

Deal of the Week: Verizon to Buy Yahoo for \$4.8B

Announcement Date	<ul style="list-style-type: none"> July 25, 2016 	
Acquirer	<ul style="list-style-type: none"> Verizon Communications Inc. (NYSE: VZ) 	
Acquirer Description	<ul style="list-style-type: none"> Provides communications, information, and entertainment products and services to consumers, businesses, and governmental agencies Incorporated in 1983 and headquartered in New York, NY 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$218.7 billion EV: \$315.8 billion LTM Revenue: \$130.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$45.8 billion LTM EV / Revenue: 2.4x LTM EV / EBITDA: 6.9x
Target Company	<ul style="list-style-type: none"> Yahoo! Inc. (NASDAQ: YHOO) 	
Target Description	<ul style="list-style-type: none"> Provides search and display advertising services on Yahoo properties and affiliate sites worldwide Founded in 1994 and headquartered in Sunnyvale, California 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$37.0 billion EV: \$31.9 billion LTM Revenue: \$4.9 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$151.1 million LTM EV / Revenue: 6.5x LTM EV / EBITDA: NM
Acquirer Advisors	<ul style="list-style-type: none"> LionTree Advisors, Allen & Co., BAML and Guggenheim Securities 	
Target Advisors	<ul style="list-style-type: none"> Goldman Sachs, JPMorgan and PJT Partners 	
Price / Consideration	<ul style="list-style-type: none"> \$4.83 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> The deal, which was reached over the weekend, unites two titans of the early internet, AOL and Yahoo, under the umbrella of one of the nation's largest telecommunications companies. Verizon bought AOL for \$4.4 billion last year. Now it will add Yahoo's consumer services — search, news, finance, sports, video, email and the Tumblr social network — to a portfolio that includes AOL and The Huffington Post The United States' largest wireless provider is betting nearly \$10 billion that combining the two formerly dominant websites will give it an edge in mobile content and advertising technology it can leverage across its more than 140 million subscribers, hoping the combination will help it create a strong No. 3 challenger to Google and Facebook for digital advertising revenue 	
Deal Points	<ul style="list-style-type: none"> Verizon is acquiring Yahoo's core business (advertising, content, search and mobile activities) for \$4.83 billion in cash Verizon agreed to pay an extra \$1.1 billion on top of the purchase price to cash out Yahoo employees' restricted stock Yahoo's stakes in Alibaba and Yahoo Japan aren't part of the acquisition. As of Friday, July 22nd, Yahoo's 15% stake of Alibaba represented \$31.2 billion, and its 34% of Yahoo Japan was worth \$8.3 billion. Yahoo's \$1 billion patent portfolio isn't part of the sale either 	
Of Note	<ul style="list-style-type: none"> If Marissa Mayer, Yahoo's CEO, is terminated, she will be due severance of about \$57 million, bringing her total compensation from Yahoo for her service so far to about \$218 million 	