Alibaba Closes US$7.6 Billion Share Repurchase and Restructuring of Yahoo! Relationship

Alibaba Completed More Than US$12 Billion in Transactions Over Past 12 Months; Financings Provided by Global Banks and Institutional Investors

HANGZHOU, China, Sept. 18, 2012 – Alibaba Group Holding Limited, China's largest e-commerce company, announced today it has completed the initial repurchase of shares from Yahoo! and restructured its relationship with the Silicon Valley company in transactions valued at approximately US$7.6 billion. The closing follows the May 20, 2012 announcement by Alibaba Group and Yahoo! of a comprehensive plan for Yahoo! to reduce its stake in Alibaba Group in stages over time and a series of agreements to implement the restructuring of the ongoing relationship between the two companies.

The initial repurchase of shares, which represented one-half of Yahoo!'s 40% stake in Alibaba Group on a fully diluted basis, was valued at approximately US$7.1 billion. Of this, Yahoo! received approximately US$6.3 billion in cash and US$800 million in preference shares in Alibaba Group. Concurrent with the initial repurchase, Alibaba Group paid Yahoo! a one-time cash payment of US$550 million in connection with the amendment of their existing technology and intellectual property license agreement. Under the terms of the agreement with Yahoo!, Alibaba Group has the right to repurchase one-half of Yahoo!'s remaining stake upon a qualifying initial public offering in the future. Yahoo! originally acquired its stake in Alibaba Group in 2005 in exchange for US$1 billion and sale of its Yahoo! China business to Alibaba Group.

"The completion of this transaction begins a new chapter in our relationship with Yahoo!," said Jack Ma, Chairman and Chief Executive Officer of Alibaba Group. "We are grateful for Yahoo!'s support of our growth over the past seven years, and we are pleased to be able to deliver meaningful returns to our shareholders including Yahoo!. I look forward to working with Marissa Mayer and her team in our continued partnership."

Alibaba Group financed the transaction with a mixture of cash on hand, senior debt and the issuance of convertible preference and ordinary shares. The financing package is the largest ever private financing for a private sector Chinese company, and the largest non-LBO private financing for a technology company globally. The new equity financing was completed at a valuation of approximately US$40 billion.

"Over the past several months we have witnessed significant dislocations in the financial markets driven by global macro events and developments specific to China and the Internet industry. Our ability to raise financing in these difficult market conditions speaks to the strength of our business, our market leadership position and the confidence our investors and financial partners have in the future of Alibaba," said Joe Tsai, Chief Financial Officer of Alibaba Group.

Eight international banks – Australia and New Zealand Banking Group, Barclays Bank, Citi, Credit Suisse, DBS Bank, Deutsche Bank, Mizuho Corporate Bank and Morgan Stanley – provided US$1 billion of senior debt financing for the transaction, while China Development Bank was the sole Chinese bank that provided a parallel senior debt facility of US$1 billion.

The issuance of ordinary shares was subscribed by lead investors CIC International Co., Ltd. and two of China's leading private equity firms, Boyu Capital and CITIC Capital, as well as CDB Capital, the equity investment arm of China Development Bank. In addition, existing shareholders including Silver Lake, DST Global and Temasek participated by increasing their investment in the company. The convertible preference shares were successfully placed with global institutional investors from Asia, Europe and the United States.

The completion of this US$7.6 billion transaction caps off a total of more than US$12 billion in M&A and financings undertaken by Alibaba Group in the past 12 months. One year ago, investors led by Silver Lake, DST Global, Temasek and Yunfeng Fund invested US$2 billion in Alibaba Group to provide liquidity to the company's early investors and employees. In June 2012, the company completed the privatization of Alibaba.com Limited, the B2B e-commerce subsidiary then-listed on the Hong Kong Stock Exchange, through a public offer and cash purchase of the 27% in Alibaba.com that it did not already own in a transaction that valued the minority stake in the subsidiary at US$2.5 billion.

About Alibaba Group

Alibaba Group's mission is to make it easy to do business anywhere. Since it was founded in 1999, the China-based Alibaba Group has developed leading businesses in consumer e-commerce, online payment, business-to-business marketplaces and cloud computing. Alibaba Group operates Taobao Marketplace (www.taobao.com), China's most popular online shopping destination; Tmall.com (www.tmall.com), China's leading online platform for merchants offering quality, brand-name goods to consumers; eTao (www.etao.com), a comprehensive shopping search engine; Alibaba.com International (www.alibaba.com) and Alibaba.com China (www.alibaba.cn), leading business-to-business marketplaces for small businesses engaged in international trade and domestic China trade, respectively; and Alibaba Cloud Computing (www.aliyun.com), a developer of platforms for cloud computing, data management and mobile services. Alipay (www.alipay.com), the most widely-used online payment service by consumers and merchants in China, is an affiliate of Alibaba Group.

For media inquiries, please contact:

John W. Spelich
Alibaba Group
+852 9017-7444
johnspelich@hk.alibaba-inc.com

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