



Yahoo! and eBay Form Strategic Partnership to Further Expand Their Businesses in U.S.

SUNNYVALE and SAN JOSE, Calif., May 25, 2006 - Yahoo! Inc. (Nasdaq: YHOO) and eBay Inc. (Nasdaq: EBAY) today announced a multi-year strategic partnership designed to mutually benefit both companies by better serving their user, merchant, and advertising communities in the U.S. The agreement consists of four major components in the areas of search and graphical advertising, online payments, a co-branded toolbar, and the opportunity to explore "click-to-call" functionality.

"Our consumers will benefit from the combination of Yahoo! and eBay's leading technology and services, providing them with one of the best online experiences," said Terry Semel, chairman and chief executive officer, Yahoo! Inc. "Yahoo! holds a leadership position in all forms of online advertising. This partnership with eBay provides us with a great opportunity to further extend our sponsored search and graphical advertising reach to one of the largest and most active communities on the Web."

"We are thrilled to be working more closely with Yahoo! and we think this agreement represents a great opportunity to benefit our communities and grow our businesses," said Meg Whitman, president and chief executive officer, eBay Inc. "Yahoo! offers an engaged online audience, which drives massive traffic through its rich consumer content and premium services. Working together, we can create more exposure for our properties, which in turn makes them more valuable to our users."

Yahoo! and eBay will begin to roll out the initiatives outlined in the agreement this year. This will include a testing phase that will take place over the next several months, with a plan to achieve full implementation in 2007.

Further details of the agreement include:

Search and Advertising:

Yahoo! will become the exclusive third-party provider of all graphical advertisements throughout the eBay.com site, and sponsored search for complementary products on some eBay.com search results pages in the U.S. Yahoo! already provides a broad and deep array of essential services to an extremely engaged audience around the world. Through this partnership, Yahoo! can expand upon these strengths with the addition of eBay.com's high quality online inventory, offering advertising clients an optimal marketing experience.

Yahoo! and eBay have also agreed to collaborate on ways to increase the quality and comprehensiveness of Yahoo! Web search results for eBay.com and to provide Yahoo! search users with more up-to-date listings from the millions of products on the eBay.com marketplace, with the goal to create a better search experience by enabling shoppers to more easily find relevant eBay listings.

Integrated Commerce Payment System:

Yahoo! has selected PayPal to become the exclusive third-party provider of its online wallet - allowing customers to pay for Yahoo! services from bank accounts, credit cards or balances associated with their PayPal accounts. PayPal, which has 73 million accounts in the U.S., also will be deeply integrated on the Yahoo! site and will receive prominent positioning when users purchase Yahoo! services across its network. This offering will provide Yahoo! consumers with additional online payment choices and the option to use PayPal across the entire Yahoo! network.

PayPal will be integrated and promoted as Yahoo!'s payment solution to Yahoo!'s merchants and publishers, which includes the Yahoo! Publisher Network, Yahoo! Search Marketing, Yahoo! Merchant Solutions and other small business services.

Co-Branded eBay Toolbar:

Yahoo! Web search functionality and Yahoo! site links, including the Yahoo! Home Page, Yahoo! Mail and My Yahoo!, will be integrated into a co-branded version of the eBay toolbar. The eBay toolbar has been downloaded by more than four million eBay users to date, and lets consumers quickly link to preferred eBay locations while offering enhanced online protection. This new co-branded toolbar will make it even easier for consumers to take advantage of both companies' offerings to quickly access information wherever they are on the Web.

"Click-to-Call" Advertising Functionality:

Yahoo! and eBay will explore developing and deploying "click-to-call" advertising technologies on their respective Websites in the U.S., accessible by users of both Yahoo! Messenger with Voice and Skype. "Click-to-call" is a product feature link included inside an advertisement that consumers can use to directly call that advertiser to pursue a transaction.

Yahoo! and eBay do not expect this relationship to have a material impact on their financial results in 2006. Both companies will incorporate any financial impact for 2007 and beyond when they deliver their business outlook for those periods.

About Yahoo! Inc.

Yahoo! Inc. is a leading global Internet brand and one of the most trafficked Internet destinations worldwide. Yahoo! seeks to provide online products and services essential to users' lives, and offers a full range of tools and marketing solutions for businesses to connect with Internet users around the world. Yahoo! is headquartered in Sunnyvale, California.

About eBay Inc.

Founded in 1995, eBay pioneers communities built on commerce, sustained by trust, and inspired by opportunity. eBay enables ecommerce on a local, national and international basis with an array of Websites - including the eBay Marketplaces, PayPal, Skype, Kijiji, Rent.com and Shopping.com - that bring together millions of buyers and sellers every day.

Forward-Looking Statements

This announcement contains forward-looking statements regarding Yahoo! and eBay (including without limitation as described in the quotations from management in this announcement) and their strategic and operational plans related to, and the expected financial impact of, the announced strategic partnership. Those statements involve risks and uncertainties, and actual results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to, the reaction of users of each company's services to the strategic partnership, the reaction of each company's competitors to the strategic partnership, the decision by either party to reduce the scope of this agreement upon the occurrence of certain events set forth in the agreement, and the possibility that the expected benefits of the strategic partnership may not materialize to the extent expected or at all. All information set forth in this release is as of May 25, 2006, and neither company intends or undertakes any duty to update this information to reflect future events or circumstances. More information about potential factors that could impact each company's business and financial results is included under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each company's respective Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which are on file with the U.S. Securities and Exchange Commission (the "SEC") and available at the SEC's website at www.sec.gov.