agencies in international markets. The marketing team ensured that the Yahoo! brand name continued to be widely recognized and drew traffic to the company's various properties. Yahoo used a combination of organic and acquisition-driven paths to product innovation. It spent $1 billion in internal product development in 2011 (versus $1.1 billion in 2010 and $1.2 billion in 2009), employing a team of software engineers and forming alliances with universities to improve existing products and create new ones.

Human Resources

27 When Yahoo announced cuts to its workforce of 2,000 employees in April 2012, it was the sixth major round of layoffs in the last four years. The company's employee headcount in September 2012 was around 12,000 spread out in 25 countries. Depending on their tenure and position in the organization, employees were compensated by salary, bonuses, commission, and stock options. The vast majority of the employees worked in the product development area, followed by sales and marketing, administration, and operations. Yahoo used a matrix structure where products such as Messenger, Mail, and Yahoo! Finance were the "verticals," and support functions such as public relations and legal were the "horizontals." The structure was created during former CEO Terry Semel's tenure (2001–2007).

Finances

28 Exhibit 5 provides Yahoo's financial statements for a three-year period, while Exhibit 6 contains summary stock prices for the company. Yahoo had not declared a dividend in its history. A $100 investment in Yahoo stock on December 29, 2006, would have resulted in an investment value of $59 on December 30, 2011, in comparison to $140 for the NASDAQ 100 Index, $99.50 for the S&P 500, and $137 for the S&P North American Technology-Internet Index.

EXHIBIT 5 **Yahoo! Inc. Financial Statements Consolidated Statements of Income (Condensed for year ending December 31 in $ thousands)**

	2009	2010	2011
Revenue	6,460,315	6,324,651	4,984,199
Cost of Revenue	2,871,746	2,627,545	1,502,650
Gross Profit	**3,588,569**	**3,697,106**	**3,481,549**
Operating Expenses:			
Sales and Marketing	1,245,350	1,264,491	1,122,302
Product Development	1,210,168	1,082,176	1,005,090
General and Administrative	580,352	488,332	495,804
Amortization of Intangibles	39,106	31,626	33,592
Restructuring Charges, net	126,901	57,957	24,420
Total Operating Expenses	**3,201,877**	**2,924,582**	**2,681,208**
Income From Operations	386,692	772,524	800,341
Other Income, net	187,528	297,869	27,175
Earnings in Equity Interests	250,390	395,758	476,920
Net Income (after provision for taxes and income attributable to non-controlling interests)	**597,992**	**1,231,663**	**1,048,827**

(Continued)