound to limit its forfeiture proceedings based upon Yahoo!'s conduct described above, at Paragraph 1, to the sums and substitute assets described in this Agreement, nor would the United States have any obligation to return all or part of the forfeited funds. Upon the United States' notifying Yahoo! of a public statement by any such person that in whole or part contradicts a statement of fact contained in this Agreement, Yahoo! may avoid a breach of this Agreement by publicly repudiating such statement within seven (7) calendar days after

notification by the United States. Nothing in this paragraph shall be construed to limit Yahoo!'s ability to discuss publicly changes in its corporate policies in 2002 regarding the acceptance of banner advertisements relating to online gambling sites and in 2004 regarding the acceptance of sponsored search results relating to online gambling sites.

7. The United States agrees that Yahoo! shall be released from all presently-known-to-the- United States criminal and civil liability to the United States in the Eastern District of Missouri arising from the conduct described in Paragraph 1 herein. The United States has confirmed that none of the other Districts throughout the United States has a currently on-going investigation or present intention to pursue any action concerning Yahoo!'s conduct as described in Paragraph 1. Nothing in this Agreement limits the criminal and/or forfeiture liability of any natural person for any criminal act committed at any time.

8. This Agreement is binding on Yahoo!, any successor entity, and the United States, but except as noted in Paragraph 7 above, specifically does not bind any other federal agencies, or any other state or local authorities, although the United States will bring its assessment of any cooperation of Yahoo! and its compliance with obligations under this Agreement to the attention of the state or local prosecuting offices or regulatory agencies, if requested in writing by Yahoo!, or its attorneys. The United States will not seek forfeiture of additional funds from Yahoo! based on the conduct alleged in Paragraph 1, provided that Yahoo! satisfies its obligations under this Agreement.

9. This Agreement does not relate to, or address or cover any criminal conduct or forfeiture liability by any entity or natural person other than Yahoo!'s conduct or liability expressly described herein.

10. The parties agree that upon its signing by all parties, through representatives indicated below, this Agreement shall be made public; however, due to on-going federal criminal and forfeiture investigations or prosecutions relating to persons and entities not described in this Agreement, identities and details of such persons' and entities' conduct will not be publicly released by any of the parties, unless pursuant to court order, court rule, or by the United States publicly filing and conducting criminal and/or forfeiture proceedings, or entering into other settlement Agreement(s).

11. This Agreement sets forth all the terms of the Settlement Agreement and Release of Claim to Property between Yahoo! and the United States. No promises, agreements, or conditions have been entered into other than those expressly set forth in this agreement and none shall be physically attached to this Agreement. This Agreement supersedes any prior promises, agreements or conditions between Yahoo! and the United States concerning the specific matters and events described.

ACKNOWLEDGMENTS

I, Lanny A. Breuer, the duly-authorized representative of Yahoo! hereby expressly acknowledge the following: (1) that I have discussed this Agreement with the client; (2) that I have fully explained each one of its terms to such client; (3) that I have fully answered each and every question put to me by my client regarding the Agreement; and (4) that I believe my client completely understands and agrees to all of the Agreement's terms.

12/7/07
Date

[Signature]
Counsel for Yahoo! Inc, a corporation, and previously acquired entities Overture, Inc, Altavista Company, and Inktomi Corporation.

ON BEHALF OF THE GOVERNMENT

United States Attorney's Office for the Eastern District of Missouri

CATHERINE L. HANAWAY
United States Attorney

12/7/07
Date

By: [Signature]
MICHAEL K. FAGAN
Assistant United States Attorney