

INKTOMI CORP
Form PRER14A
January 24, 2003

Table of Contents

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant
Filed by a party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
INKTOMI CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

Common Stock, par value \$0.001 per share, of Inktomi Corporation

- (2) Aggregate number of securities to which transactions applies:

162,890,548 shares of Common Stock (representing the number of shares of Inktomi
Common Stock outstanding as of January 1, 2003)

- (3) Per unit price or other underlying value of transaction computed pursuant to Section 14(g) of the Exchange
Act (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee of \$24,727.00 was calculated pursuant to Section 14(g) of the Exchange Act and is equal
to
\$92.00 per million of the aggregate merger consideration of \$268,769,404.00

- (4) Proposed maximum aggregate value of transaction:

\$268,769,404.00

- (5) Total fee paid:

\$24,727.00

- Fee paid previously with preliminary materials:

\$24,727.00

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement no.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

[INKTOMI LOGO]

SPECIAL MEETING OF STOCKHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Inktomi Corporation stockholder:

You are cordially invited to attend a special meeting of stockholders of Inktomi Corporation to be held on [I], [I], 2003, at [I]:00 a.m., local time, at [I] located at [I].

At the special meeting you will be asked to consider and vote upon a proposal to adopt a merger agreement we signed with Yahoo! Inc. and a wholly-owned subsidiary of Yahoo!. If the merger agreement is adopted and we complete the merger, Inktomi will become a subsidiary of Yahoo! and you will have the right to receive \$1.65 in cash in exchange for each outstanding share of our common stock that you own. After the merger is completed, you no longer will own an equity interest in Inktomi, and our common stock will no longer be publicly traded. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement, and you are encouraged to read it in its entirety.

Our board of directors has unanimously approved the merger agreement and the merger, determined that the merger agreement and the merger are fair to and in the best interests of our stockholders and declared the merger agreement advisable, and recommends that you vote FOR adoption of the merger agreement. In reaching this determination, our board of directors considered a number of factors, including the opinion of our financial advisor, which is reproduced in full as Annex C to the attached proxy statement, and which you are encouraged to read in its entirety.

The proposed merger is an important decision for us and our stockholders. We cannot complete the merger unless holders of at least a majority of our outstanding shares of common stock vote to adopt the merger agreement. I and Dr. Eric A. Brewer, our Chief Scientist and a member of our board of directors, have agreed with Yahoo! to vote our shares of Inktomi common stock in favor of the adoption of the merger agreement.

The attached notice of special meeting and proxy statement explain the proposed merger and provide specific information concerning the special meeting. Please read these materials carefully.

Whether or not you plan to attend the special meeting, I urge you to complete, sign, date and promptly return the enclosed proxy card to ensure that your shares will be voted at the special meeting. Your failure to return an executed proxy card will constitute, in effect, a vote against adoption of the merger agreement.

David C. Peterschmidt

*Chairman, President and Chief Executive Officer
Inktomi Corporation*

The proxy statement is dated [I], 2003, and is first being mailed to stockholders of Inktomi on or about [I], 2003.

Table of Contents

INKTOMI CORPORATION

**4100 East Third Avenue
Foster City, California 94404
(650) 653-2800**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On [1], 2003**

To the stockholders of Inktomi Corporation:

A special meeting of stockholders of Inktomi Corporation, a Delaware corporation, will be held on [1], [1], 2003 at [1]:00 a.m., local time, at [1] located at [1], for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of December 22, 2002, among Yahoo! Inc., December 2002 Acquisition Corp., a wholly-owned subsidiary of Yahoo!, and Inktomi Corporation; and

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Inktomi has fixed the close of business on [1] as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Inktomi's common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of it. At the close of business on the record date, Inktomi had outstanding and entitled to vote [1] shares of common stock. Holders of Inktomi's common stock are entitled to appraisal rights under the Delaware General Corporation Law in connection with the merger. See "The Merger Appraisal Rights" on page 24.

YOUR VOTE IS IMPORTANT. THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES OF INKTOMI'S COMMON STOCK IS REQUIRED TO ADOPT THE MERGER AGREEMENT. EVEN IF YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, WE REQUEST THAT YOU COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY TODAY AND THUS ENSURE THAT YOUR SHARES WILL BE REPRESENTED AT THE SPECIAL MEETING IF YOU ARE UNABLE TO ATTEND. IF YOU SIGN, DATE AND MAIL YOUR PROXY CARD WITHOUT INDICATING HOW YOU WISH TO VOTE, YOUR PROXY WILL BE COUNTED AS A VOTE IN FAVOR OF ADOPTION OF THE MERGER AGREEMENT. IF YOU FAIL TO RETURN YOUR INKTOMI PROXY CARD, THE EFFECT WILL BE THAT YOUR SHARES WILL NOT BE COUNTED FOR PURPOSES OF DETERMINING WHETHER A QUORUM IS PRESENT AT THE INKTOMI SPECIAL MEETING, AND WILL EFFECTIVELY BE COUNTED AS A VOTE AGAINST ADOPTION OF THE MERGER AGREEMENT. IF YOU DO ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE WILL REVOKE ANY PREVIOUSLY RETURNED PROXIES.

By Order of the Board of Directors,

Randy S. Gottfried

Foster City, California
[1]

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER

SUMMARY TERM SHEET

The Companies (Page 11)

The Special Meeting of Inktomi's Stockholders (Page 9)

The Merger (Page 12)

The Merger Agreement (Page 29)

Treatment of Inktomi Securities: Merger Consideration (Page 29)

Recommendation to Stockholders (Page 17)

Opinion of Inktomi's Financial Advisor (Page 18)

Conditions to the Merger (Page 37)

Termination of the Merger Agreement (Page 39)

Termination Fee (Page 41)

No Solicitation (Page 35)

Interests of Inktomi's Directors and Executive Officers in the Merger (Page 23)

Voting Agreements (Page 42)

Appraisal Rights (Page 24)

Regulatory Matters (Page 28)

Portal Services Agreement (Page 43)

FORWARD-LOOKING INFORMATION

MARKET PRICE AND DIVIDEND DATA

THE SPECIAL MEETING

Date, Time and Place

Purpose of Special Meeting

Record Date; Stock Entitled to Vote; Quorum

Vote Required

Voting by Inktomi's Directors, Executive Officers and Certain Stockholders

Voting of Proxies

Revocability of Proxies

Solicitation of Proxies

THE COMPANIES

Inktomi Corporation

Yahoo! Inc.

THE MERGER

Background to the Merger

Reasons for the Merger and the Recommendation of the Board of Directors

Opinion of Inktomi's Financial Advisor

Interests of Inktomi's Directors and Executive Officers in the Merger

Amendment to Preferred Stock Rights Agreement

Appraisal Rights

Form of the Merger

Conversion of Shares; Procedures for Exchange of Certificates

Litigation Related to the Merger

Certain U.S. Federal Income Tax Consequences

Regulatory Matters

THE MERGER AGREEMENT

Effective Time of the Merger

Treatment of Inktomi Securities: Merger Consideration

Exchange of Inktomi Stock Certificates

Restated Certificate of Incorporation and By-Laws

Officers and Directors of Inktomi Following the Merger

Representations and Warranties

Definition of Material Adverse Effect

Conduct of Business Pending the Merger

Reasonable Efforts

No Solicitation

Board Recommendation

Conditions to the Merger

Benefit Arrangements

Expenses

Termination of the Merger Agreement

Termination Fee

Amendment; Extension and Waiver

THE VOTING AGREEMENTS

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

STOCKHOLDER PROPOSALS

OTHER MATTERS

WHERE YOU CAN FIND MORE INFORMATION

Table of Contents**TABLE OF CONTENTS**

	Page
QUESTIONS AND ANSWERS ABOUT THE MERGER	Q-1
SUMMARY TERM SHEET	1
The Companies	1
The Special Meeting of Inktomi's Stockholders	1
The Merger	1
The Merger Agreement	2
Treatment of Inktomi Securities; Merger Consideration	2
Recommendations to Stockholders	2
Opinion of Inktomi's Financial Advisor	2
Conditions to the Merger	3
Termination of the Merger Agreement	3
Termination Fee	4
No Solicitation	5
Interest of Inktomi's Directors and Executive Officers in the Merger	5
Voting Agreements	5
Appraisal Rights	5
Regulatory Matters	6
Portal Services Agreement	6
FORWARD-LOOKING INFORMATION	7
MARKET PRICE AND DIVIDEND DATA	8
THE SPECIAL MEETING	9
Date, Time and Place	9
Purpose of Special Meeting	9
Record Date; Stock Entitled to Vote; Quorum	9
Vote Required	9
Voting by Inktomi's Directors, Executive Officers and Certain Stockholders	9
Voting of Proxies	9
Revocability of Proxies	10
Solicitation of Proxies	10
THE COMPANIES	11
Inktomi Corporation	11
Yahoo! Inc.	11
THE MERGER	12
Background to the Merger	12
Reasons for the Merger and the Recommendation of the Board of Directors	17
Opinion of Inktomi's Financial Advisor	19
Interests of Inktomi's Directors and Executive Officers in the Merger	23
Amendment to Preferred Stock Rights Agreement	25
Appraisal Rights	25
Form of the Merger	27
Conversion of Shares; Procedures for Exchange of Certificates	27
Litigation Relating to the Merger	28

Table of Contents

	<u>Page</u>
Certain U.S. Federal Income Tax Consequences	28
Regulatory Matters	29
THE MERGER AGREEMENT	30
Effective Time of the Merger	30
Treatment of Inktomi Securities; Merger Consideration	30
Exchange of Inktomi Stock Certificates	30
Restated Certificate of Incorporation and By-Laws	31
Officers and Directors of Inktomi Following the Merger	31
Representations and Warranties	31
Definition of Material Adverse Effect	32
Conduct of Business Pending the Merger	32
Reasonable Efforts	35
No Solicitation	36
Board Recommendation	38
Conditions to the Merger	38
Benefit Arrangements	39
Expenses	40
Termination of the Merger Agreement	40
Termination Fee	42
Amendment; Extension and Waiver	42
THE VOTING AGREEMENTS	43
PORTAL SERVICES AGREEMENT	44
SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	45
STOCKHOLDER PROPOSALS	46
OTHER MATTERS	46
WHERE YOU CAN FIND MORE INFORMATION	47

Annexes:

Annex A	Agreement and Plan of Merger among Yahoo! Inc., December 2002 Acquisition Corp. and Inktomi Corporation, dated as of December 22, 2002
Annex B	Form of Voting Agreement among Yahoo! Inc., December 2002 Acquisition Corp. and certain stockholders of Inktomi, dated as of December 22, 2002
Annex C	Opinion of Thomas Weisel Partners LLC
Annex D	Section 262 of the Delaware General Corporation Law Appraisal Rights

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHO IS SOLICITING MY PROXY?

A: This proxy is being solicited by our board of directors.

Q: WHAT AM I BEING ASKED TO VOTE ON?

A: You are being asked to vote on the adoption of the merger agreement that we entered into with Yahoo! Inc. which sets out the terms and conditions of the proposed merger of a wholly-owned subsidiary of Yahoo! with and into Inktomi Corporation. As a result of the merger, Inktomi will become a wholly-owned subsidiary of Yahoo!.

Q: WHY IS THE BOARD OF DIRECTORS RECOMMENDING THE MERGER?

A: Our board of directors has considered the merger agreement and the transactions contemplated by it, including the merger and determined that the merger agreement and the merger are fair to and in the best interests of our stockholders and declared the merger agreement advisable. This determination was based on our board of directors' consideration of a number of factors, including the opinion of our financial advisor reproduced in full as Annex C to this proxy statement. A more complete description of the reasons for the merger can be found beginning on page 12.

Q: WHAT INTERESTS DO INKTOMI'S DIRECTORS AND EXECUTIVE OFFICERS HAVE IN RECOMMENDING APPROVAL OF THE MERGER AGREEMENT AND THE MERGER?

A: Our directors and executive officers have interests in the merger that are different from the interests of other Inktomi stockholders, including the continuation of certain indemnification arrangements for directors and executive officers and the fact that our executive officers may also be entitled to severance payments and group employee benefit coverage with an aggregate value of \$4,297,786 if their employment is terminated not for cause within 12 months of the merger. For additional details, including the amounts that may be received by each of our directors and executive officers, see "Interests of Inktomi's Directors and Executive Officers in the Merger" on page 23.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: As a result of the merger, each share of Inktomi common stock that you own will be automatically converted into the right to receive \$1.65 in cash, without interest. For example, if you own 100 shares of Inktomi's common stock, you will have the right to receive \$165 in cash in exchange for your shares.

Q: WHAT DO I NEED TO DO NOW?

A: We urge you to read this proxy statement carefully, including its annexes, and to consider how the merger affects you. Then please return your completed, dated and signed proxy card in the postage-paid envelope provided with this proxy statement as soon as possible, so that your shares can be voted at the special meeting of our stockholders.

Q: WHAT HAPPENS IF I DO NOT RETURN A PROXY CARD?

A: The failure to return your proxy card will have the same effect as voting against adoption of the merger agreement. If we do not receive the affirmative vote of the holders of a majority of shares of Inktomi common stock outstanding on the record date, [] 2003, then we will not be able to effect the merger.

Q: MAY I VOTE IN PERSON?

A: Yes. You may attend the special meeting of Inktomi's stockholders, and vote your shares in person. If you hold shares in street name you must provide a legal proxy executed by your bank or broker in order to vote your shares at the meeting.

Q: MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. You may change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways. First, you can send a written, dated notice to the Secretary of Inktomi stating that you would like to revoke your proxy. Second, you can complete, date, and submit a new proxy

Q-1

Table of Contents

card. Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedure provided by your broker. Without instructions, your shares will not be voted, which will have the effect of a vote against adoption of the merger agreement.

Q: SHOULD I SEND IN MY INKTOMI STOCK CERTIFICATES NOW?

A: No. Shortly after the merger is completed, you will receive written instructions for exchanging your shares of Inktomi's common stock for the merger consideration of \$1.65 in cash, without interest, per share.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: We are working toward completing the merger as quickly as possible. In addition to obtaining stockholder approval, we must satisfy all other closing conditions, or they must be properly waived, including the expiration or termination of applicable regulatory waiting periods. We currently expect to complete the merger shortly after the special meeting.

Q: HOW WILL I KNOW THE MERGER HAS OCCURRED?

A: If the merger occurs, we will make a public announcement of this fact.

Q: WILL THE MERGER BE TAXABLE TO ME?

A: Yes. The merger generally will be taxable to you. You will recognize gain or loss equal to the difference between the total amount of cash you receive in the merger for your Inktomi shares and your adjusted tax basis in those shares.

Q: AM I ENTITLED TO APPRAISAL RIGHTS?

A: Yes. You are entitled to appraisal rights under the Delaware General Corporation Law in connection with the merger. See "The Merger Appraisal Rights" on page 24.

Q: WHO CAN HELP ANSWER MY QUESTIONS?

A: If you have questions regarding the special meeting, this proxy statement or the procedures for voting, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at 1-877-456-3463. If you would like additional copies, without charge, of this proxy statement you should contact:

INKTOMI CORPORATION

Attn: Investor Relations
4100 East Third Avenue
Foster City, California 94404
Telephone: (650) 653-2800

Q-2

Table of Contents

SUMMARY TERM SHEET

The following summary term sheet highlights the material information contained in this proxy statement, but does not contain all of the information in this proxy statement that is important to your voting decision. To understand the merger agreement fully and for a more complete description of the terms of the merger, you should carefully read this entire proxy statement, including the annexes, and the documents to which we refer in this proxy statement. See *Where You Can Find More Information* on page 46. We have included page references in parentheses to direct you to a more complete description of the topics presented in this summary.

The Companies (Page 11)

INKTOMI CORPORATION
4100 East Third Avenue
Foster City, California 94404
Telephone: (650) 653-2800

We provide World Wide Web search services for Internet portal and search destination sites. Inktomi Web Search is a customizable, private label solution that offers portals and destination sites the ability to serve differentiated, highly relevant search results. Inktomi Web Search also provides content publishers access to end users through portal and destination site customers of our search engine services.

YAHOO! INC.
701 First Avenue
Sunnyvale, California 94089
Telephone: (408) 349-3300

Yahoo! Inc. is a leading provider of comprehensive online products and services to consumers and businesses worldwide. Headquartered in Sunnyvale, California, Yahoo!'s global network includes 25 world properties and is available in 13 languages.

December 2002 Acquisition Corp. is a wholly-owned subsidiary of Yahoo!. December 2002 Acquisition Corp. was organized solely for the purpose of entering into the merger agreement with Inktomi and completing the merger and has not conducted any business operations.

The Special Meeting of Inktomi's Stockholders (Page 9)

Date, Time and Place. A special meeting of the stockholders of Inktomi will be held on [I], [I], 2003, at the [I] located at [I] at [I]:00 a.m. local time, to consider and vote upon a proposal to adopt the merger agreement.

Record Date and Voting Power. You are entitled to vote at the special meeting if you owned shares of Inktomi's common stock at the close of business on [I], the record date for the special meeting. You will have one vote at the special meeting for each share of Inktomi's common stock you owned at the close of business on the record date. There are [I] shares of Inktomi common stock entitled to be voted at the special meeting.

Required Vote. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of Inktomi's common stock outstanding at the close of business on the record date.

Share Ownership of Directors and Management. The directors and executive officers of Inktomi and their affiliates own approximately [I]% of the shares entitled to vote at the special meeting. David C. Peterschmidt, Chairman, President and Chief Executive Officer of Inktomi, and Dr. Eric A. Brewer, a member of the board of directors and Chief Scientist of Inktomi, have agreed, subject to certain terms and conditions, to vote their shares in favor of adoption of the merger agreement.

The Merger (Page 12)

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If our stockholders adopt the merger agreement and all other conditions to completing the merger are satisfied or waived, December 2002 Acquisition Corp. will be merged with and into Inktomi, and Inktomi will

Table of Contents

become a wholly-owned subsidiary of Yahoo!. As a result of the merger, each share of Inktomi common stock you own will automatically convert into the right to receive \$1.65 in cash, without interest. After the merger is completed, you no longer will own an equity interest in Inktomi, and our common stock will no longer be publicly traded.

The merger will become effective when a certificate of merger is filed with the Secretary of State of the State of Delaware, which we expect to file as soon as practicable after the special meeting.

The Merger Agreement (Page 29)

A copy of the merger agreement is attached to this document as Annex A. We encourage you to read the merger agreement in its entirety because it is the legal document that contains all of the terms of and conditions to the merger.

Treatment of Inktomi Securities; Merger Consideration (Page 29)

If the merger is completed, you will receive \$1.65 in cash, without interest, in exchange for each share of Inktomi's common stock that you own and with respect to which you have not perfected appraisal rights.

If the merger is completed and you hold an outstanding option to purchase our common stock, whether or not then exercisable or vested, your option will be assumed by Yahoo!. Your option will cease to represent a right to acquire shares of our common stock and will convert automatically into an option to purchase shares of Yahoo! common stock, subject to the same terms and conditions (other than the number of underlying shares and the exercise price) as the applicable Inktomi option plan under which the option was issued. The number of shares of Yahoo! common stock (rounded down to the nearest whole share) for which such option will be exercisable will be determined by multiplying the number of shares of our common stock subject to the option by a fraction, with a numerator of \$1.65 and a denominator of the average closing price of Yahoo! common stock on the Nasdaq National Market System over the 10 trading days immediately preceding, but not including, the effective date of the merger. The new exercise price per share of Yahoo! common stock (rounded up to the nearest whole cent) will be equal to the per share exercise price of the Inktomi option divided by the fraction described above.

If the merger is completed and you hold stock that is subject to a repurchase option, risk of forfeiture or other condition under any applicable restricted stock repurchase agreement or other agreement, Yahoo! will, at its option and in its sole discretion, either (i) pay you \$1.65 per share upon surrender of your stock certificates, or (ii) pay for such shares over time as they vest according to the requirements of the applicable restricted stock schedule.

Recommendation to Stockholders (Page 17)

Our board of directors has determined that the merger agreement and the merger are fair to you and in your best interests. Accordingly, our board of directors has unanimously approved the merger agreement and the merger and declared the merger agreement advisable. **Our board of directors recommends that you vote FOR adoption of the merger agreement.**

Opinion of Inktomi's Financial Advisor (Page 18)

On December 22, 2002, Thomas Weisel Partners delivered to our board of directors its written opinion that, as of that date, the consideration to be received by our stockholders pursuant to the merger was fair to the stockholders from a financial point of view. A copy of the Thomas Weisel Partners opinion is attached as Annex C to this proxy statement. A summary of the Thomas Weisel Partners opinion is included in this proxy statement; however, you are urged to read the Thomas Weisel Partners opinion carefully in its entirety for the assumptions made, the procedures followed, the matters considered and the limits of the review made by Thomas Weisel Partners in connection with its opinion. The Thomas Weisel Partners opinion is not a recommendation as to how you should vote your shares on the proposed merger.

Table of Contents

Conditions to the Merger (Page 37)

The respective obligations of each of the parties to complete the merger are subject to the satisfaction of several conditions, including the following:

the merger agreement must be adopted by our stockholders;

there must not be any law or regulation or any court order or injunction preventing the merger;

all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act must have expired or been terminated and any required approvals by the European Commission and all other material foreign antitrust approvals must have been obtained; and

there must not be any pending or overtly threatened action or proceeding by any governmental entity seeking to restrain or prohibit the merger or Yahoo! 's ownership or operation of our business.

Our obligation to complete the merger is also subject to the satisfaction or waiver by us, at or prior to the effective time of the merger, of several conditions, including the following:

Yahoo! 's representations and warranties must be true and correct, except with regards to Yahoo! 's representations and warranties as would not be reasonably expected to impede the receipt of the merger consideration; and

Yahoo! 's obligations under the merger agreement must be materially performed.

The obligation of Yahoo! to complete the merger is also subject to the satisfaction or waiver by Yahoo!, at or prior to the effective time of the merger, of several conditions, including the following:

our representations and warranties must be true and correct, except with regards to our representations and warranties as do not, individually or in the aggregate, constitute a material adverse effect on us;

our obligations under the merger agreement must be materially performed;

all material governmental and third-party consents and approvals must be received;

there must not have occurred and be continuing any change or event since December 22, 2002, that has had and continues to have a material adverse effect on Inktomi; and

holders of more than 15% of our outstanding common stock must not have demanded appraisal rights in accordance with the Delaware General Corporation Law.

Termination of the Merger Agreement (Page 39)

The merger agreement may be terminated:

by Yahoo! and Inktomi, if we both agree to do so;

by either Yahoo! or Inktomi, if:

the merger is not completed by May 31, 2003 (or, under certain circumstances, by July 31, 2003);

any final nonappealable order, decree or ruling issued by a governmental entity permanently restrains or prohibits the merger; or

the merger agreement is not adopted by the required vote of our stockholders at the special meeting;

by Yahoo! if:

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we breach any of our representations, warranties, covenants or agreements under the merger agreement or if any representation or warranty of ours shall have become untrue, in either case, such that either Yahoo!'s condition relating to representations and warranties or Yahoo!'s condition relating to agreements and covenants would not be satisfied at the time of such breach or as of the time such representation or warranty shall have become untrue, subject to a 30-day cure period;

3

Table of Contents

our board withdraws, amends or modifies, in a manner adverse to Yahoo!, its recommendation in favor of the adoption of the merger agreement;

our board fails to publicly reaffirm its favorable recommendation of the merger agreement within 10 business days after Yahoo! requests us to do so following the public announcement of an alternative acquisition proposal;

our board approves or recommends an alternative acquisition proposal;

we do not convey a statement to our security holders in respect of a tender offer or exchange offer by a third party that our board recommends rejection of such offer; or

we deliver to Yahoo! notice of a change of recommendation by our board; or

by Inktomi if:

Yahoo! breaches any of its representations, warranties, covenants or agreements under the merger agreement or if any representation or warranty of Yahoo! shall have become untrue, in either case, such that either Inktomi's condition relating to representations and warranties or Inktomi's condition relating to agreements and covenants would not be satisfied at the time of such breach or as of the time such representation or warranty shall have become untrue, subject to a 30-day cure period; or

we have provided notice to Yahoo! that we intend to enter into a binding, written agreement for a superior offer, and each of the following events occurs:

we have complied in all material respects with the no solicitation provisions of the merger agreement;

we have delivered to Yahoo! notice of a change of recommendation by our board;

Yahoo! does not make, within 72 hours after receiving our written notice, an offer that our board of directors reasonably concludes in good faith (following consultation with our financial advisor and outside counsel) is at least as favorable to our stockholders as such superior proposal;

we have received opinions from our financial advisor and an additional investment banking firm of national reputation to the effect that the consideration to be provided to our stockholders by the superior offer is superior from a financial point of view to the merger consideration; and

we pay to Yahoo! a cash termination fee of \$11,200,000 concurrently with entering into such binding, written agreement.

Termination Fee (Page 41)

We must pay Yahoo! a cash termination fee of \$11,200,000 if the merger agreement is terminated by Yahoo! or Inktomi, as applicable, because:

we willfully and materially breach a representation, warranty, covenant or agreement under the merger agreement;

our board withdraws, modifies or amends, in a manner adverse to Yahoo!, its recommendation in favor of the merger agreement;

our board fails to reaffirm its favorable recommendation of the merger agreement within 10 business days after Yahoo! requests us to do so following the public announcement of an alternative acquisition proposal;

our board approves or recommends an alternative acquisition proposal;

our board fails to recommend rejection of an alternative acquisition proposal in the form of a tender or exchange offer;

Table of Contents

we deliver a change of recommendation notice to Yahoo!; or

we enter into a binding written agreement with respect to a superior offer.

In addition, we must pay Yahoo! the termination fee if the merger agreement is terminated because the merger fails to be consummated by May 31, 2003 (or, under certain circumstances, July 31, 2003) or the merger agreement is not adopted by the required vote of our stockholders and:

prior to the termination of the merger agreement, there has been public disclosure of an alternative acquisition proposal; and

within 12 months of the termination of the merger agreement, an acquisition of Inktomi is completed; provided, that, if the merger agreement is terminated because of its not having been adopted by our stockholders, the alternative acquisition is at a price per share that exceeds the per share merger consideration.

No Solicitation (Page 35)

The merger agreement contains detailed provisions that prohibit us and our subsidiaries, and our officers and directors, from, directly or indirectly, soliciting, initiating, intentionally encouraging, taking any action to facilitate or intentionally induce any inquiry with respect to, or the making, submission or announcement of, any alternative acquisition proposal.

Interests of Inktomi's Directors and Executive Officers in the Merger (Page 23)

When considering the recommendation of our board of directors, you should be aware that a number of Inktomi's executive officers and directors have interests in the merger that are different from the interests of other Inktomi stockholders. For example, if the merger is completed, certain indemnification arrangements for directors and executive officers of Inktomi will be continued and certain of Inktomi's executive officers may also be entitled to severance payments and group employee benefit coverage with an aggregate value of \$4,297,786 if their employment is terminated not for cause within 12 months of the merger. For additional details, including the amounts that may be received by each of our directors and executive officers, see *Interests of Inktomi's Directors and Executive Officers in the Merger* on page 23.

Voting Agreements (Page 42)

Simultaneously with the execution and delivery of the merger agreement, David C. Peterschmidt, our Chairman, President and Chief Executive Officer, and Dr. Eric A. Brewer, our Chief Scientist and a member of our board of directors, who on the record date held 237,437 and 3,850,276 shares of our common stock, respectively, representing in the aggregate approximately []% of our common stock, entered into voting agreements with Yahoo!. They agreed, among other things, to vote their shares in favor of the adoption of the merger agreement and granted a proxy and power of attorney for their shares to certain officers of Yahoo!. A copy of the form of voting agreement which they have signed is attached as Annex B to this proxy statement.

Appraisal Rights (Page 24)

Inktomi's stockholders have the right under Delaware law to exercise appraisal rights and to receive payment in cash for the fair value of their shares of our common stock determined in accordance with Delaware law, if such rights are properly perfected. The fair value of shares of our common stock as determined in accordance with Delaware law may be more or less than the merger consideration to be paid to non-dissenting Inktomi stockholders in the merger. To preserve their rights, stockholders who wish to exercise appraisal rights must not vote in favor of the adoption of the merger agreement and must precisely follow specific procedures. These procedures are described in this proxy statement, and the provisions of Delaware law that grant appraisal rights and govern such procedures are attached as Annex D. We encourage you to read these provisions carefully and in their entirety.

Table of Contents

Regulatory Matters (Page 28)

The Hart-Scott-Rodino Antitrust Improvements Act prohibits us from completing the merger until we have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has ended or been terminated. Yahoo! and Inktomi each filed the required notification and report forms on January 10, 2003, and requested early termination of the required waiting period. The applicable waiting period will expire at 11:59 p.m. on February 10, 2003, unless such period is terminated early or extended.

Portal Services Agreement (Page 43)

Concurrently with the execution and delivery of the merger agreement, we entered into a portal services agreement with Yahoo!. If the merger agreement is terminated for any reason, except by us as a result of a breach by Yahoo! under the merger agreement, Yahoo! has the option for 30 days to effectuate the agreement and obtain Web search services from us pursuant to the agreement.

Table of Contents

FORWARD-LOOKING INFORMATION

This proxy statement may contain forward-looking statements regarding future events. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act. These statements are neither promises nor guarantees, but involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements, including, without limitation, the risks that the merger may not be consummated in a timely manner, if at all, risks regarding employee retention and other risks detailed in our current filings with the SEC, including our most recent filings on Form 10-Q and 10-K, which discuss these and other important risk factors concerning our operations. See [Where You Can Find More Information](#) on page 46.

Table of Contents**MARKET PRICE AND DIVIDEND DATA**

Our common stock is quoted on the Nasdaq National Market System under the symbol INKT. This table shows, for the periods indicated, the range of high and low closing per share sales prices for our common stock as reported on the Nasdaq National Market System.

	Inktomi Common Stock	
	Low	High
FISCAL YEAR ENDED SEPTEMBER 30, 2001		
First quarter	\$ 17.88	\$ 108.94
Second quarter	\$ 5.74	\$ 18.63
Third quarter	\$ 2.79	\$ 10.96
Fourth quarter	\$ 2.25	\$ 9.17
FISCAL YEAR ENDED SEPTEMBER 30, 2002		
First quarter	\$ 2.70	\$ 7.71
Second quarter	\$ 3.45	\$ 7.31
Third quarter	\$ 0.78	\$ 3.82
Fourth quarter	\$ 0.25	\$ 1.06
FISCAL YEAR ENDING SEPTEMBER 30, 2003		
First quarter	\$ 0.26	\$ 1.64
Second quarter through January [1], 2003	\$ [1]	\$ [1]

The following table sets forth the closing sales price per share of our common stock, as reported on the Nasdaq National Market System on December 20, 2002, the last full trading day before the public announcement of the proposed merger, and on [1], 2003, the last full trading day before the printing of this proxy statement:

	Inktomi s Common Stock
December 20, 2002	\$ 1.17
[1], 2003	\$ [1]

We have never declared or paid cash dividends on our common stock. Our current policy is to retain any earnings for use in our business. Following the merger, there will be no further market for our common stock.

Table of Contents

THE SPECIAL MEETING

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting at the [] located at [] at []:00 a.m. local time, on [], [], 2003.

Purpose of Special Meeting

At the special meeting, we will ask holders of our common stock to consider and vote upon a proposal to adopt the merger agreement. Our board of directors has unanimously approved the merger agreement and the merger, has determined that the merger agreement and the merger are fair to and in the best interests of our stockholders and declared the merger agreement advisable. **Our board of directors recommends that you vote FOR the adoption of the merger agreement.**

Record Date; Stock Entitled to Vote; Quorum

Only holders of record of our common stock at the close of business on [], the record date, are entitled to notice of and to vote at the special meeting. On the record date, [] shares of our common stock were issued and outstanding and held by approximately [] holders of record. A quorum is present at the special meeting if a majority of the shares of our common stock issued and outstanding and entitled to vote on the record date are represented in person or by proxy. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies. Holders of record of our common stock on the record date are entitled to one vote per share at the special meeting on the proposal to adopt the merger agreement.

Vote Required

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date. If you abstain from voting or do not vote, either in person or by proxy, it will effectively count as a vote against the adoption of the merger agreement.

Voting by Inktomi's Directors, Executive Officers and Certain Stockholders

Under the terms of voting agreements entered into between Yahoo! and each of David C. Peterschmidt, our Chairman, President and Chief Executive Officer, and Dr. Eric A. Brewer, our Chief Scientist and a member of our board of directors, Mr. Peterschmidt and Dr. Brewer have agreed, subject to the terms and conditions set forth in their respective voting agreements, to vote their shares of our common stock for the adoption of the merger agreement. On the record date, Mr. Peterschmidt and Dr. Brewer owned and were entitled to vote 237,437 and 3,850,276 shares, respectively, of our common stock, or approximately []%, in the aggregate of the shares of our common stock outstanding on the record date.

Voting of Proxies

All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the holders. Properly executed proxies that do not contain voting instructions will be voted FOR the adoption of the merger agreement.

Shares of our common stock r