



# Department of Justice

FOR IMMEDIATE RELEASE  
THURSDAY, FEBRUARY 18, 2010  
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**STATEMENT OF THE DEPARTMENT OF JUSTICE ANTITRUST DIVISION**  
**ON ITS DECISION TO CLOSE ITS INVESTIGATION OF**  
**THE INTERNET SEARCH AND PAID SEARCH ADVERTISING AGREEMENT**  
**BETWEEN MICROSOFT CORPORATION AND YAHOO! INC.**

*Investigation Shows That Agreement Not Likely To Reduce Competition*

WASHINGTON — The Department of Justice’s Antitrust Division issued the following statement today after announcing the closing of its investigation into the proposed Internet search and paid search advertising agreement between Microsoft Corporation and Yahoo! Inc.:

“The Antitrust Division obtained extensive information from Microsoft, Yahoo! and a wide range of market participants. Experience and expertise developed during our 2008 investigation of the proposed Google/Yahoo! search advertising agreement also informed our analysis. After a thorough review of the evidence, the division has determined that the proposed transaction is not likely to substantially lessen competition in the United States, and therefore is not likely to harm the users of Internet search, paid search advertisers, Internet publishers, or distributors of search and paid search advertising technology. In addition, the proposed agreement likely will enable more rapid improvements in the performance of Microsoft’s search and paid search advertising technology than would occur if Microsoft and Yahoo! were to remain separate.

“The proposed transaction will combine the back-end search and paid search advertising technology of both parties. U.S. market participants express support for the transaction and believe that combining the parties’ technology would be likely to increase competition by creating a more viable competitive alternative to Google, the firm that now dominates these markets. Most customers view Google as posing the most significant competitive constraint on both Microsoft and Yahoo!, and the competitive focus of both Microsoft and Yahoo! is predominately on Google and not on each other.

“The search and paid search advertising industry is characterized by an unusual relationship between scale and competitive performance. The transaction will enhance Microsoft’s competitive performance because it will have access to a larger set of queries, which should accelerate the automated learning of Microsoft’s search and paid search algorithms and enhance Microsoft’s ability to serve more relevant search results and paid search listings, particularly with respect to rare or “tail” queries. The increased queries received by the combined operation will further provide Microsoft with a much larger pool of data than it

currently has or is likely to obtain without this transaction. This larger data pool may enable more effective testing and thus more rapid innovation of potential new search-related products, changes in the presentation of search results and paid search listings, other changes in the user interface, and changes in the search or paid search algorithms. This enhanced performance, if realized, should exert correspondingly greater competitive pressure in the marketplace.”

“Although this particular transaction is not likely to cause harm, the department will continue to be vigilant in our enforcement of the antitrust laws in the search and paid search advertising industry.

“The offices of the attorneys general from California and Washington actively participated in the division’s investigation of the proposed transaction.”

The division provides this statement under its policy of issuing statements concerning the closing of investigations in appropriate cases. This statement is limited by the division’s obligation to protect the confidentiality of certain information obtained in its investigations. As in most of its investigations, the division’s evaluation has been highly fact-specific, and many of the relevant underlying facts are not public. Consequently, readers should not draw overly broad conclusions regarding how the division is likely in the future to analyze other collaborations or activities, or transactions involving particular firms. Enforcement decisions are made on a case-by-case basis, and the analysis and conclusions discussed in this statement do not bind the division in any future enforcement actions. Guidance on the division’s policy regarding closing statements is available at: <http://www.usdoj.gov/atr/public/guidelines/201888.htm>.

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