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BREAKING: Microsoft to Buy Yahoo for \$44.6 Billion

YAHOO!**Microsoft***Now Google will have something to chew on!*

In its race to become the runner-up on the search engine and online advertising markets, Microsoft is about to give Google a little something to chew on. The Redmond company is looking to buy Yahoo for no less the \$44.6 billion. Microsoft has just announced the proposed acquisition of Yahoo for \$31 per share. According to current estimates, the transaction is valued at no less than \$44.6 billion and Microsoft is to offer both cash and stock. Yahoo has been increasingly losing its position on the search engine market, as well as its audience eroded by social networks. The latest financial results posted by the Sunnyvale Internet giant feature a consistent loss, with profit dropping to \$660 million for 2007, down from \$751 million in 2006. Yahoo was even preparing to lay off a reported 1,000 workers of its 14,300 workforce, after the poor financial results of the past year. Microsoft's proposed acquisition offers shareholders a 62% premium to current trading price for Yahoo! The Redmond company has presented its proposition to Yahoo's Board of Directors. "We have great respect for Yahoo!, and together we can offer an increasingly exciting set of solutions for consumers, publishers and advertisers while becoming better positioned to compete in the online services market," said Steve Ballmer, chief executive officer of Microsoft. "We believe our combination will deliver superior value to our respective shareholders and better choice and innovation to our customers and industry partners." "Our lives, our businesses, and even our society have been progressively transformed by the Web, and Yahoo! has played a pioneering role by building compelling, high-scale services and infrastructure," said Ray Ozzie, chief software architect at Microsoft. "The combination of these two great teams would enable us to jointly deliver a broad range of new experiences to our customers that neither of us would have achieved on our own." Yahoo has failed to officially respond or comment on the acquisition proposal from Microsoft. Still, it is clear that the Redmond company will not hesitate in the least to cough up no less than \$44.6 billion for Yahoo. The aim is of course the online advertising market, which is estimated to double in the next couple of years, from \$40 billion in 2007 to nearly \$80 billion by 2010. Microsoft revealed that the move to buy Yahoo was made as a measure to counter Google and its increasing dominance over the online advertising market. "The combined assets and strong services focus of these two companies will enable us to achieve scale economics while reaching R&D critical mass to deliver innovation breakthroughs," said Kevin Johnson, president of the Platforms & Services Division of Microsoft. "The industry will be well served by having more than one strong player, offering more value and real choice to advertisers, publishers and consumers."