

Confidential



THIRD POINT!

YAHOO!

September 14, 2011

Disclaimer

The analyses and conclusions of Third Point contained in this presentation include certain statements, assumptions, estimates and projections that reflect various assumptions by Third Point concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein.

The majority of the material contained in these slides was delivered at the CNBC/II Delivering Alpha Conference, held in New York City on September 14, 2011. Several updates have been made prior to their distribution.

Third Point Statement on YAHOO!

Corporate Governance at American public companies is based on capitalist and democratic principles of **alignment and accountability**. Boards of Directors are expected to have shareholders' best interests at heart, and are therefore given responsibility for hiring key executives and making critical strategic and capital decisions

The Yahoo Board has **failed in its duties and must be overhauled**

- Directors David Kenny (Akamai President), Brad Smith (Intuit President and CEO), and Jerry Yang, as Founder, should remain on the Board

As Yahoo considers strategic options with its advisors, the Board should **not entertain sweetheart deals** whereby handpicked private equity investors are given preferential control positions without offering such a transaction to all shareholders

Yahoo investors **must not be diluted** in order for the Board to protect itself from healthy shareholder democracy

What is YAHOO! ?

The **premier digital media company**, with global reach and content leadership...

- 678 million worldwide unique visitors, including 178 million in the U.S.
- 284 million e-mail users
- #1 position in 12 content categories, including News, Finance and Sports
- #2 U.S. web brand by total minutes at 17.2 billion per month (Nielsen, May 2011)

...with **growing audiences and market share**...

- audiences for Yahoo's properties have been growing, up 16% YoY in 2Q11
- domestic search market share has increased 2% YoY to 16% in August 2011

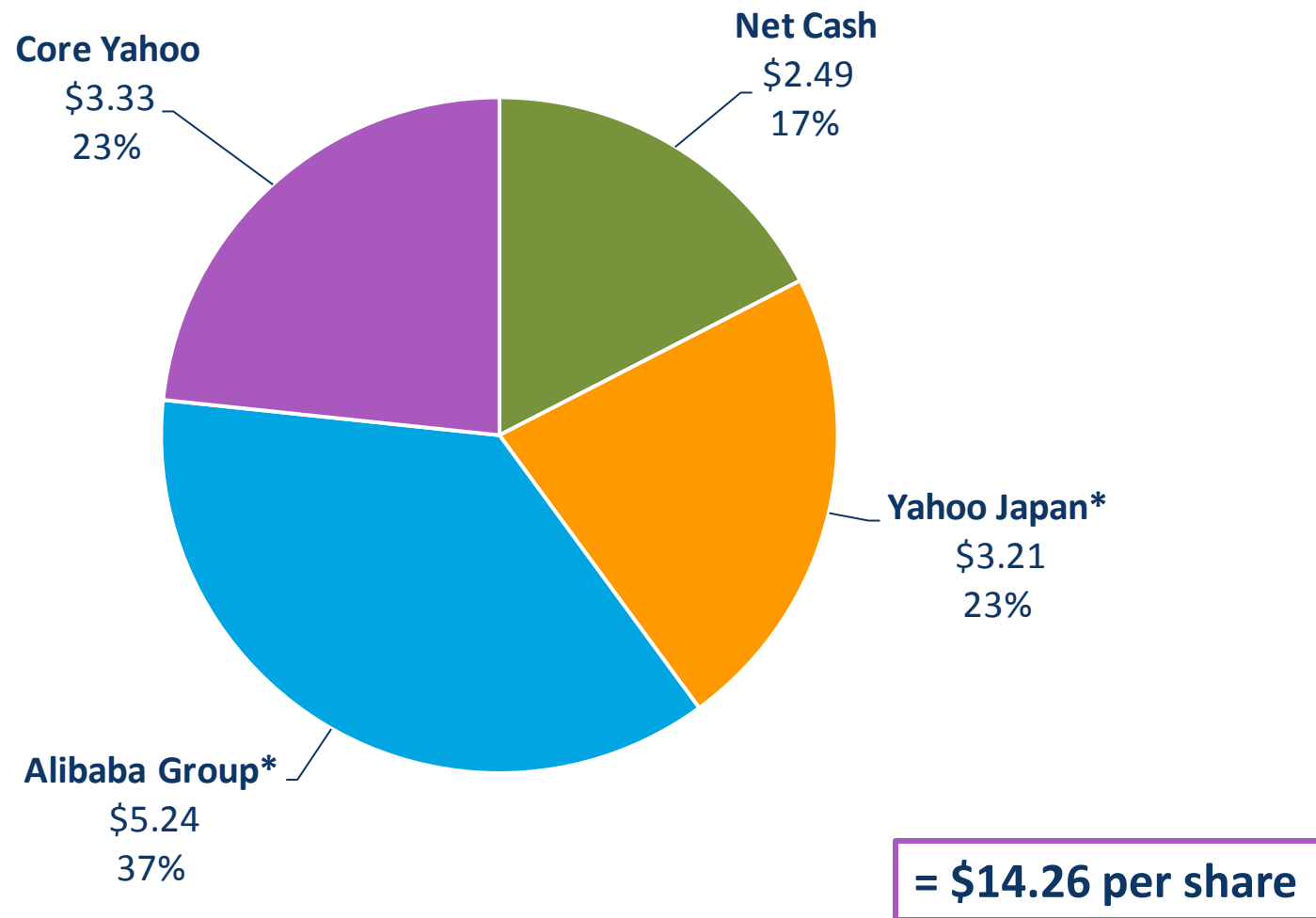
...and **growing international exposure**...

- APAC 18% of revenue, up 9% YoY
- EMEA 10% of revenue, up 16% YoY

...on top of a **revitalized technology platform**

- Yahoo Publishing Platform, Content Optimization and Relevance Engine, APT 2.0 sales platform
- Project Rewire datacenter overhaul

YAHOO! : Core Yahoo Represents Only a Small Part of the Story...But Grabs All the Headlines



* After tax (35%) values

What Can YAHOO! Be?

Yahoo can start by **doing more of what they do even better...**

- sales force overhaul supplemented with new tools and formats
- renewed long-tail opportunity with a refreshed Right Media Exchange

...while intelligently **building upon the current product** portfolio...

- hybrid search and display ad formats
- social search
- more vertically and demographically focused content offerings

...and **leveraging the audience into new monetization opportunities...**

- social gaming host
- video aggregation platform
- crowd sourced discovery and review
- cross platform mobile communications and content

...**alone or with partners**

- e-commerce, media, telecom and travel

How Has So Much Existing and Potential Value Been Squandered?

Yahoo Value Destruction Tracker 2005-Present: The “Bostock & Bartz” Era



- Subsequent to Bartz’s dismissal, Yahoo’s shares have traded up 10%, responding to the prospect of new governance focused on maximizing shareholder value

Third Point's Investment: Maximizing **YAHOO!** Value for Shareholders

- Third Point recently re-established a position in Yahoo
- We **currently own 5.2%** of the company
- The recent managerial transition creates an **ideal opportunity** to unlock Yahoo's value
- **Shifting the focus** from the C-level management and Board of Directors' sideshow drama will allow Yahoo's core assets and overlooked businesses to take the spotlight
- We believe we have a significant **margin of safety**

An Exciting Value Opportunity

- We believe Yahoo has a **current intrinsic value of nearly \$20 per share**
- More upside potential in the Alibaba stake than downside potential in core Yahoo

	Current*	Intrinsic	Tax Efficient	Mid-term**	Mid-term + Tax Efficient
Net Cash	\$2.49	\$2.49	\$2.49	\$2.49	\$2.49
Yahoo Japan	\$3.21	\$3.21	\$4.93	\$3.21	\$4.93
Alibaba Group	\$5.24	\$5.24	\$7.64	\$10.48	\$15.28
Subtotal	\$10.93	\$10.93	\$15.06	\$16.16	\$22.71
Core Yahoo	\$3.33	\$9.00	\$9.00	\$9.00	\$9.00
Consolidated	\$14.26	\$19.93	\$24.06	\$25.16	\$31.71
Upside		40%	69%	77%	122%
Core '12 EV/EBITDA	2.6x	7.0x	7.0x	7.0x	7.0x

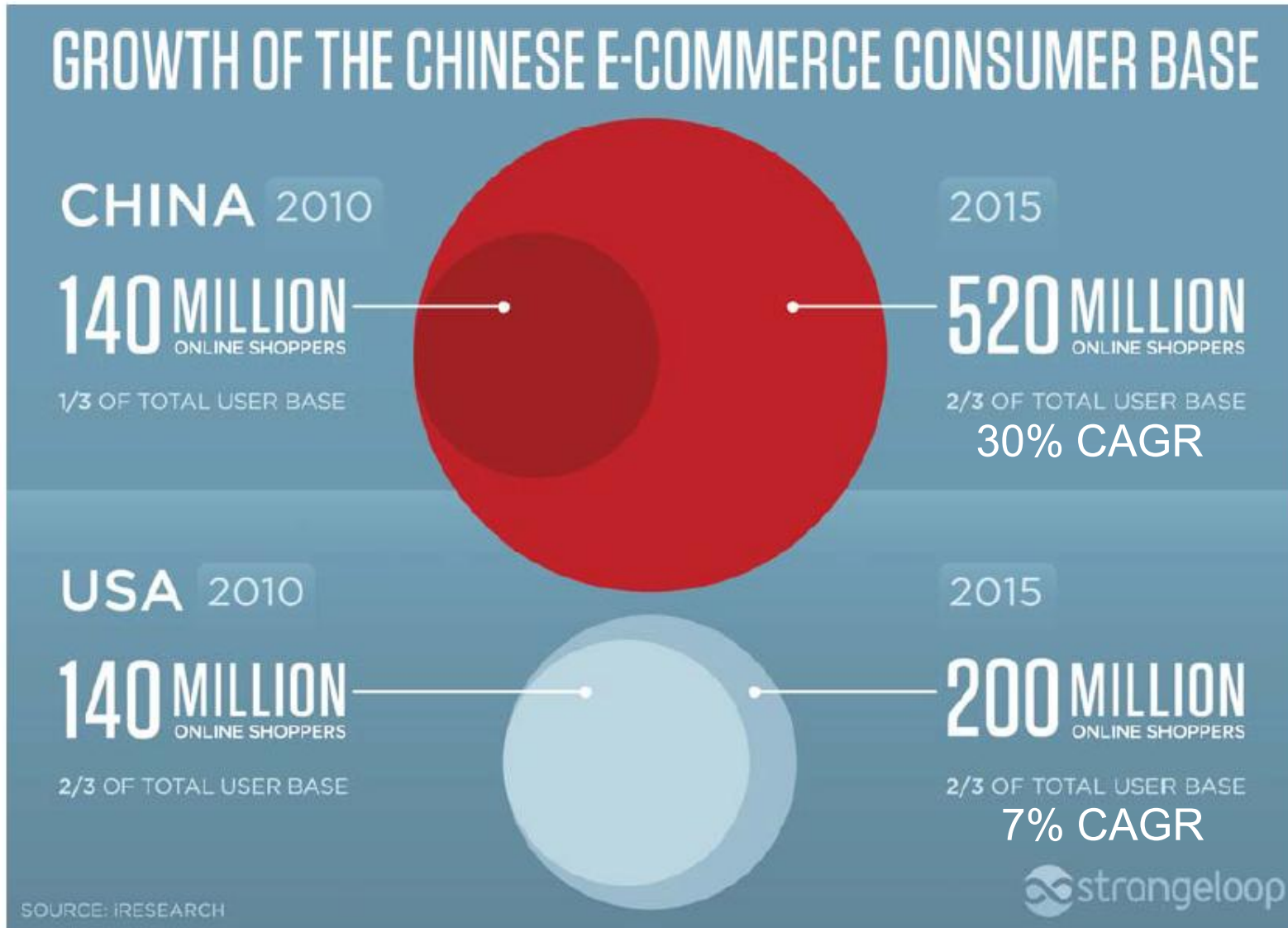
* Share price as of 9/13/11, 35% tax rate on Asian stakes, \$1 billion Alibaba Group basis

** Reflects the 2-3 year upside in the 40% Alibaba Group stake

Alibaba Group: A Promising, Overlooked Asset

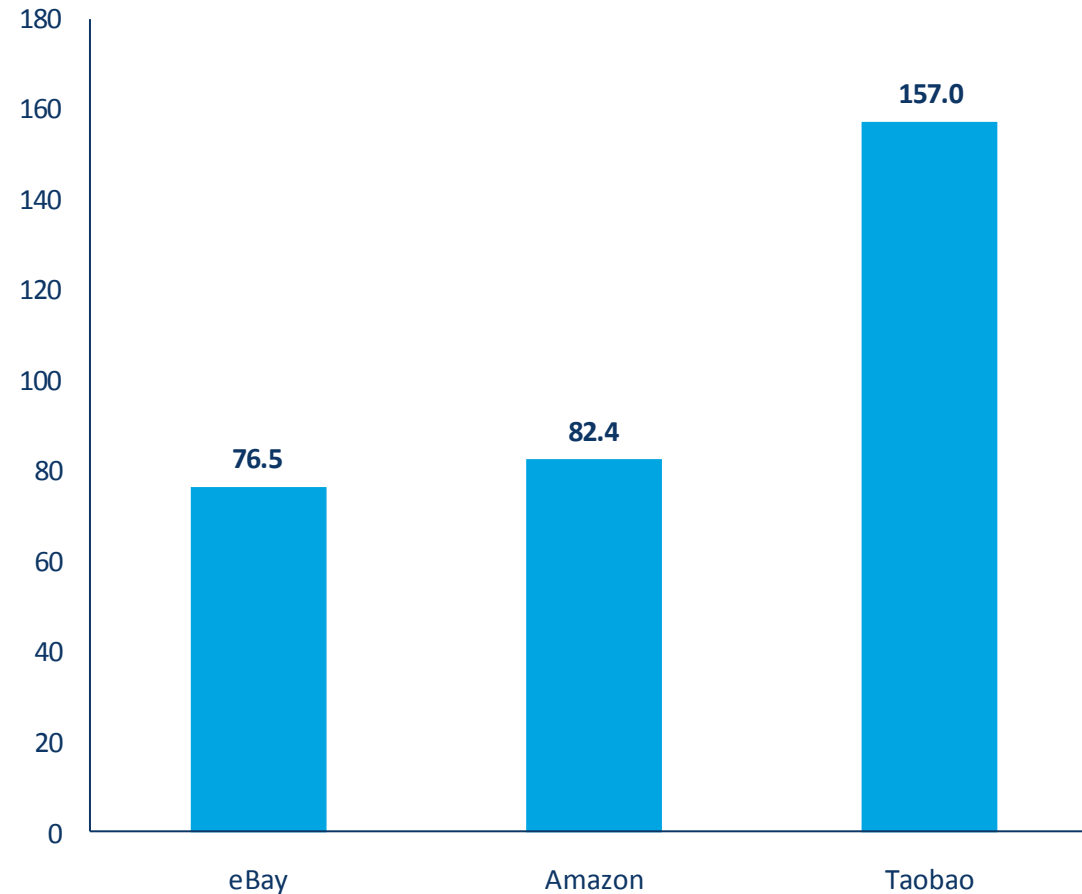
- Yahoo's **40% fully diluted stake in Alibaba Group** may hold the most upside value
- Alibaba Group houses the **following key assets**, among others:
 - Taobao Marketplace, Taobao Mall, Alibaba.com, Alipay residual interest
- **Jack Ma**, Alibaba Group's CEO is a known, sophisticated **dealmaker**:
 - Numerous reports have identified Mr. Ma's interest in repurchasing a portion or all of Yahoo's stake in Alibaba Group
- At \$25 billion, **Yahoo's 40% stake is worth nearly \$7 billion after-tax, or \$5.24 per share**
- The pending IPO of China's #2 B2C player, 360buy, may serve as a **favorable valuation benchmark before year-end**

Putting the Chinese e-Commerce Opportunity In Perspective



Alibaba's Taobao = eBay + Amazon on Steroids

2012 Gross Merchandise Value Comparison (\$bn)



After tax (35%) eBay GMV based on Piper Jaffray estimate
Amazon GMV based on ChannelAdvisor 2010 estimate and Piper Jaffray Retail Sales growth estimate
Taobao GMV based on Management estimate values

- Last week, Alibaba Group's CEO, Jack Ma, provided a **gross merchandise value target** across Taobao Mall and Taobao Marketplaces of **\$157 billion in 2012**
- We conservatively estimate a **\$25 billion value for the entirety** of the Alibaba Group
- **Outsized market growth + dominant market share + margin expansion** make for a very intriguing Alibaba Group opportunity

Significant Upside in a Revitalized **YAHOO!**

Yahoo offers a **compelling combination** of scale, share and opportunity...

- ✓ with significant potential to revitalize the core business
- ✓ featuring an Alibaba Group investment with tremendous upside and unexamined partnership possibilities
- ✓ at a meaningful discount versus current intrinsic value
- ✓ offering substantial upside

Yahoo's potential has been diminished by failed management and governance at the highest levels (i.e., CEO and Chairman positions), but **new opportunities await new leaders**

We look forward to working with new and certain existing Yahoo board members, as well as a reinvigorated senior management team to **capitalize on the intrinsic value of this premier internet franchise**