

Deal of the Week: Microsoft to Buy LinkedIn for \$26.2B

Announcement Date	<ul style="list-style-type: none"> • June 13, 2016 	
Acquirer	<ul style="list-style-type: none"> • Microsoft Corporation (NASDAQ: MSFT) 	
Acquirer Description	<ul style="list-style-type: none"> • Develops, licenses, and supports software products, services, and devices worldwide • Incorporated in 1975 and headquartered in Redmond, Washington 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$394.1 billion • EV: \$346.1 billion • LTM Revenue: \$86.9 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$29.2 billion • LTM EV / Revenue: 4.0x • LTM EV / EBITDA: 11.9x
Target Company	<ul style="list-style-type: none"> • LinkedIn Corporation (NYSE: LNKD) 	
Target Description	<ul style="list-style-type: none"> • Operates an online professional network worldwide • Allows members to create, manage, and share their professional identity online; build and engage with their professional networks; access shared knowledge and insights; and find business opportunities • Founded in 2002 and headquartered in Mountain View, California 	
Target Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$25.7 billion • EV: \$15.5 billion • LTM Revenue: \$3.2 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$266.1 million • LTM EV / Revenue: 4.8x • LTM EV / EBITDA: NM
Acquirer Advisor	<ul style="list-style-type: none"> • Morgan Stanley 	
Target Advisors	<ul style="list-style-type: none"> • Qatalyst Partners and Allen & Company LLC 	
Price / Consideration	<ul style="list-style-type: none"> • \$26.2 billion 	<ul style="list-style-type: none"> • Cash
Rationale	<ul style="list-style-type: none"> • The deal is Microsoft's biggest bet yet that the traditional software business is shifting quickly to cloud computing, a model in which customers rent software and other services delivered over the internet • It is also further evidence that Satya Nadella, Microsoft's chief executive, sees the company's future further and further removed from the PC software that once helped co-founder Bill Gates turn Microsoft into the world's most valuable company • "This deal is all about bringing together the professional cloud and professional network," Mr. Nadella, said in a telephone interview • "This is a good time for LinkedIn to sell," said Michael A. Cusumano, a professor at the M.I.T. Sloan School of Management. "They lost money last year. They've found it's very expensive to keep growing. They're probably as valuable as they will ever be." 	
Deal Points	<ul style="list-style-type: none"> • Microsoft will pay \$196 a share, a healthy premium to the \$131.08 its shares closed at on Friday • Microsoft will finance the transaction primarily through the issuance of new indebtedness 	
Of Note	<ul style="list-style-type: none"> • LinkedIn will retain its distinct brand, culture and independence and Jeff Weiner will remain CEO of LinkedIn, reporting to Satya Nadella • The acquisition is by far the largest in Microsoft's history 	