

## Yahoo (YHOO)

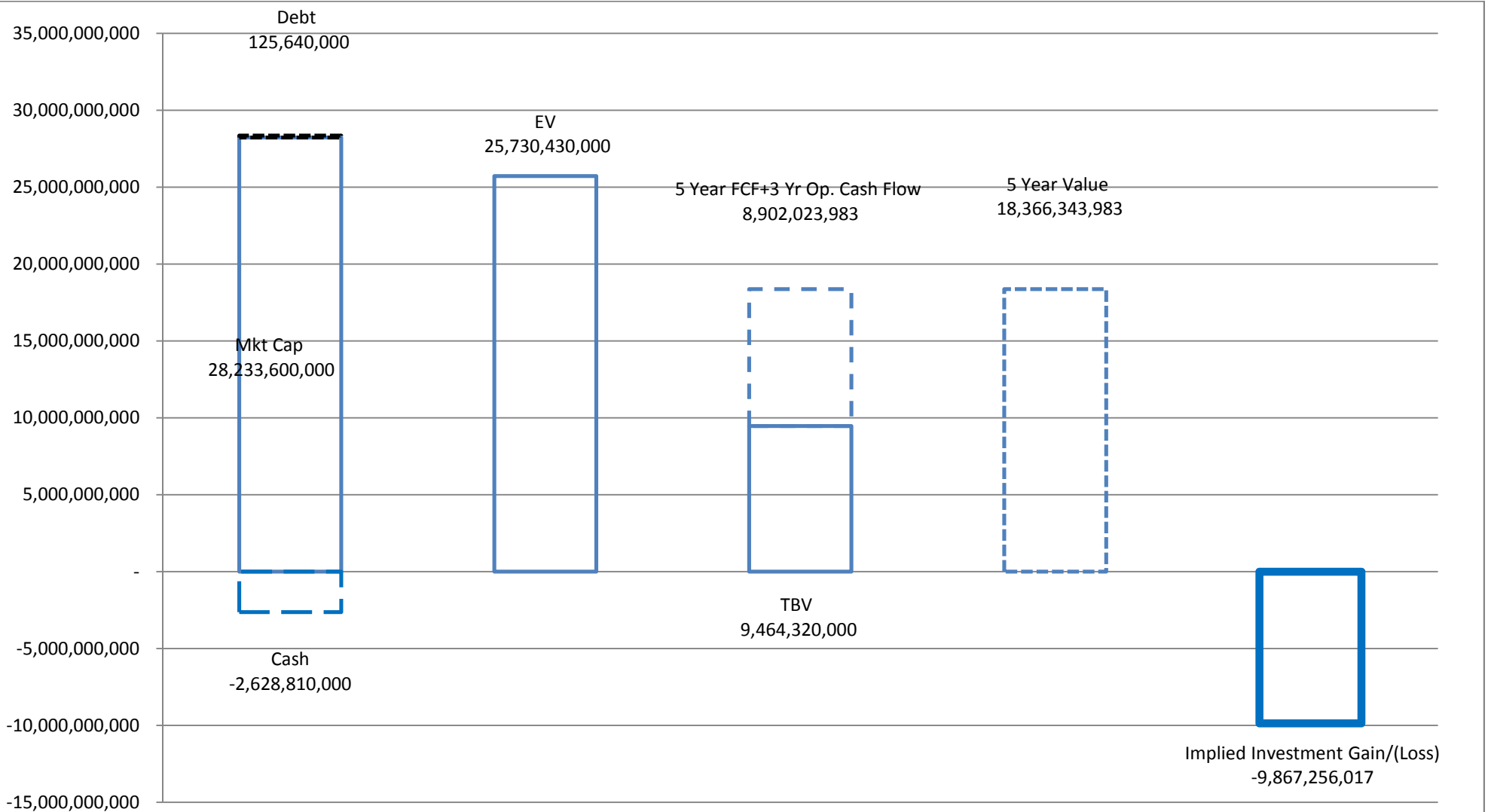
Price:	\$27.68	Net Tang. Bk Value Incl. Cash, Excl.	\$9,464,320,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$11,707,124,200.00
Market Cap:	\$28,233,600,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$1,110,268,861.30
Cash:	\$2,628,810,000	NTBVIC/Market Downside Recovery:	33.52%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$125,640,000	Op. Cash Flow:	\$1,114,243,480	Year 5 Disposition Price:	\$15,037,930,783.90
Net Cash:	\$2,503,170,000	Implied Years to Fill Gap:	16.84		
Enterprise Value:	\$25,730,430,000	Today's Equity if 5x Op. CF:	\$12,807,050,439		
		Net Tang. Book+ Gain Disposition:			\$15,037,930,783.90
Shares Outstanding:	1,020,000,000	IRR:			-11.84%
		Price:			\$14.74
		Target Market Cap:			\$15,037,930,784
		Target Enterprise Value:			\$12,534,760,784

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

While enjoying a lunch at a favorite burger joint near my office ( menu was a bacon cheeseburger with egg and thinly sliced potato fries, and orange Fanta) my colleagues and I were talking about stocks and a couple stocks that came up were Facebook and Yahoo. I think Facebook is so overpriced, somewhere along the ranks of Priceline.

Yahoo is also overpriced in our opinion. It is a weakening business, but still generates \$1BB in op cash flow. The Co. is essentially an investment firm with an internet operation. They have investments in Alibaba, Yahoo Japan, and fixed income securities which has a higher asset value than their PP&E. Granted, most internet firms like Google are flushed with cash and the ROIC is better suited for investments than new projects. So, the Co. recently acquired Tumblr and paid \$800MM in goodwill for the acquisition. So, in a way, these established internet companies are acting like VCs, which isn't a shabby business.

Still, Yahoo is expensive and we will keep away from it.



Yahoo! Inc. was founded in 1994. Yahoo! Inc., together with its consolidated subsidiaries is a premier digital media company. Through its proprietary technology and insights, it delivers personalized digital content and experiences, across devices and around the globe, to vast audiences. It provides engaging and innovative canvases for advertisers to connect with their target audiences using its unique blend of Science + Art + Scale. It provide online properties and services to users as well as a range of marketing services designed to reach and connect with those users on Yahoo! and through a distribution network of third-party entities. The Company's offerings to users on Yahoo! Properties currently fall into three categories: Communications and Communities; Search and Marketplaces; and Media. The majority of its offerings are available in more than 45 languages and in 60 countries, regions, and territories. It has properties tailored to users in specific international markets including Yahoo! Homepage and social networking Websites such as Meme and Wretch. It manages and measures its business geographically, mainly in the Americas, EMEA (Europe, Middle East, and Africa) and Asia Pacific. Its Communications and Communities offerings, including Yahoo! Mail, Yahoo! Messenger, Yahoo! Groups, Yahoo! Answers, Flickr, and Connected TV, provide a range of communication and social services to users across a variety of devices and through its broadband Internet access partners, OEM partners and strategic partners. These offerings enable users to organize into groups and share knowledge, common interests, and photos. Its Search and Marketplaces offerings are designed to quickly answer users' information needs by delivering innovative and meaningful search, local, and listings experiences on the search results pages and across Yahoo!. Its Marketplaces offerings and services include Yahoo! Shopping, Yahoo! Travel, Yahoo! Real Estate, Yahoo! Autos, and Yahoo! Small Business. On these properties, users can research specific topics, products, services or areas of interest by reviewing and exchanging information, obtaining contact details or considering offers from providers of goods, providers of services, or parties with similar interests. It generate revenue from listing fees, transaction fees, and display and search advertising on many of these properties, as well as from the subscription fees that it charge for hosting Websites for its customers, fees that it charge for registering domains, and fees that it charge for services it provide to small businesses seeking to maintain a Website. Its Media offerings are designed to engage users with some of the relevant and compelling online content and services on the Web. It offers a majority of these services free of charge to its users. On its Media properties, it generates revenue from display and search advertising and from fee-based services. Its Media properties and services include: Yahoo! Homepage, Yahoo! News, Yahoo! Sports, Yahoo! Finance, My Yahoo!, Yahoo! Toolbar, Yahoo! Entertainment & Lifestyles, IntoNow from Yahoo!, Yahoo! Contributor Network. Its competitors are Facebook, Google, Microsoft, and AOL, which each generally offer an integrated variety of Internet products, services, and/or content. It competes with these and other companies for users, advertisers, publishers, and developers. It also compete with these companies to obtain agreements with software publishers, Internet access providers, mobile carriers, device manufacturers and others to promote or distribute its services to their users. The Company is subject to regulations and laws directly applicable to providers of Internet, mobile and VOIP services both domestically and internationally.

Company Name:		Yahoo			Income Statement	
Ticker Symbol:	YHOO	Market Capitalization:	\$28,233,600,000.00	Revenue:	\$4,820,000,000.00	100.0%
Last Price:	\$27.68	Total Debt:	\$125,640,000.00	Cost of Goods Sold:	\$1,454,000,000.00	30.2%
Net Cash/Share:	\$2.45	RCH Total Cash:	\$2,628,810,000.00	Gross Profit:	\$3,366,000,000.00	69.8%
Net Cash to Last Price:	8.87%	Net Cash/(Debt):	\$2,503,170,000.00	EBITDA:	\$1,280,000,000.00	26.6%
Shares Outstanding:	1,020,000,000	Enterprise Value:	\$25,730,430,000.00	Net Income:	\$4,150,000,000.00	86.1%
Industry:	Internet Content & Information	Current EV/Share:	\$25.23			
Sector:	Technology	EBITDA:	\$1,256,800,000.00	<b>Balance Sheet</b>		
Institutional Ownership:	82.30%	EV/EBITDA Multiple:	20.47	Cash:	\$1,142,220,000.00	
Mutual Fund Ownership:	35.13%	EV/EBITDA Multiple Average Year 1-5:	21.49	Short Term Investment:	\$1,486,590,000.00	
Insider Ownership:	1.29%	EV/FCF Multiple (excluding acquisition):	-32.54	A/R:	\$941,000,000.00	
Float:	88.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	42.16	PP&E:	\$1,500,000,000.00	
			<b>Upper Range</b>			
			<b>DCF: EV/EBITDA Terminal Value</b>			
<b>Technicals</b>		Implied TV from 3 X EV/EBITDA Multiple	\$1,944,762,300.00	A/P:	\$120,000,000.00	
52 week low:	\$14.59	Enterprise Value	\$1,944,762,300.00	Deferred Tax:	\$730,710,000.00	
Today from 52 week low:	89.72%	Cash at Year 5:	\$5,680,154,306.50	Other Liabilities:	\$1,441,210,000.00	
52 week high:	\$29.83	Debt at Year 5:	\$125,640,000.00	Short term Debt:	\$0.00	
Today from 52 week high:	7.77%	Equity Value Year 5:	\$7,499,276,606.50	Long Term Debt:	\$125,640,000.00	
<b>Analyst/Consensus</b>		<b>Equity/Share at Year 5:</b>	<b>\$7.35</b>	Liabilities:	\$2,417,560,000.00	
Analyst Sales Growth FY1:	0.30%	Annualized Return:	-23.29%	Retained Earnings:	\$6,513,000,000.00	
Analyst Sales Growth FY2:	2.60%	<b>Lower Range</b>				
SN Valuation Estimate FY1:	0.00%	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>				
SN Valuation Estimate FY2:	0.00%	Year 5 Net Tangible Assets excluding cash and debt	\$4,667,980,000.00	Paid-In Capital:	\$9,771,190,000.00	
Analyst Earnings Estimate FY1:	\$1.47	Enterprise Value	\$4,667,980,000.00	Treasury Stock:	-\$2,800,000,000.00	
Analyst Earnings Estimate FY2:	\$1.70	Cash at Year 5:	\$5,680,154,306.50	Stockholder's Equity:	\$14,046,320,000.00	
SN Valuation Earnings Est. FY1:	\$1.01	Debt at Year 5:	\$125,640,000.00	<b>Cash Flow</b>		
SN Valuation Earnings Est. FY2:	\$1.03	Equity Value Year 5:	\$10,222,494,306.50	Net Income:	3,950,600,000.00	
<b>Multiples</b>		<b>Equity/Share at Year 5:</b>	<b>\$10.02</b>	Depreciation/Amortization:	654,610,000.00	
Market Value to Book:	2.01	Annualized Return:	-18.39%	Change in Working capital:	930,620,000.00	
EV to Book:	1.83	<b>EVA</b>				
Market Value to Tangible Net Assets:	6.05	EVA today:	\$12,865,539,060.75	Cash from Operating Activities:	-281,550,000.00	
P/E Ratio:	6.80	EVA in 5 Years:	\$8,945,922,704.21	Cash from Investing Activities:	-509,310,000.00	
Trailing P/E Ratio:	7.81	EVA/Share:	\$8.77	Cash from Financing Activities:	3,362,040,000.00	
Forward P/E Ratio:	16.68	Cash at Year 5:	\$5,680,154,306.50	Total Cash Dividends Paid:	0.00	
Beta:	0.85	Debt at Year 5:	\$125,640,000.00	Issuance (Retirement) of Stock:	-1,949,470,000.00	
Dividend:	0.00	Equity Value Year 5:	\$14,500,437,010.71	Issuance (Retirement) of Debt:	0.00	
<b>Dividend Yield:</b>	<b>0.00%</b>	<b>Equity/Share at Year 5:</b>	<b>\$14.22</b>	Cash from Financing Activities:	-1,979,460,000.00	
Dividend Date:	N/A	Annualized return:	-7.01%	<b>Profitability Margins</b>		
Ex-Dividend Date:	N/A					
<b>Competitors</b>				Debt to Equity:	0.89%	
Average EV to EBITDA:	N/A	<b>Current Net Tangible Asset</b>		Return on Assets:	24.44%	
Company EV to EBITDA:	20.47	<b>Net Tangible Asset/Share:</b>	<b>\$8.58</b>	Return on Capital:	27.84%	
Average EV to EBIT:	N/A	<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$11.33</b>	Return on Equity:	28.09%	
Company EV to EBITA:	45.43	Annualized return:	5.72%			
		Current Equity Price:	\$27.68			
		Selling at Discount?	Premium			
		Appreciation Potential:	-69.02%			
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SN VALUATION

LBO Pro Forma Income Statement

Name:

Yahoo

Ticker:

YHOO

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	6,460.31	6,324.65	4,984.20	4,986.57	4,986.57	4,986.57	4,986.57	4,986.57	4,986.57
COGS	2,871.75	2,682.07	1,587.00	1,620.57	1,645.57	1,645.57	1,645.57	1,645.57	1,645.57
<b>Gross margin</b>	<b>3,588.56</b>	<b>3,642.58</b>	<b>3,397.20</b>	<b>3,366.00</b>	<b>3,341.00</b>	<b>3,341.00</b>	<b>3,341.00</b>	<b>3,341.00</b>	<b>3,341.00</b>
SG&A	1,825.70	1,751.75	1,619.48	1,641.82	1,645.57	1,645.57	1,645.57	1,645.57	1,645.57
R&D	1,210.17	1,028.72	919.37	885.82	897.58	897.58	897.58	897.58	897.58
Unusual expense	126.90	57.96	24.42	236.17	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	149.60	149.60	149.60	149.60	149.60
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
<b>Operating Income (EBITA)</b>	<b>425.79</b>	<b>804.15</b>	<b>833.93</b>	<b>602.19</b>	<b>648.25</b>	<b>648.25</b>	<b>648.25</b>	<b>648.25</b>	<b>648.25</b>
Interest income/(expense)	190.67	23.06	18.92	41.68	41.84	41.84	41.84	41.84	41.84
Gain (loss) on sale of asset	0.00	372.69	0.00	4,603.32	0.00	0.00	0.00	0.00	0.00
Other	-3.14	-97.88	8.26	2.84	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>574.22</b>	<b>1,070.39</b>	<b>827.52</b>	<b>5,214.21</b>	<b>690.09</b>	<b>690.09</b>	<b>690.09</b>	<b>690.09</b>	<b>690.09</b>
Tax	219.32	221.52	241.77	1,940.05	241.53	241.53	241.53	241.53	241.53
<b>Income after tax</b>	<b>354.90</b>	<b>848.87</b>	<b>585.75</b>	<b>3,274.16</b>	<b>448.56</b>	<b>448.56</b>	<b>448.56</b>	<b>448.56</b>	<b>448.56</b>
Minority Interest	-7.30	-12.96	-13.84	-5.12	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	250.39	395.76	476.92	676.44	580.21	598.77	600.97	598.24	599.11
<b>Net income</b>	<b>597.99</b>	<b>1,231.66</b>	<b>1,048.83</b>	<b>3,945.48</b>	<b>1,028.77</b>	<b>1,047.33</b>	<b>1,049.53</b>	<b>1,046.80</b>	<b>1,047.67</b>
* Figures are in millions (\$)									
EPS (based off today's share count)	\$0.59	\$1.21	\$1.03	\$3.87	\$1.01	\$1.03	\$1.03	\$1.03	\$1.03
P/E (historical today's price; forecasted intrinsic price)	47.21	22.92	26.92	7.16	24.20	20.95	18.43	16.29	14.35
<b>Revenue Growth</b>	<b>N/A</b>	<b>-2.10%</b>	<b>-21.19%</b>	<b>0.05%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Tax Rate	38.19%	20.70%	29.22%	37.21%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	443.42%	57.65%	0.00%	104200.00%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	44.45%	42.41%	31.84%	32.50%	33.00%	33.00%	33.00%	33.00%	33.00%
<b>Gross margin</b>	<b>55.55%</b>	<b>67.59%</b>	<b>68.16%</b>	<b>67.50%</b>	<b>67.00%</b>	<b>67.00%</b>	<b>67.00%</b>	<b>67.00%</b>	<b>67.00%</b>
SG&A	28.26%	27.70%	32.49%	32.92%	33.00%	33.00%	33.00%	33.00%	33.00%
R&D	18.73%	16.27%	18.45%	17.76%	18.00%	18.00%	18.00%	18.00%	18.00%
Unusual expense	1.96%	0.92%	0.49%	4.74%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>6.59%</b>	<b>12.71%</b>	<b>16.73%</b>	<b>12.08%</b>	<b>13.00%</b>	<b>13.00%</b>	<b>13.00%</b>	<b>13.00%</b>	<b>13.00%</b>
Interest income/(expense)	2.95%	0.36%	0.38%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Gain (loss) on sale of asset	0.00%	5.89%	0.00%	92.31%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.05%	-1.55%	0.17%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>8.89%</b>	<b>16.92%</b>	<b>16.60%</b>	<b>104.57%</b>	<b>13.84%</b>	<b>13.84%</b>	<b>13.84%</b>	<b>13.84%</b>	<b>13.84%</b>
Tax	3.39%	3.50%	4.85%	38.91%	4.84%	4.84%	4.84%	4.84%	4.84%
<b>Income after tax</b>	<b>5.49%</b>	<b>13.42%</b>	<b>11.75%</b>	<b>65.66%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>
Minority Interest	-0.11%	-0.20%	-0.28%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	3.88%	6.26%	9.57%	13.57%	11.64%	12.01%	12.05%	12.00%	12.01%
<b>Net income</b>	<b>9.26%</b>	<b>19.47%</b>	<b>21.04%</b>	<b>79.12%</b>	<b>20.63%</b>	<b>21.00%</b>	<b>21.05%</b>	<b>20.99%</b>	<b>21.01%</b>

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-06-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	1,275.44	1,526.43	1,562.39	2,667.78	1,142.22			1,142.22	1,756.46	2,364.25	2,974.45	3,583.30	4,193.56
Short term investment	2,015.65	1,357.66	493.19	1,516.17	1,486.59			1,486.59	1,486.59	1,486.59	1,486.59	1,486.59	1,486.59
<b>Cash and Short term</b>	<b>3,291.09</b>	<b>2,884.09</b>	<b>2,055.58</b>	<b>4,183.95</b>	<b>2,628.81</b>			<b>2,628.81</b>	<b>3,243.05</b>	<b>3,850.84</b>	<b>4,461.04</b>	<b>5,069.89</b>	<b>5,680.15</b>
Accounts Receivable	1,003.36	1,028.90	1,037.47	1,008.45	941.00			941.00	941.00	941.00	941.00	941.00	941.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>1,003.36</b>	<b>1,028.90</b>	<b>1,037.47</b>	<b>1,008.45</b>	<b>941.00</b>			<b>941.00</b>	<b>941.00</b>	<b>941.00</b>	<b>941.00</b>	<b>941.00</b>	<b>941.00</b>
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	74.41	61.96	81.88	74.27	887.68			887.68	887.68	887.68	887.68	887.68	887.68
Other Current Assets	206.44	299.31	272.31	344.30	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Current Assets</b>	<b>4,575.30</b>	<b>4,274.26</b>	<b>3,447.24</b>	<b>5,610.97</b>	<b>4,457.49</b>	<b>0.00</b>	<b>0.00</b>	<b>4,457.49</b>	<b>5,071.73</b>	<b>5,679.52</b>	<b>6,289.72</b>	<b>6,898.57</b>	<b>7,508.83</b>
PP&E, Gross	2,781.95	3,099.94	3,402.76	0.00	3,400.00			3,400.00	3,900.00	4,400.00	4,900.00	5,400.00	5,900.00
Change in Depreciation	554.55	555.22	530.52	549.24	549.24			549.24	549.24	549.24	549.24	549.24	549.24
Accumulated Depreciation	1,355.08	1,446.51	1,671.88	0.00	1,900.00			1,900.00	2,449.24	2,998.48	3,547.72	4,096.96	4,646.20
<b>PP&amp;E, Net</b>	<b>1,426.87</b>	<b>1,653.43</b>	<b>1,730.88</b>	<b>0.00</b>	<b>1,500.00</b>			<b>1,500.00</b>	<b>1,450.76</b>	<b>1,401.52</b>	<b>1,352.28</b>	<b>1,303.04</b>	<b>1,253.80</b>
Goodwill	3,640.37	3,681.64	3,900.75	3,826.75	4,582.00	0.00		4,582.00	4,582.00	4,582.00	4,582.00	4,582.00	4,582.00
Intangibles	355.88	255.87	254.60	153.97	398.00			398.00	281.56	171.57	59.18	-51.87	-164.34
Long term investments	4,770.02	4,802.97	5,255.01	5,522.06	5,036.20			5,036.20	5,036.20	5,036.20	5,036.20	5,036.20	5,036.20
Other long term assets	148.12	188.65	189.00	261.91	171.21			171.21	171.21	171.21	171.21	171.21	171.21
<b>Long Term Assets</b>	<b>10,341.26</b>	<b>10,582.56</b>	<b>11,330.24</b>	<b>9,764.69</b>	<b>11,687.41</b>			<b>11,687.41</b>	<b>11,521.73</b>	<b>11,362.50</b>	<b>11,200.87</b>	<b>11,040.58</b>	<b>10,878.87</b>
<b>Total Assets</b>	<b>14,916.56</b>	<b>14,856.82</b>	<b>14,777.48</b>	<b>15,375.66</b>	<b>16,144.90</b>	<b>0.00</b>	<b>0.00</b>	<b>16,144.90</b>	<b>16,593.46</b>	<b>17,042.02</b>	<b>17,490.58</b>	<b>17,939.14</b>	<b>18,387.70</b>
Accounts Payable	136.77	162.42	166.59	184.83	120.00			120.00	120.00	120.00	120.00	120.00	120.00
Accrued Expense	1,053.82	1,066.84	833.34	767.17	763.00			763.00	763.00	763.00	763.00	763.00	763.00
Other current Liabilities	527.14	396.61	207.43	338.23	294.97			294.97	294.97	294.97	294.97	294.97	294.97
<b>Total Current Liabilities</b>	<b>1,717.73</b>	<b>1,625.87</b>	<b>1,207.36</b>	<b>1,290.23</b>	<b>1,177.97</b>	<b>0.00</b>	<b>0.00</b>	<b>1,177.97</b>	<b>1,177.97</b>	<b>1,177.97</b>	<b>1,177.97</b>	<b>1,177.97</b>	<b>1,177.97</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	43.00	40.00	0.00	0.04	125.64			125.64	125.64	125.64	125.64	125.64	125.64
<b>Total Interest Earning Debt</b>	<b>43.00</b>	<b>40.00</b>	<b>0.00</b>	<b>0.04</b>	<b>125.64</b>	<b>0.00</b>	<b>0.00</b>	<b>125.64</b>	<b>125.64</b>	<b>125.64</b>	<b>125.64</b>	<b>125.64</b>	<b>125.64</b>
Deferred Income tax	59.47	199.01	815.53	675.27	730.71			730.71	730.71	730.71	730.71	730.71	730.71
Minority Interest	25.32	38.28	40.28	45.40	49.87			49.87	49.87	49.87	49.87	49.87	49.87
Other liabilities	597.19	466.81	178.54	532.11	333.37			333.37	333.37	333.37	333.37	333.37	333.37
<b>Total Liabilities</b>	<b>2,442.71</b>	<b>2,369.97</b>	<b>2,241.71</b>	<b>2,543.05</b>	<b>2,417.56</b>	<b>0.00</b>	<b>0.00</b>	<b>2,417.56</b>	<b>2,417.56</b>	<b>2,417.56</b>	<b>2,417.56</b>	<b>2,417.56</b>	<b>2,417.56</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	1.41	1.31	1.24	1.19	1.19		0.00	1.19	1.19	1.19	1.19	1.19	1.19
Additional Paid-in capital	10,640.37	10,109.91	9,825.90	9,563.35	9,770.00	0.00	0.00	9,770.00	9,770.00	9,770.00	9,770.00	9,770.00	9,770.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	1,599.64	1,942.66	2,432.29	5,792.46	6,513.00			6,513.00	6,961.56	7,410.12	7,858.68	8,307.24	8,755.80
Treasury Stock	-117.33	0.00	-416.24	-1,368.04	-2,800.00		0.00	-2,800.00	-2,800.00	-2,800.00	-2,800.00	-2,800.00	-2,800.00
Other Equity	364.31	495.52	705.41	562.13	562.13			562.13	562.13	562.13	562.13	562.13	562.13
<b>Total Equity</b>	<b>12,488.40</b>	<b>12,549.40</b>	<b>12,548.60</b>	<b>14,551.09</b>	<b>14,046.32</b>	<b>0.00</b>	<b>0.00</b>	<b>14,046.32</b>	<b>14,494.88</b>	<b>14,943.44</b>	<b>15,392.00</b>	<b>15,840.56</b>	<b>16,289.12</b>
<b>Liability + Equity</b>	<b>14,931.11</b>	<b>14,919.37</b>	<b>14,790.31</b>	<b>17,094.14</b>	<b>16,463.88</b>	<b>0.00</b>	<b>0.00</b>	<b>16,463.88</b>	<b>16,912.44</b>	<b>17,361.00</b>	<b>17,809.56</b>	<b>18,258.12</b>	<b>18,706.68</b>
<b>Variance</b>	-14.55	-62.55	-12.83	-1,718.48	-318.98			-318.98	-318.98	-318.98	-318.98	-318.98	-318.98
<b>Debt/Equity</b>	0.00	0.00	0.00	0.00	0.01			0.01	0.01	0.01	0.01	0.01	0.01
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	6.44	6.15	4.80	4.94	5.30			5.30	5.30	5.30	5.30	5.30	5.30
Accounts Receivable Turnover Days	56.69	59.38	75.98	73.82	68.88			68.88	68.88	68.88	68.88	68.88	68.88
Days Payable Outstanding	17.38	22.10	38.31	41.63	26.62			27.03	26.62	26.62	26.62	26.62	26.62
Days Sales Outstanding	56.69	59.38	75.98	73.82	68.88			73.82	68.88	68.88	68.88	68.88	68.88
Cash Conversion Cycle	39.31	37.27	37.66	32.19	42.26			46.79	42.26	42.26	42.26	42.26	42.26
Net tangible assets/share	\$8.33	\$8.44	\$8.23	\$10.36	\$8.89			\$9.44	\$9.99	\$10.54	\$11.09	\$11.64	\$11.64

## SN VALUATION

## LBO Adjusted Proforma Cash Flow

Ticker:

YHOO

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	605.29	1,244.63	1,062.67	3,950.60	448.56	448.56	448.56	448.56	448.56
Depreciation	554.55	555.22	530.52	549.24	549.24	549.24	549.24	549.24	549.24
<b>Net Income + Depreciation</b>	<b>1,159.84</b>	<b>1,799.85</b>	<b>1,593.19</b>	<b>4,499.84</b>	<b>997.80</b>	<b>997.80</b>	<b>997.80</b>	<b>997.80</b>	<b>997.80</b>
Amortization	184.31	127.29	117.72	105.37	116.44	109.99	112.39	111.05	112.47
Deferred Taxes	-90.56	112.58	70.39	-769.32	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-56.20	-483.97	-304.54	-5,048.05	0.00	0.00	0.00	0.00	0.00
Change in Working capital	112.97	-315.56	-152.96	930.62	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-25.54	-8.57	29.02	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	12.45	-19.92	7.61	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	25.65	4.17	18.24	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>1,310.36</b>	<b>1,240.19</b>	<b>1,323.80</b>	<b>-281.54</b>	<b>1,114.24</b>	<b>1,107.79</b>	<b>1,110.19</b>	<b>1,108.85</b>	<b>1,110.27</b>
Capital Expenditures Expenditures	-465.98	-735.52	-605.11	-509.31	-500.00	-500.00	-500.00	-500.00	-500.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-1,953.26	1,245.44	807.48	3,871.35	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-2,419.24</b>	<b>509.92</b>	<b>202.37</b>	<b>3,362.04</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>
Financing Cash flow items	35.37	80.22	6.56	-29.99	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-0.77	-1,581.92	-1,462.52	-1,949.47	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>34.60</b>	<b>-1,501.70</b>	<b>-1,455.96</b>	<b>-1,979.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	57.43	2.60	-34.25	4.36	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	2,292.30	1,275.43	1,526.43	1,562.39	1,142.22	1,756.46	2,364.25	2,974.45	3,583.30
<b>Net Change in Cash</b>	<b>-1,016.87</b>	<b>251.00</b>	<b>35.96</b>	<b>1,105.39</b>	<b>614.24</b>	<b>607.79</b>	<b>610.19</b>	<b>608.85</b>	<b>610.27</b>
Ending Cash Balance	1,275.43	1,526.43	1,562.39	2,667.78	1,756.46	2,364.25	2,974.45	3,583.30	4,193.56
Capex to Revenue	7.21%	11.63%	12.14%	10.21%	10.03%	10.03%	10.03%	10.03%	10.03%
Depreciation to Sales	8.58%	8.78%	10.64%	11.01%	11.01%	11.01%	11.01%	11.01%	11.01%
Amortization to Sales	2.85%	2.01%	2.36%	2.11%	2.34%	2.21%	2.25%	2.23%	2.26%
A/R to Sales	15.53%	16.27%	20.82%	20.22%	20.22%	20.22%	20.22%	20.22%	20.22%
Distributable FCF/EV Yield	-4.31%	6.80%	5.93%	11.97%	2.39%	2.36%	2.37%	2.37%	2.37%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>844.38</b>	<b>504.67</b>	<b>718.69</b>	<b>-790.85</b>	<b>614.24</b>	<b>607.79</b>	<b>610.19</b>	<b>608.85</b>	<b>610.27</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

YHOO

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>1,105.39</b>	<b>614.24</b>	<b>607.79</b>	<b>610.19</b>	<b>608.85</b>	<b>610.27</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		4,183.95				
Interest @ 1.0%		41.84	41.84	41.84	41.84	41.84
<b>Net Interest Expense/(Income)</b>		<b>(41.84)</b>	<b>(41.84)</b>	<b>(41.84)</b>	<b>(41.84)</b>	<b>(41.84)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		648.25	648.25	648.25	648.25	648.25
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

Interest Rate Coverage Table

Debt Rating	2013	2014	2015	2016	2017
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Yahoo

Ticker:

YHOO

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	2,857.57	2,648.39	2,239.88	3,279.52	3,893.76	4,501.55	5,111.75	5,720.60	6,330.86
Total Assets	14,916.56	14,856.82	14,777.48	16,144.90	16,593.46	17,042.02	17,490.58	17,939.14	18,387.70
<b>X1</b>	<b>0.19</b>	<b>0.18</b>	<b>0.15</b>	<b>0.20</b>	<b>0.23</b>	<b>0.26</b>	<b>0.29</b>	<b>0.32</b>	<b>0.34</b>
Retained Earnings	1,599.64	1,942.66	2,432.29	6,513.00	6,961.56	7,410.12	7,858.68	8,307.24	8,755.80
Total Assets	14,916.56	14,856.82	14,777.48	16,144.90	16,593.46	17,042.02	17,490.58	17,939.14	18,387.70
<b>X2</b>	<b>0.11</b>	<b>0.13</b>	<b>0.16</b>	<b>0.40</b>	<b>0.42</b>	<b>0.43</b>	<b>0.45</b>	<b>0.46</b>	<b>0.48</b>
EBITDA	425.79	804.15	833.93	602.19	648.25	648.25	648.25	648.25	648.25
Total Assets	14,916.56	14,856.82	14,777.48	16,144.90	16,593.46	17,042.02	17,490.58	17,939.14	18,387.70
<b>X3</b>	<b>0.03</b>	<b>0.05</b>	<b>0.06</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>
Market Value of Equity	28,233.60	28,233.60	28,233.60	28,233.60	24,891.47	21,944.97	19,347.25	17,057.04	15,037.93
Total Liabilities	2,442.71	2,369.97	2,241.71	2,417.56	2,417.56	2,417.56	2,417.56	2,417.56	2,417.56
<b>X4</b>	<b>11.56</b>	<b>11.91</b>	<b>12.59</b>	<b>11.68</b>	<b>10.30</b>	<b>9.08</b>	<b>8.00</b>	<b>7.06</b>	<b>6.22</b>
Net Sales	6,460.31	6,324.65	4,984.20	4,986.57	4,986.57	4,986.57	4,986.57	4,986.57	4,986.57
Total Assets	14,916.56	14,856.82	14,777.48	16,144.90	16,593.46	17,042.02	17,490.58	17,939.14	18,387.70
<b>X5</b>	<b>0.43</b>	<b>0.43</b>	<b>0.34</b>	<b>0.31</b>	<b>0.30</b>	<b>0.29</b>	<b>0.29</b>	<b>0.28</b>	<b>0.27</b>
<b>Altman Z Score</b>	<b>7.84</b>	<b>8.15</b>	<b>8.49</b>	<b>8.25</b>	<b>7.48</b>	<b>6.79</b>	<b>6.19</b>	<b>5.66</b>	<b>5.20</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red



Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	9,464.32	9,912.88	10,361.44	10,810.00	11,258.56	11,707.12				11,707.12
Annual Change		448.56	448.56	448.56	448.56	448.56				
<b>Annual FCF</b>	(790.85)	614.24	607.79	610.19	608.85	610.27	610.27	610.27	610.27	1,830.81
Annual Op. Cash Flow	(281.54)	1,114.24	1,107.79	1,110.19	1,108.85	1,110.27	1,110.27	1,110.27	1,110.27	
Annual PP&E Investment	(509.31)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	
<b>Today's Tangible Book Value</b>	9,464.32	9,875.56	10,304.66	10,752.41	11,219.62	11,707.12				13,537.93
Intrinsic Value IRR	4.35%									
<b>Market Price</b>	28,233.60	24,373.81	21,041.69	18,165.10	15,681.77	13,537.93				13,537.93
Market Price IRR	-13.67%									

Debt	50.00%	14,116.80
Equity	50.00%	14,116.80
<b>Total</b>	<b>100.00%</b>	<b>28,233.60</b>

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	14046.32	14,116.80	13,776.88	13,436.96	13,097.03	12,757.11	12,417.19			
Goodwill	4582	18,769.28	18,769.28	18,769.28	18,769.28	18,769.28	18,769.28			
Debt	0	14,116.80	14,116.80	14,116.80	14,116.80	14,116.80	14,116.80			14,116.80
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		1,030.02	1,030.02	1,030.02	1,030.02	1,030.02	1,030.02			
<b>Tangible Book Value</b>	9464.32	-4,652.48	-4,992.40	-5,332.32	-5,672.25	-6,012.17	-6,352.09			-6,352.09
Annual Change			-339.92	-339.92	-339.92	-339.92	-339.92			
<b>Annual FCF</b>	(790.85)	(174.24)	(180.69)	(178.29)	(179.63)	(178.21)	(178.21)	(178.21)	(178.21)	(534.64)
Annual Net Income	3,945.48	(339.92)	(339.92)	(339.92)	(339.92)	(339.92)	(339.92)	(339.92)	(339.92)	
<b>Annual Op. Cash Flow</b>	(281.54)	325.76	319.31	321.71	320.37	321.79	321.79	321.79	321.79	
Dividend Payments										
<b>Annual PP&amp;E Investment</b>	(509.31)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5 (6,886.73)

Capital Left for Equity Investor (6,886.73)  
 Dividend Payments 0.00  
 Total Cash In Flow (6,886.73)

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity 14,116.80  
 IRR -186.63%

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) -1,699.61  
 Cash Flow (Year 6-8) -534.64  
**-2,234.25**

Value Dilution  
 Debt 14,116.80  
 Goodwill 14,187.28  
 Additional Interest 5,150.08  
**33,454.16**