

Original

TOWN OF LOCKPORT

6560 Dysinger Road
Lockport, NY 14094
(716) 439-9535

INDUSTRIAL DEVELOPMENT AGENCY PROJECT ELIGIBILITY QUESTIONNAIRE

Project Applicant: Yahoo! Inc.

Project Title: Project Pilgrim

Total Project Cost: \$150 Million est. (Confidential)

Date of Application: June 4, 2009

Type of Project*:

- Industrial/ Producer Services
- Multi-tenant Facility
- General Office
- Commercial
- Acquisition of Existing Facility
- Civic Facility (Not for Profit)
- Life Care Community
- Research & Development
- Other _____

Location of Project : Lockport, New York

S.B.L. # _____

Bank: Citibank

* All projects will be reviewed and approved in accordance with the provisions of Article 18A of the New York State General Municipal Law and the Town or Lockport Zoning Laws, Regulations and Restrictions applying to the Industrial Land Use. In certain instances, project applicants may be required to complete a retail questionnaire supplement based on the information contained within this application.

The information listed on this form is necessary to determine the eligibility of the project applicant. Please fill in all blanks, using "NONE" or "NOT APPLICABLE" where necessary. If an estimate is given, put "EST" after the figure. Attach additional sheets if necessary. To the extent permitted by law, and if requested by you, all proprietary information provided and identified as such will be treated confidentially, but may be subject to disclosure under the New York State Freedom of Information Act. Please note that the Company has no obligation to keep the information provided herein current. Therefore, please notify the Agency if there is any change made in the Company's plans. This application is ONLY for the purpose of determining whether the applicant is eligible for consideration by the Agency. In certain instances, additional information may be required. Return original copy of this application to the Town of Lockport Industrial Development Agency.

I. PROJECT APPLICANT

A. Project Applicant : **Yahoo! Inc.**

B. Company Officer (Partner) completing this application:

1. Name: David Bills
2. Title: Vice President, Production Operations
3. Address: 701 First Ave, Sunnyvale, CA 94089
4. Telephone: (408) 349-4625
5. Email: dbills@yahoo-inc.com
6. Website: www.yahoo.com
7. IRS Identification Number : EIN 77-0398689

C. Business Organization (Circle appropriate category):

Corporation XXX

Partnership

Limited Liability

Company

Sole Proprietorship

S Corporation

Joint Venture

Other (specify) _____

D. **State of Incorporation, if applicable:** Delaware

E. **Business Description:** Yahoo! Inc. ("Yahoo!") was founded in 1995 by Jerry Yang and David Filo who were pioneers in the Internet industry. Yahoo! began as a hobby for both Jerry and David in an effort to organize the thousands of pages created on the World Wide Web. Their efforts resulted in the Yahoo! Search engine. Since then, Yahoo! has grown into a web portal where half a billion users visit daily to search, read content, transact business, email and communicate.

F. **If corporation, publicly or privately held?**

Public

Private

G. **List officers, stockholders, members or partners in the Company. ****

** Please see Yahoo's! public filings with the US Securities and Exchange Commission

H. Is the Company related, directly or indirectly, to any other entity by more than 50% common ownership?

No

J. If any of the persons or group of persons listed in the response to question I above owns more than 50% of the Company, list all other entities which are related to the company by virtue of such person (or group of persons) having more than a 50% interest in such other entities:

No

K. Is the Company affiliated with any other entity, directly or indirectly, other than as indicated in response to questions I & J above? If yes, indicate name and relationships of such other entity and the address thereof:

Please see Yahoo!'s public filings with the US Securities and Exchange Commission.

L. Has the Company (or any entity listed above) made a public offering or private placement of its stock within the last year? If so, please provide Offering Statement used.

** Yes No

**Please see Yahoo!'s public filings with the US Securities and Exchange Commission

M. Complete the following information:

Officers and Directors

Address & Phone

Please see Yahoo!'s public filings with the US Securities and Exchange Commission.

Other Business Affiliations

Address & Phone

Please see Yahoo!'s public filings with the US Securities and Exchange Commission.

If the Company is publicly owned, it can answer this and other succeeding questions by reference to an attached copy of the company's most recent Form 10-K (Company means ultimate project occupant where known, otherwise the developer). **COPY OF 10-K ATTACHED AS INCORPORATED IN YAHOO! 2009 REPORT TO SHAREHOLDERS.**

N. Counsel to Company:

1. Name of Attorney: Stephen Berkman, Partner
2. Name of Firm: Paul Hastings Janofsky & Walker, LLP
3. Address: 55 Second Street, 24th Floor, San Francisco, CA 94105
4. Telephone Number: (415) 856-7215 Fax: (415) 856-7315
5. Email: steveberkman@paulhastings.com

O. Company's Accountant:

1. Name of Accountant: PriceWaterhouseCoopers, LLC
2. Name of Firm: PriceWaterhouseCoopers, LLC
3. Address: Will provide accountant's contact info later, as necessary.
4. Telephone Number: Please see No. 3. Fax: Please see No. 3.
5. Email: Please see No. 3.
6. Principal Bank: Citibank

P. Is the Company or Management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes No

Please see Yahoo!'s public filings with the US Securities and Exchange Commission.

Q. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes No

R. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes No

If the answer to any of the above questions is YES, please furnish details in a separate attachment.

II. DESCRIPTION OF PROJECT OCCUPANT

A. Company History

1. Location of current facility: no current facility

2. SIC Code: _____

Description of present facility: Owned and leased facilities worldwide.

Lot Size: NA _____ Number of buildings: NA _____

Square footage of facilities: NA _____

Own AND Rent present facilities

3. Is the facility currently receiving property tax abatement? NA

Yes No

If YES, at what date does this abatement expire: NA

5. Does the project involve the relocation of a company(s) from another municipality within Niagara County? Yes No
6. If YES, has the Supervisor / Mayor been notified?
 Yes No (Please provide additional information if necessary)

- B. Principal product / service:** Please see business description above.
- C. Percentage of Gross Revenue (from products & services) derived from sales outside of Niagara County:** Majority
- D. Market served:** Global

III. ELIGIBILITY

- A. What effect will this project have on your business (why is it necessary)? :**

CONFIDENTIAL--Yahoo!'s datacenter footprint and user base on the East Coast is its largest worldwide. It is the company's plan to accommodate and manage its new growth from a location in Western New York and to migrate its footprint in other East Coast datacenters to the regional datacenter. The migration and growth of this proposed facility is reliant upon the ability to serve from a low cost power hub, with satisfactory network accessibility, network costs, property and sale tax incentives, work-force availability and other factors. **CONFIDENTIAL**

- B. Is Agency participation necessary for this project to proceed?**

CONFIDENTIAL--As Yahoo!'s user base grows, the content, data, and properties hosted in its datacenters grow. This expansion results in increased datacenter demand. It is ideal to locate the new growth in a region that is in close proximity to its user base while also achieving low operational costs. This requires the right mix of utility rates, sales, property and income tax incentives that are within the purview of New York's statutes. The requirement to site in New York is for New York to be at least equal from an overall cost perspective to other states that are in contention. A combination of the hydro rate, the sales tax exemption and the property tax reduction is needed to achieve this goal.
CONFIDENTIAL

- C. Is the project occupant moving its entire operation to this proposed facility or a Division thereof? Does the project involve the consolidation of existing facilities? No**

D. Is this project necessary to prevent the company from moving out of Niagara County and / or New York State and / or to remain competitive with its industry? NA

E. What are the current market conditions which necessitate the construction of this project?

Please see business description of Yahoo! above and Item B above.

F. Describe any unique features / effects that this project will have on the area:

Yahoo! is a recognized brand name throughout the world and hosts the traffic of half a billion users. The datacenter that we would like to site in Lockport, NY will serve Yahoo!'s largest market. Servicing a market of this magnitude will require the build-out of a robust network in the area which may be influential in attracting other high-technology companies to the region.

G. New York State Brownfield Cleanup Program Tax Incentives

New York State provides for significant refundable New York State tax credits with respect to cleanup and construction (buildings and equipment) costs, real property tax expenses, and insurance costs related to remediation and developing a Brownfield/ contaminated property. In addition, New York State provides for a release of liability with respect to such contamination located in, on or emanating from the Brownfield Site. New York State Brownfield Cleanup Program tax credits can be utilized concurrently with Town of Lockport Industrial Development Agency benefits and incentives.

Under the New York Brownfield Cleanup Program, a Brownfield or a Brownfield Site is any real property, the redevelopment or reuse of which may be complicated by the presence or potential presence of a hazardous waste, petroleum, pollutant, or contaminant (collectively, "contaminants").

H. Is the proposed Project Site located on a site where the known or potential presence of a contaminant(s) is complicating the development/ use of the property? ___ Yes X No

I. Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the proposed Project Site? X Yes ___ No

J. Have any other studies or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence

of contamination that would complicate the site's development? _____
 Yes No

K. Is this a single phase or multi-phase project? _____ Single Multi

Phase I: Estimated \$150 million investment to build 10 megawatt facility.

Phase II: Depending on Yahoo! user demand, potential to add up to 10 megawatts of additional power with similar investment amount as for Phase I. Market conditions will dictate actual investment and facility growth, if any.

Phase III Activities: Further facility growth potential with added incentives from all providers (including power and tax incentives). Market conditions will dictate actual investment and facility growth, if any.

IV. PROJECT INFORMATION

A. SUMMARY OF PROJECT: (Identify each element of the project)

Does the project consist of (check appropriate categories)

	YES	NO
1. Acquisition of vacant land	X	
2. Land Lease		X
3. Construction of new building	X	
4. If YES, indicate the number and size	1 building, estimated 150,000 sq feet+	
5. Renovations to an existing building		X
6. If YES, indicate nature of renovations	NA	
7. Construction of an addition to an existing building	NA	
8. If YES, indicate nature of expansion	NA	
9. Acquisition of an existing building	NA	
10. If YES, indicate number & size of buildings	NA	
11. Acquisition, installation of machinery and / or equipment	X	
12. Equipment lease		X
13. For purposes other than the acquisition, renovation or Construction of real property		X
14. If YES, explain under separate cover?	NA	
15. Have site plans been submitted to the Town Planning Department for approval? ***		X

*** If YES, state date of submittal and current status, also include one set of plans/ renderings with this application.

16. Have plans been submitted to the US Army Corps of Engineers and the NYS Department of Environmental Conservation for approval? Yes No

If YES, date of submittal and current status: _____

17. Identify school district pertaining to Proposal Project location: Lockport

18. Utilities and services presently serving site. Provide name of utility provider.

GAS: none	SIZE – NA
ELECTRIC: NYSEG	POWER – TBD
WATER: Town of Lockport	SIZE – TBD
SEWER: Town of Lockport	SIZE – TBD
OTHER (Specify)	

B. PROJECT SITE

1. Are there buildings now on the project site? YES NO

2. Indicate the present use of the project site: Farm land

3. Indicate present owner(s) of project site: Lockport IDA

4. If the Company now owns the project site, indicate: NA

a. Date of purchase: _____

b. Purchase price: _____

5. Has the Company entered into a contract and / or option to purchase the site?

If YES, attach a copy? No _____

6. If the Company is not the owner of the project site, does the Company now lease the site or any buildings on the site? NA YES NO

7. Is there a relationship legally or by virtue of common control or ownership

between the Company and the seller of the project: YES NO

If YES, describe the relationship: _____

8. If any space in the project is to be leased to third parties, indicate total gross square footage of the project, percent and square feet to be leased to each tenant, and proposed use by each tenant (attach signed leases, if any) NA

9. List principal items or categories of equipment to be acquired as part of the project: Computer and mechanical equipment and construction materials.

10. Has any of the above equipment been ordered or purchased? YES NO

11. If YES, indicate: _____

12. Total Project Costs as estimated prior to Inducement

ALL INFORMATION IN THIS SECTION 12 IS CONFIDENTIAL

ALL COST FIGURES ARE APPROXIMATE

	<u>Description of Costs</u>	<u>Allocations of Costs</u>	
Bond Financing NA	Equity Participation NA	Totals	All figures estimated
Land	\$ _____	\$ _____	\$450,000
Building(s)	\$ _____	\$ _____	\$10,000,000
Renovation	\$ _____	\$ _____	\$NA
Equipment	\$ _____	\$ _____	\$100,000,000
Site work & Preparation	\$ _____	\$ _____	\$35,000,000
Installation	\$ _____	\$ _____	\$3,500,000
Engineering Fees	\$ _____	\$ _____	\$450,000
Architectural Fees	\$ _____	\$ _____	\$600,000
Interest during Construction	\$ _____	\$ _____	\$NA
Agency Fees	\$ _____	\$ _____	\$TBD
Legal Fees **	\$ _____	\$ _____	\$35,000
TOTALS	\$ _____	\$ _____	\$ 150,000,000

** Agency General Counsel and Bond Counsel Only

ALL INFORMATION IN THIS SECTION 12 IS CONFIDENTIAL

13. Have any of these expenditures already been made by the Company?

YES NO If YES, indicate particulars: Fees for architectural and other design work.

14. Project Schedule: Indicate the estimated date for:

A. Commencement of construction: Q3 2009

B. Completion of construction: Q1 2011

C. Anticipated closing date of project: 2028

Other Government Involvement:

Have you contacted any other government agency in reference to this project?

YES NO If YES, please include the agency and nature of inquiry:

NYPA (New York Power Authority)

15. Will the project require any government actions, permits or clearances (other than IDA Requirements)? If YES, please provide the following details:

Site Plan Review
SEQR
Construction Permit
Air Permit
Possibly other permits - TBD

Include any site plans, drawings or blueprints that have been developed.

No site plans, drawings or blueprints are presently available – all are under development.

Job Creation / Retention

16. Will Niagara County contractors and / or sub-contractors be utilized for the construction project? YES NO

17. What is the estimated number of construction jobs to be created at the project site from:

Niagara County Erie County Other areas
Approximately 250 in Niagara County. Construction labor to be pooled from local and neighboring areas.

Present number of jobs: None

Full Time Part Time Total

Niagara County: _____

Town of Lockport: _____

At job's completion: 75 full time jobs in Lockport within 3 years after commencement of project.

Estimated employment after 5 years: Depends on market conditions.

18. Estimated Annual Payroll (*Town of Lockport Facility)

At Present: \$ NA

At Completion: 75 employees @ estimated \$65,000/per annum average

19. Approximate Annual Sales for previous year:

Please see Yahoo!'s public filings with the US Securities and Exchange Commission.

V. PROJECT FINANCING - NA: Project will not be financed.

A. Financial and Feasibility Data

Describe the need or demand for the product or services to be provided as a result of the project: _____

Provide any marketing, economic, business plan or feasibility studies that have been developed particularly for this facility.

The following information will be required by the Agency and returned once an action of the Agency has been taken:

1. Financial statements for the last three (3) years
2. Projections for the next three (3) years including Balance Sheets, Profit and Loss Statements, Cash Flow Statements by quarters, etc.

B. Financial Assistance Expected from the Agency

1. Tax Benefits

- A.** Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency? YES NO

If YES, is the real property tax exemption being sought consistent with the Agency's Uniform Tax Exemption Policy? YES NO
(Yes - to the best of our knowledge at present).

- B.** Is the applicant expecting that the financing of the project will be secured by one or more mortgages? YES NO

If YES, what is the approximate amount of financing to be secured by mortgages? \$ _____

- C.** Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? YES NO

If YES, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes?

~~CONFIDENTIAL~~—Estimated \$ 400 million to \$600 million over the life of the exemption. **CONFIDENTIAL**

D. What is the estimated value of each type of tax exemption being sought in connection with the Project? Please detail the type of tax exemption and value of each exemption.

1. N.Y.S. Sales and Compensating Use Tax: **CONFIDENTIAL**—
estimated \$32 million to \$48 million. CONFIDENTIAL

2. Mortgage Recording Taxes: \$ _____

3. Real Property Tax Exemptions: \$_value has not been determined

4. Other (please specify): _____

E. Are any of the tax exemptions being sought in connection with the Project inconsistent with the Agency's Uniform Tax Exemption Policy?

___ YES ___ NO Unknown

If YES, please explain how the request of the applicant differs from the Agency's Uniform Tax Exemption Policy: _____

CERTIFICATION

(to be executed by the principal of the applicant and acknowledged by a notary public)

I. David Bills deposes and says that he/ she is the Vice President of Production Operations named in the attached Application (the "Applicant"); that he/she has read the foregoing Application and knows the content thereof, and that the same is true to his/her knowledge.

II. The grounds for deponent's belief relative to all matters in the Application which are not stated upon his/her own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of the Application, as well as information acquired by deponent in the course of his/her duties as an officer of and from the book and papers of said corporation or other entity.

III. As an officer of the Applicant deponent acknowledges and agrees that the Applicant shall be and is responsible for all cost incurred by the Agency and all legal counsel for the Agency, including its general counsel and /or bond/transaction counsel, whether or not the Application, the proposed project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency hold harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency (B) the Agency's acquisition, construction and /or installation of the proposed project described herein and (C) any further action taken by the Agency with respect to the proposed project: including without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expense incurred in defending and suits or actions which may arise as a result of any of the foregoing.

IV. By executing and submitting this Application, the Applicant covenants and agrees to pay the following fee to the Agency and the Agency's general counsel and /or the Agency's bond/ transaction counsel, the same to be paid at the times indicated:

(a) The sum of \$1,000 as a non- refundable processing fee to be paid upon submission of the Application.

(b) Unless otherwise agreed to by the Agency, an amount equal to 1% of the construction costs** associated with Phase I and .5% of the construction costs associated with Phase II, to be paid at closing.

** Construction costs shall mean the actual amount paid to Yahoo! Inc.'s general contractor selected for the Lockport, NY datacenter for each phase of the project.

- (c) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel and / or the Agency's bond/ transaction counsel. Thus note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's general counsel and the Agency's bond/ transaction counsel; and (2) other consultants retained by the Agency in connection with the proposed project, with all such charges to be paid by the applicant at the closing.

V. [INTENTIONALLY DELETED AND LEFT BLANK SINCE NOT APPLICABLE]

VI. The Applicant acknowledges and agrees that all payment liabilities to the Agency and the Agency's general counsel; and / or the Agency's bond and / or transaction counsel as expressed in Sections IV and V are obligations that are not dependent on final documentation of the transaction contemplated by this Application.

The cost incurred by the Agency and paid by the Applicant, including bond/ transaction counsel fees and the Agency's general counsel's fees and the processing fees, may be considered as costs of the project and included in the financing of costs of the proposed project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.

The Applicant is aware and acknowledges that according to the New York Public Officer's Law, Article 6, Freedom of Information Act, the public has the right to request information about the project and the Applicant, and that in accordance with Public Officer's Law Article 7, all meetings of the Agency are open to the public.

The Applicant and the individual executing this Application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application and, if applicable, made in related Addenda, when acting hereon and hereby represents that the statements made herein and therein do not contain any untrue statements of material fact and do not omit to state a material fact necessary to make the statements contained herein or therein misleading.

Project Company: Yahoo! Inc.

By: 
David Bills, Vice President - Production Operations

Date: June 4, 2009

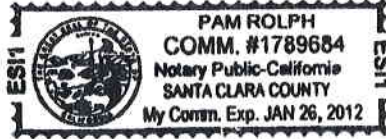
NOTARY

Sworn to before me this _____ day of _____ 20____

(Signature)

JURAT

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } ss.



Subscribed and sworn to (or affirmed) before me on this 4th day of June, 2009 by -David Bills-,
proved to me on the basis of satisfactory evidence to be the person(s) who
appeared before me.

Pam Rolph

My Commission expires: January 26, 2012 Pam Rolph, Notary Public