

# Yahoo! to fully own European, Korean sites (Update)

November 7 2005

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Yahoo! Inc. said Monday it will pay a total of \$500 million to gain full control of its sites in Britain, Germany, France and South Korea.

The Internet search engine will be acquiring Softbank Holdings Ltd.'s 30-percent stake in the three European Yahoo! Sites. It also agreed to purchase a 33-percent stake in Yahoo! Korea from Softbank Corporation, Softbank Korea Corporation and Yahoo! Japan Corporation. The deals would give Yahoo! full control of each of its four international subsidiaries. The transaction is expected to close in the fourth quarter of 2005, Yahoo! said in a statement.

"This agreement to purchase the remaining shares not already owned by Yahoo in Europe and Korea demonstrates the confidence we have in our international businesses and our commitment to deliver long-term shareholder value," stated Terry Semel, chairman and chief executive of Yahoo!.

Semel said that by buying out Softbank's interests, Yahoo! will be able to take advantage of growth opportunities in Korea and Europe. He also said the new structure of Yahoo! "should lead to a more efficient longer-term operating and tax model."

Mark Stahlman, a technology strategist and equity analyst with Caris & Company, said that the deal is not a risky one for Yahoo! and indicates that the Sunnyvale, Calif.-based Web portal is confident in the global market.

"The search market is becoming very important internationally, so obviously competition and growth opportunities outside the U.S. are strategically more important, so this is a pretty obvious avenue (and) growth opportunity for Yahoo," Stahlman said.

Stahlman said Yahoo! and companies such as Google, Microsoft and AOL are now confident in their expansive, successful business models.

"What may have been a doubt a couple years ago, now I think people are quite convinced, and I think they have good reason," Stahlman said.

Stahlman cited new forms of advertising and other "interesting sources of revenue" as evidence that the company is on "relatively sure footing." The news of Yahoo!'s purchases comes on the same day it announced a new partnership with TiVo, and the Wall Street Journal reported of its plans to offer a special phone through its partnership with SBC.

"I think (Yahoo!) is trying to now step out and build its brand globally in an increasingly competitive market," Stahlman said.

Stahlman explained that relationships like the one between Yahoo! and Softbank are often reached between groups that are unsure of a business's direction, so they split the risk. Softbank has funded Yahoo! since 1995.

"As it becomes clearer, I think Softbank, as others, understand that (Yahoo!) really has to have a single parent and a single focus strategy," Stahlman said. "I suspect that Softbank has done it because it's the right thing to do from a business standpoint, and they also got paid."

In late afternoon trading Monday, Yahoo! shares were up 0.48 percent to 38.05 on the Nasdaq exchange.

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