



## Yahoo! Releases Chairman's Update for Shareholders

SUNNYVALE, Calif.--(BUSINESS WIRE)-- Yahoo! Inc. (NASDAQ: YHOO), the premier digital media company, today released the following shareholder update from its Chairman Roy Bostock.

February 7, 2012

Dear Fellow Shareholders:

I write today to update you on the actions the Yahoo! board has taken, and the actions it is pursuing, to increase shareholder value and position the Company for growth. These actions result from a process I initiated about six months ago in a special meeting of the independent directors in which we analyzed the reasons why Yahoo! was not meeting either our own expectations or those of our shareholders.

The board decided then to move aggressively on three fronts to position Yahoo! for future success: one, we initiated a search for a new Chief Executive Officer with a vision and set of skills to lead Yahoo! into the future; two, we undertook a comprehensive strategic and structural review of the business; and three, we decided to assess the composition of the Company's board of directors relative to its ability to enhance the prospects for Yahoo!'s future success. We have made progress on all three fronts.

First, and most importantly, we have appointed Scott Thompson as CEO to lead our company. Scott is a capable and dynamic leader who brings the experience and expertise the Company needs to achieve robust growth and success in the marketplace. Over the coming months and years, Scott will lead an outstanding team of Yahoos to deliver engaging user experiences driven by innovative products.

Second, we have made significant progress on the comprehensive strategic review which is overseen by the board's Transactions and Strategic Planning Committee, chaired by director Brad Smith, the CEO of Intuit. The Committee's guiding principle has been to assess alternatives which would increase value for all Yahoo! shareholders, and the Committee has been open to any transaction or initiative that would serve this objective.

As part of this review, we have pursued a wide range of discussions with potential partners. We have engaged with potential investors and reviewed proposals concerning an equity investment in the Company, although at this time there have not been any proposals which have been deemed by the Committee to be attractive to our shareholders. We are also in active discussions with our partners in Asia regarding the possibility of restructuring our holdings in Alibaba Group and Yahoo! Japan. The complexity and unique nature of these transactions is significant. While we continue to devote significant resources to these discussions, we are not in a position at this time to provide further detail or to provide assurance that any transaction will be achieved.

Finally, the board has concluded that in order to accelerate the Company's transformation, the combination of a new Chief Executive Officer with an enhanced team of independent directors would provide Yahoo! with the expertise and perspectives necessary to drive innovation and growth going forward. Therefore, Mr. Joshi, Mr. Kern, Mr. Wilson and I have volunteered not to stand for re-election at the next shareholders' meeting.

Furthermore, the board today elected two highly qualified independent directors, Alfred Amoroso and Maynard Webb, Jr. Mr. Amoroso served as President and CEO of Rovi Corporation until December 2011 and, among other positions, had previously served as the President, CEO and Vice Chairman of META Group, Inc., the President and CEO of CrossWorlds Software, Inc. and as a member of the world-wide management committee of IBM Corporation. Mr. Webb, the Chairman of LiveOps, Inc., served as that company's CEO until July 2011. Prior to that, Mr. Webb was Chief Operating Officer of eBay and Senior Vice President and Chief Information Officer for Gateway, Inc., in addition to management, leadership and board positions at several other companies spanning his 30-year career.

The board continues its search for additional independent directors. This search is being led by director Patti Hart, CEO of International Game Technology, Inc., who chairs our Nominating and Corporate Governance Committee. We anticipate announcing additional directors to round out the board as soon as this process concludes.

Separately, as previously announced, Jerry Yang has resigned from the board of directors and other positions within the Company to pursue his many interests outside of Yahoo!. Working with Jerry was always a delight. He is a visionary and a pioneer who contributed enormously to Yahoo! since he co-founded the Company in 1995. He will be missed. The board

thanks him deeply for his service and commitment to the Company.

Thus, following this year's Annual Meeting a majority of Yahoo!'s directors will be new to the board this year, and all directors will have joined the board since 2010. We believe that this reconfigured board, with a fresh set of perspectives and diverse set of skills, will enable the Company to move forward even more aggressively.

It has always been a privilege for me to serve as Chairman of Yahoo!. The employees of Yahoo! remain the heart, soul, and future of the company. And with Scott Thompson leading them, they are the reason why I believe Yahoo! will create significant shareholder value over the coming years.

In September, this board moved proactively and decisively to improve the performance of the Company for the benefit of its shareholders. These actions could not have been accomplished without the support and active participation of each director on the board. For that, I thank them. And I thank them for the knowledge, expertise, talents and commitment they have brought to Yahoo!. We all take pride in the fact that we are positioning Yahoo! for success in the future. Yahoo! is an incredibly strong brand with formidable assets. I have every expectation that under Scott's leadership, working together with the reconstituted board, the Company will thrive for many years to come.

Sincerely,

Roy Bostock  
Chairman of the Board

### **About Yahoo!**

Yahoo! is the premier digital media company, creating deeply personal digital experiences that keep more than half a billion people connected to what matters most to them, across devices and around the globe. And Yahoo!'s unique combination of Science + Art + Scale connects advertisers to the consumers who build their businesses. Yahoo! is headquartered in Sunnyvale, California. For more information, visit the pressroom ([pressroom.yahoo.net](http://pressroom.yahoo.net)) or the company's blog, Yodel Anecdotal ([yodel.yahoo.com](http://yodel.yahoo.com)).

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### **Forward Looking Statements**

This press release contains forward-looking statements concerning Yahoo!'s future management, strategic plans, growth opportunities and performance. Risks and uncertainties may cause actual results to differ materially from the results predicted. The potential risks and uncertainties include, among others, the impact of management and organizational changes; the implementation and results of any strategic plans as well as Yahoo!'s ongoing strategic and cost initiatives; Yahoo!'s ability to compete with new or existing competitors; reduction in spending by, or loss of, advertising customers; the demand by customers for Yahoo!'s premium services; interruptions or delays in the provision of Yahoo!'s services; security breaches; acceptance by users of new products and services; risks related to joint ventures and the integration of acquisitions; risks related to Yahoo!'s international operations; failure to manage growth and diversification; adverse results in litigation, including intellectual property infringement claims and recent derivative and class actions related to Alipay; Yahoo!'s ability to protect its intellectual property and the value of its brands; dependence on key personnel; dependence on third parties for technology, services, content, and distribution; general economic conditions and changes in economic conditions; transition and implementation risks associated with the Search Agreement with Microsoft Corporation; and risks that the benefits of the Framework Agreement Yahoo! entered into with Alibaba Group, Softbank Corporation and certain other parties regarding Alipay may not be realized. All information set forth in this press release and its attachments is as of February 7, 2012. Yahoo! does not intend, and undertakes no duty, to update this information to reflect subsequent events or circumstances. More information about potential factors that could affect Yahoo!'s business and financial results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Yahoo!'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which are on file with the Securities and Exchange Commission ("SEC") and available at the SEC's website at [www.sec.gov](http://www.sec.gov).

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