



Series B
August 2004

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LinkedIn Is Professional People Search 2.0



Professional people search includes 3 key components

LinkedIn premium services

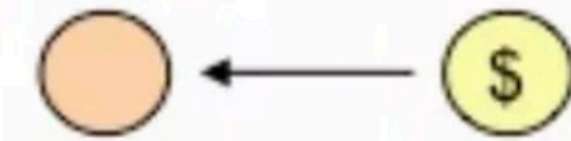
Service providers

1. **Targeted ads:**
Contextual text ads targeted on search terms and profiles



Jobs

2. **Listings:**
Job listings filtered through each professional's network



Deals and networking

3. **Subscriptions:**
Service extending reach of each professional's network



The problem: There is no effective, trusted way for professionals to find and transact with each other online

- **Selecting service providers from yellow pages fails**
- **Selecting employees from resume databases fails**
- **Reaching professionals through directories fails**

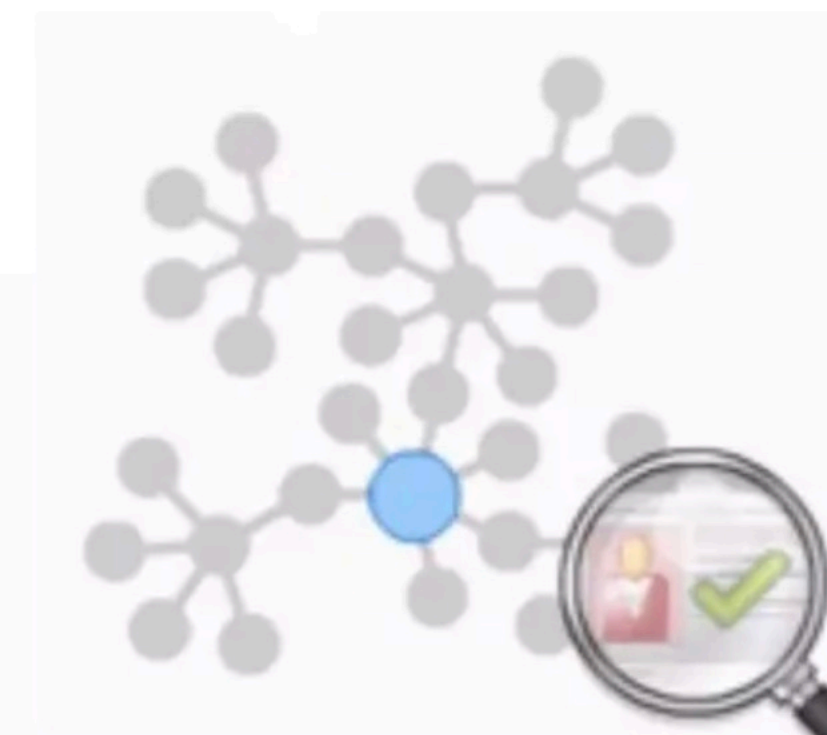
Professional People Search 2.0 Leverages Networks



Internet 1.0 = Search and transact via flat directories



Internet 2.0 = Search and transact via networks



Goods Listings 1.0: Online Classifieds

The Philadelphia Inquirer

Assess seller's reputation by looking at
each individual seller's claims

Goods Listings 2.0: eBay



Assess seller's reputation by looking at
network of transactions between users

Online Payments 1.0:
Citibank et al



Detect fraud by looking at
each individual's behavior in isolation

Online Payments 2.0:
PayPal



Detect fraud by looking at
network of transactions between users

Search for Things 1.0:
Altavista

The logo for Altavista, featuring the word "alta" in a bold, dark blue font and "vista:" in a lighter blue font with a colon.

Rank search results by looking at
each individual page in isolation

Search for Things 2.0:
Google

The multi-colored Google logo.

Rank search results by looking at
network of links between pages

Professional People Search 1.0: Monster, Lexis Nexis, et al



Assess professionals by looking at
each individual's claims

Professional People Search 2.0: LinkedIn



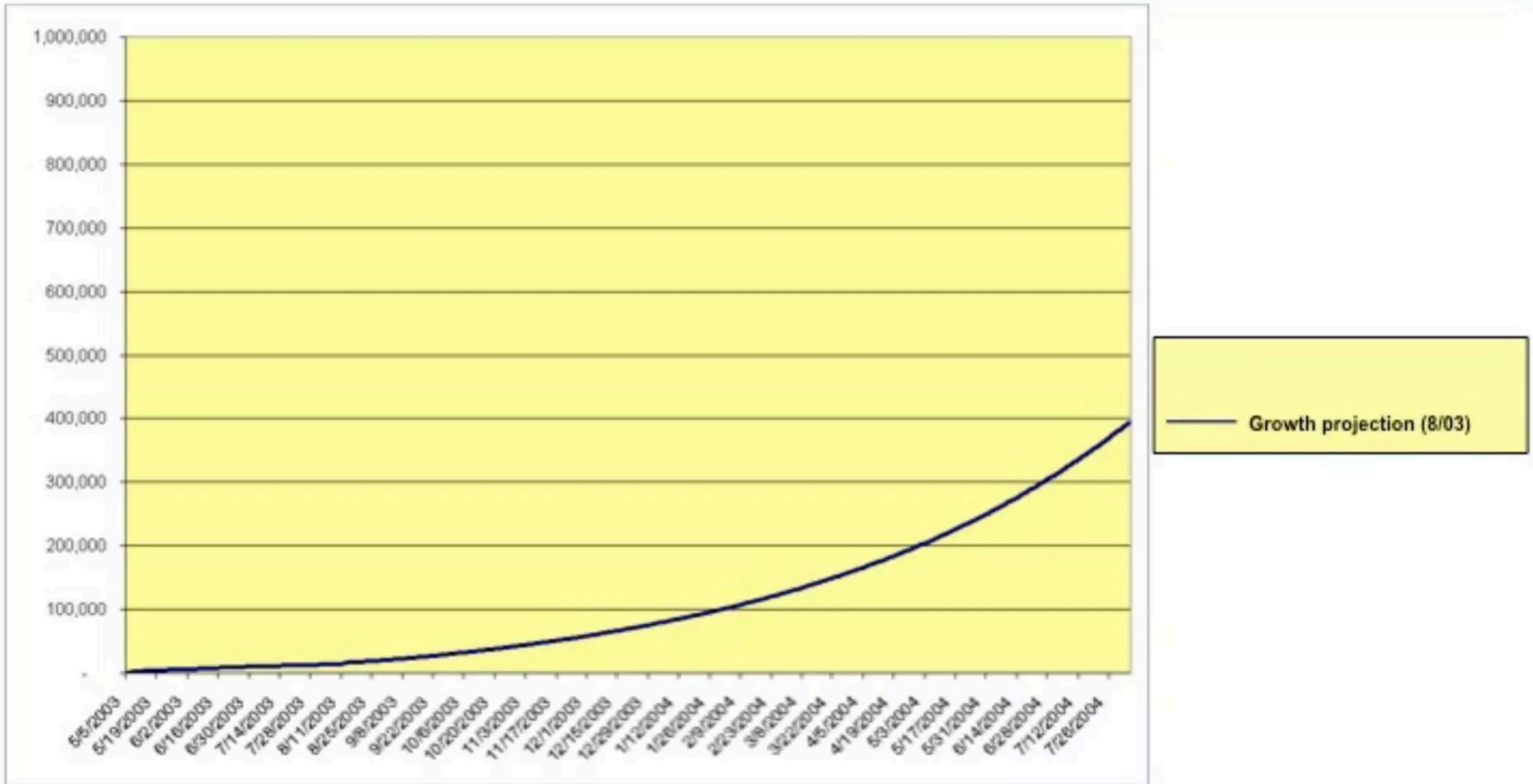
Assess professionals by looking at
network of relationships between users

For eBay, PayPal, Google, and LinkedIn, the key is the network

Where the network is the key, the first mover is critical to revenue

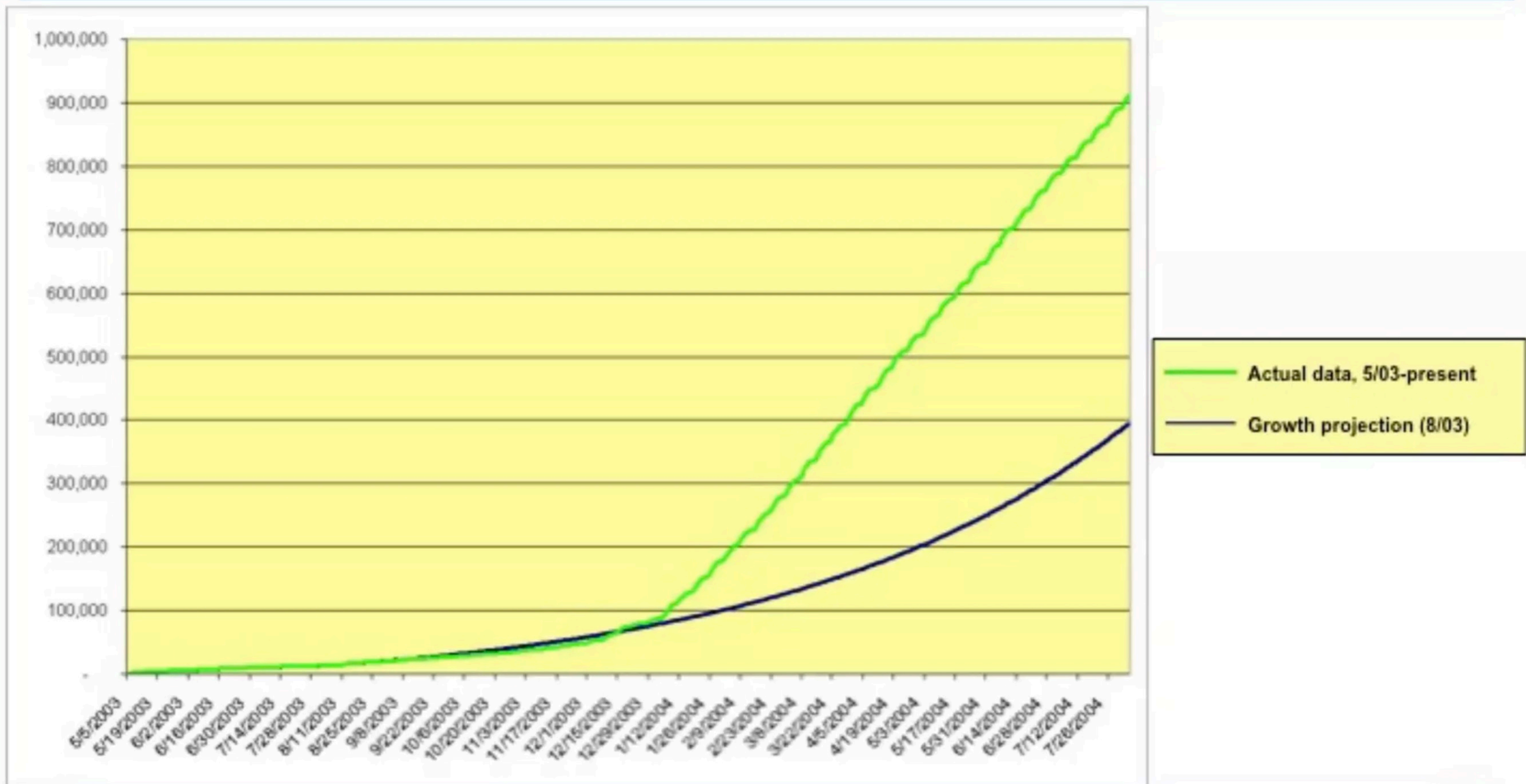
PayPal waited until 4 million registered users before turning on revenue – today, revenue is \$400MM+

Network Growth: Commitment from Series A




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Network Growth: Success



"LinkedIn has quickly become **the Internet's largest online business network.**"

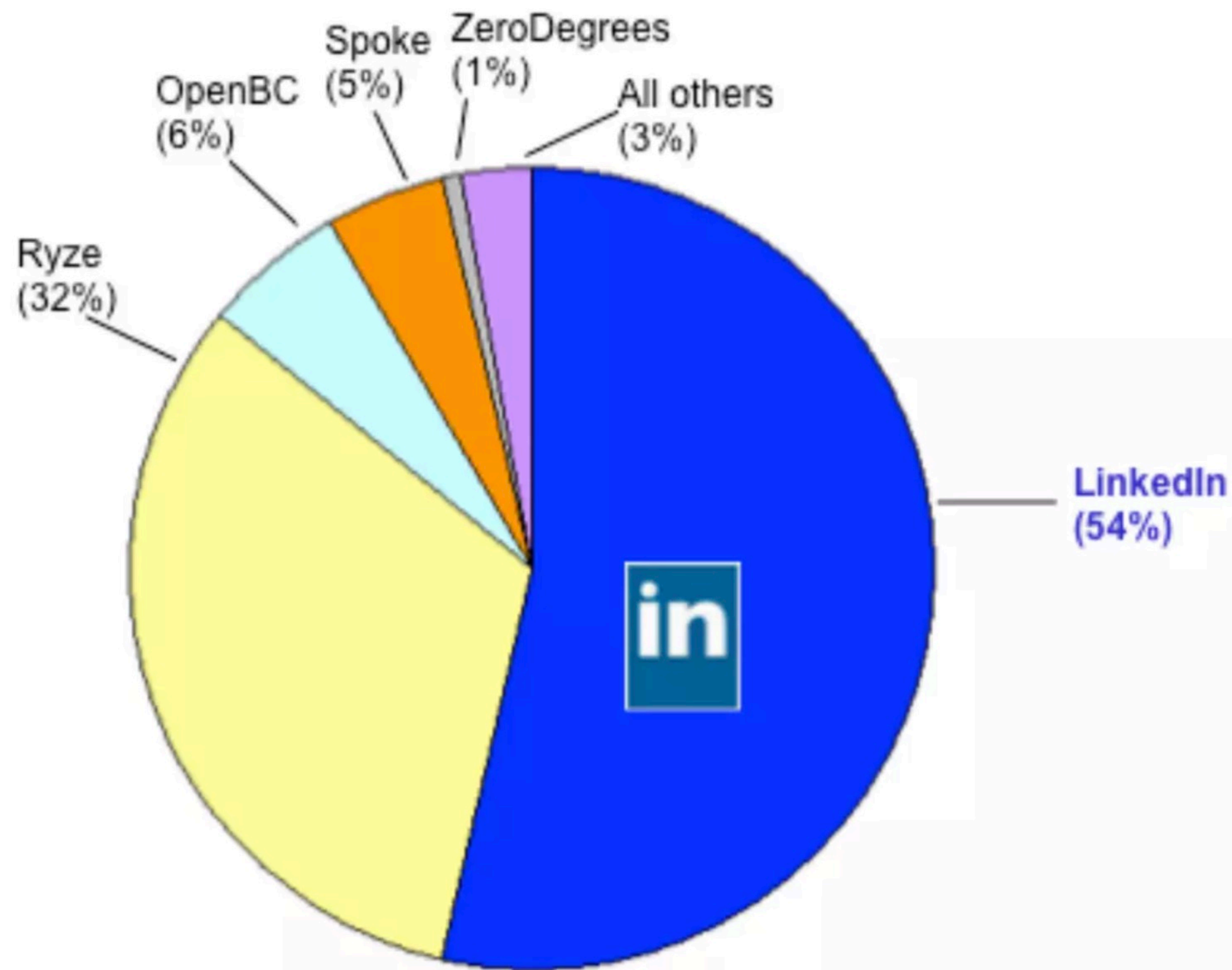
"LinkedIn is the most strict about keeping its site **solely for professional, business purposes.**"



March 2004

LinkedIn Leads this Market

Registered users of online professional network tools
February 2004
(Total = 0.3 Million)

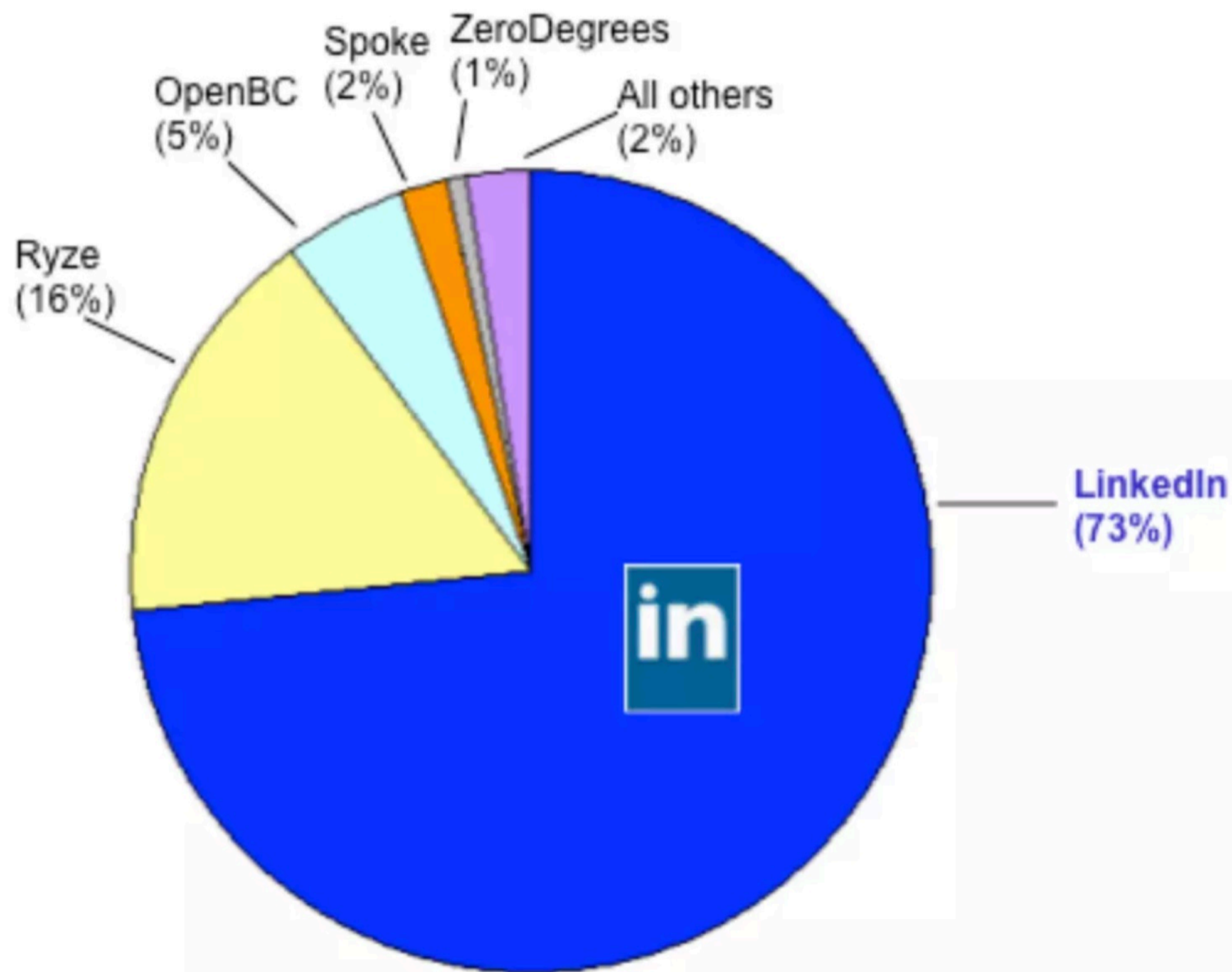


Non-LinkedIn numbers are estimates based on best available intelligence

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LinkedIn Has Grown Its Lead

Registered users of online professional network tools
August 2004
(Total = 1.2 Million)



LinkedIn has highest rate of adoption

LinkedIn's share has increased from 54% 6 months ago to 73% today

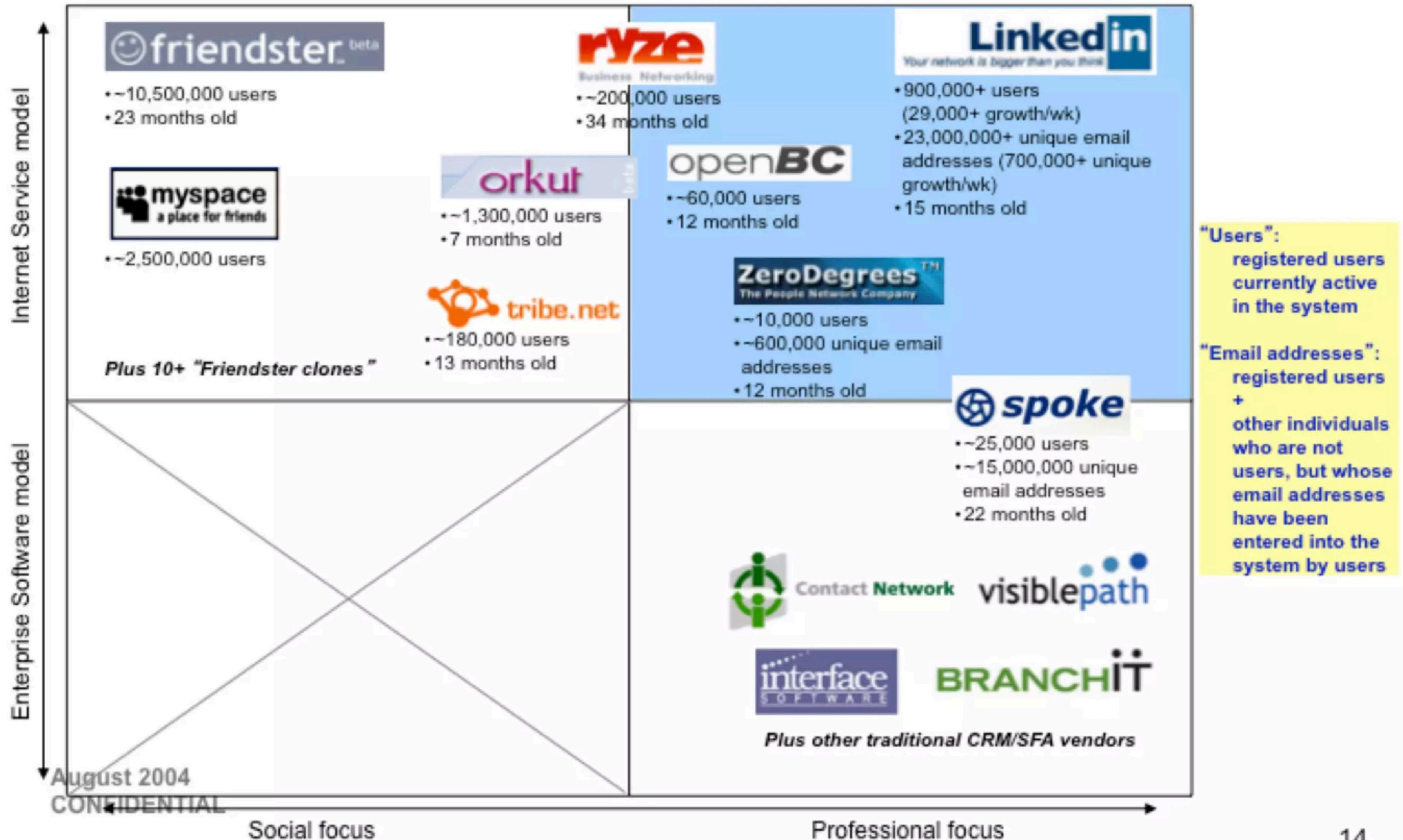
Tipping point effects mean LinkedIn's share will continue to increase

Non-LinkedIn numbers are estimates based on best available intelligence

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LinkedIn is the Market Leader

Numbers as of 8/04. Non-LinkedIn numbers are estimates based on best available intelligence.



"Users":
registered users currently active in the system

"Email addresses":
registered users + other individuals who are not users, but whose email addresses have been entered into the system by users

Growth Includes Major Groups Providing Strong Brand Endorsement



Leading MBA programs and MBA alumni



Major conferences



Top-tier professional organizations



"Red Herring chose LinkedIn for Groups as the professional network tool for our conference to allow attendees to create lasting relationships and to promote Red Herring to LinkedIn's hundreds of thousands of high-quality professional users."

Florian Brody, Director of Business Development,
Red Herring

Additional Groups live since launch in April 2004

Additional Conferences

- Supernova
- BlogOn

Additional Alumni Groups (mostly class-level)

- Haas School of Business
- MIT TechLink
- Mayfield Fellows
- Carnegie Mellon
- University of Washington

Additional Professional Groups

- Chinese Software Professionals Association
- InterFrench
- Industry Standard Internet Executive Group
- Press Club of California
- PDMA NorCal
- Association of International Product Marketing and Management

Additional Corporate Alumni Groups

- Sun Microsystems Alumni Association
- HP Alumni Association

**Plus more than 50 other similar Groups
15-20 new Groups added per month**

Strong Results With Less Than \$4 Million Spent



Large user base

930K+ white-collar registered users
29K+ weekly user growth rate
23M+ unique email addresses uploaded

Groups

50+ Groups live
20+ new Groups launch per month
300+ Groups in pipeline

High-quality users

22% of users are CxOs/senior execs
100+ countries
130+ industries

Desktop (not promoted)

6K+ IE toolbar installs
18K+ Outlook toolbar installs
2.5M email addresses uploaded via toolbar

Increasing usage levels

20% of old users log in per month
1M+ user searches per month
20M+ total member page views per month

Business development

DirectEmployers Association
American Express OPEN (at contract)
10+ new inbound opportunities per week

Great Inbound Business Development

Search 240,000+ Jobs...

Locations: in

Keywords:

Job Posted:

And use your network to land one.

Direct Employers
Employment Search Engine
Search for jobs at Global 1000 firms.

LinkedIn
Your network is bigger than you think.
Use your network to help you get your job.

OPEN SMALL BUSINESS NETWORK @ **LinkedIn** Welcome, Allen | Sign Out

Home Search Profile Address Book Network Requests

Home Account

OPEN™ at LinkedIn

As an OPEN Small Business Network member, you have access to the financial tools you need to make your business flourish. Now OPEN has partnered with LinkedIn to give you access to the full power of your professional network.

LinkedIn lets you, the small business owner, find the people you need for:

- Finding clients
- Hiring new employees
- Getting information about new customers
- Selling your products

OPEN SMALL BUSINESS NETWORK
[Sign in to your OPEN account](#) to check account balances and other information.

- Dominant non-profit consortium of Fortune 500 HR departments and university career centers
- Fourth-largest job database online
- Two-year exclusive agreement launched

- Exposure of LinkedIn to 2 million American Express small business cardholders
- Strong brand endorsement of LinkedIn
- Currently at contract

LinkedIn's Market-Leading Position Creates Strong Barriers to Entry



- Inherently viral product design with tipping point effects
Promotes ongoing market leadership
- Reputation system and network of relationships between users
Enables very strong network effects and user trust
- 2 key patents in viral marketing and “social networking”
1 granted, 1 pending with 1999 priority date

The Network Enables Revenue

Value of the network

Revenue model (high-level)



- Network-based reputation system creates trust: key to high transaction volume

- eBay takes % of transaction
- Reputation system is not directly monetized



- Network-based fraud detection system makes the business economically viable

- PayPal takes % of transaction
- Fraud detection is not directly monetized



- Network-based page rank system produces best search results

- AdWords are shown in search results
- Page rank system is not directly monetized

...and of course, user-based network effects are key to making the business valuable

The Network Enables Revenue



Value of the network



- Network-based reputation system creates trust: key to high transaction volume and utility

Revenue model (in detail)

- **1. InLeads:** contextual search text **ads**
- **2. Opportunities:** network-filtered job **listings**
- **3. Network Plus:** network-extending **subscription**
- Reputation system is not directly monetized (Universal service stays free for all users)

Building the network is the challenge, and LinkedIn has the foundation

"Executives should try LinkedIn. At best, it could be **incredibly useful**. At worst, the site **guards your privacy** and **doesn't waste your time**."

"LinkedIn **could change the way executive recruiting is conducted**."



January 2004

The Network Enables Revenue



LinkedIn's Market Opportunity Is Large

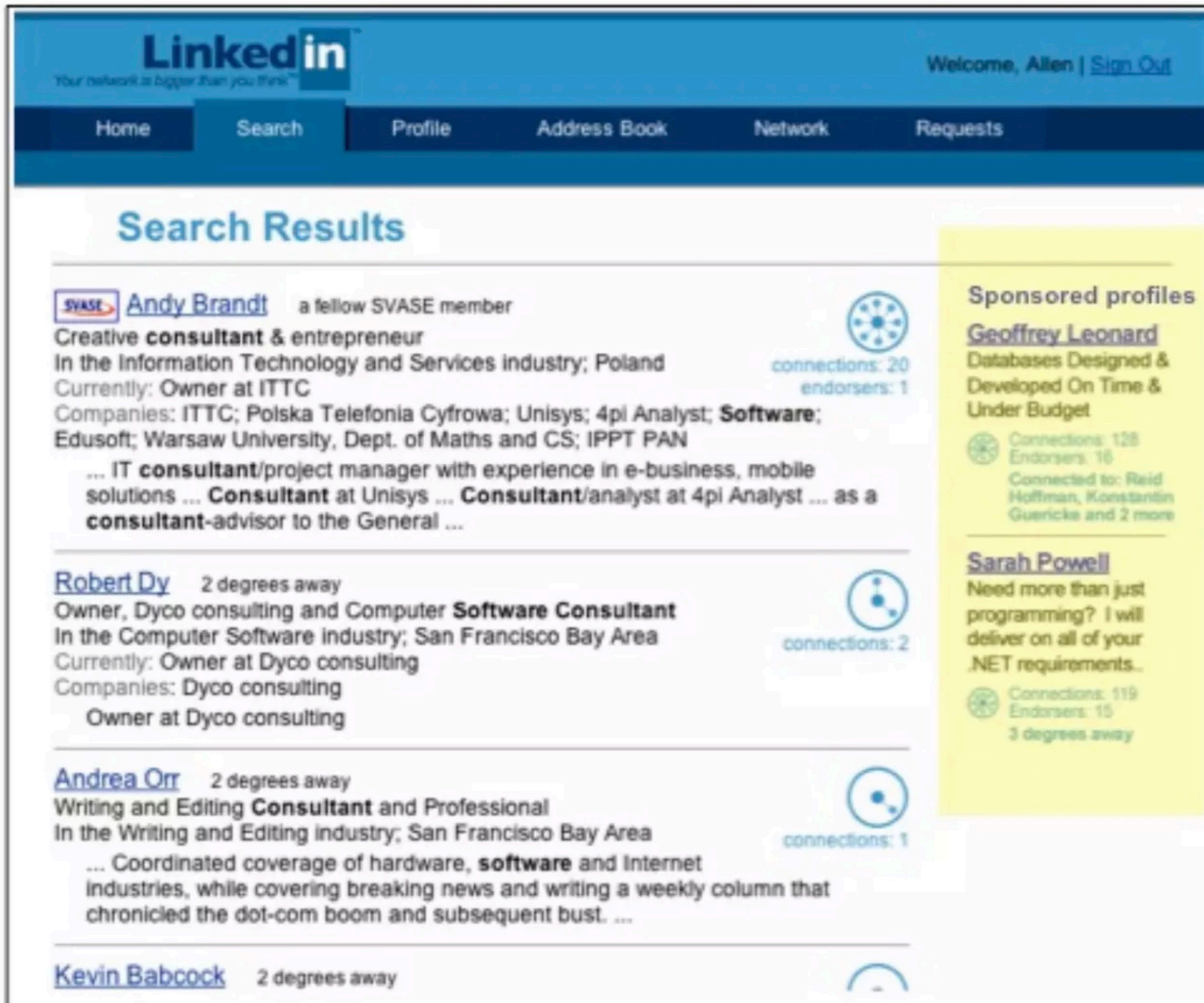


| | <u>Comparables</u> | <u>Comparable market sizes (2004)</u> |
|---|---|--|
| 1. InLeads (Targeted ads) | <ul style="list-style-type: none">• Google AdWords for people• Lexis-Nexis for services• Yellow pages/directories | <ul style="list-style-type: none">• Search ads: \$2.8B• Lexis-Nexis: \$2.3B• Offline yellow pages, directories, and local ads \$10B+ |
| 2. Opportunities (Listings) | <ul style="list-style-type: none">• Monster et al• Classifieds | <ul style="list-style-type: none">• Job sites: \$0.8B (excluding classifieds) |
| 3. Network Plus (Subscriptions) | <ul style="list-style-type: none">• Match.com et al | <ul style="list-style-type: none">• Personals sites: \$0.6B |

Sources: SEC filings, Searchenginewatch.com, Kelsey Group, iMediaconnection, Goldman Sachs, Marketdata Enterprises, CBS Marketwatch

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1. LinkedIn InLeads Does for Professionals What Google AdWords Does for Products



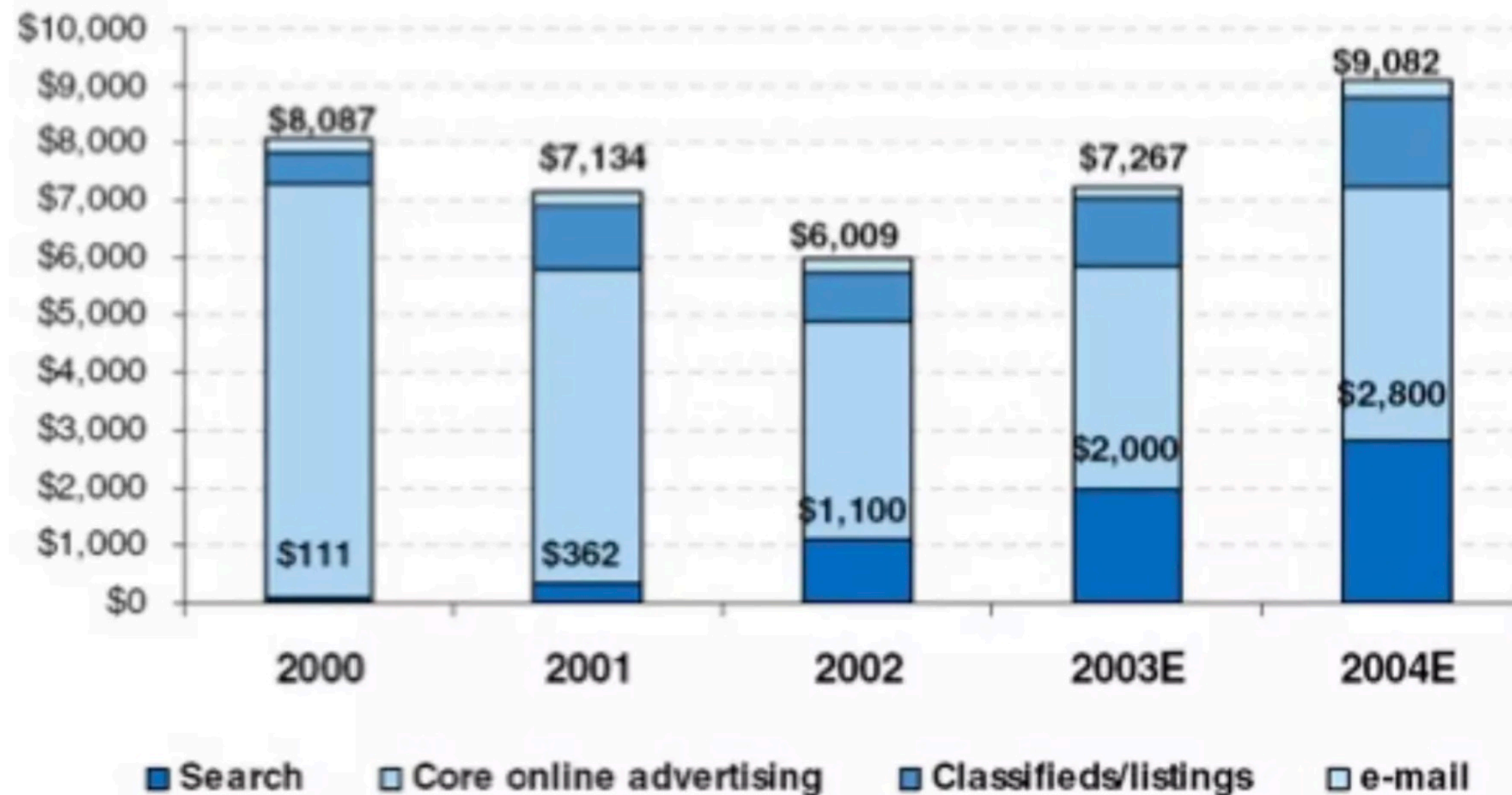
The screenshot shows the LinkedIn interface with a search results page. The top navigation bar includes 'Home', 'Search', 'Profile', 'Address Book', 'Network', and 'Requests'. The search results are displayed in a list format, with each entry showing the user's name, title, industry, and location. The first result is for Andy Brandt, a creative consultant and entrepreneur in the IT industry. The second result is for Robert Dy, owner of Dyco consulting. The third result is for Andrea Orr, a writing and editing consultant. The fourth result is for Kevin Babcock. To the right of the search results is a 'Sponsored profiles' section featuring Geoffrey Leonard and Sarah Powell, both with detailed profiles and connection information.

35K+ daily professional searches
450K+ daily member page views

"I've closed over \$100K worth of business so far, and currently have \$400K of deals in the pipeline, thanks to LinkedIn."
-- Todd Defren, SHIFT Communications

1. Market for InLeads: Search Advertising Is Large and Growing Fast

Online advertising markets (\$ Millions)



LinkedIn InLeads improves on Google AdWords model

- Info on searcher
- Focused white-collar demographic (\$2-\$50 CPC vs. \$0.35 CPC for unfocused demographic)
- Ability to monetize CPM, CPC, and leads

Sources: PriceWaterhouseCoopers, Goldman Sachs
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2. LinkedIn Opportunities Lets Users Leverage Their Network to Hire

Network-filtered job postings

The screenshot shows a LinkedIn job posting interface. At the top, the LinkedIn logo and navigation menu are visible. The main content area displays a job listing for a Senior Java Engineer at Robert Half International. The job details include the location (Eugene, Oregon), type (Contract to Hire), and HR contact (June Higgins). The description states that the client is seeking a Sr. Java Software Engineer to join a team of talented professionals. The company data section indicates that the job was posted on June 29, 2004, and that there are 29 connections in the user's network who have worked at Robert Half International. The job requirements include 3 years of Java Engineering experience and a Degree in Computer Science. A yellow 'Apply Now' button is located at the bottom of the job listing.

Network-filtered backdoor reference checking

The screenshot shows LinkedIn search results for a candidate. The search results are filtered to show only those candidates who have worked at BMI or Disney. The results are organized into two sections: 'Works with candidate at BMI:' and 'Worked with candidate at Disney, 2001-2003:'. Each section lists the candidate's name, current position, and the degree of connection to the user. For example, Jeannine Athas is listed as General Manager at BMI, connected to the user through 2 degrees. The results also include a 'View all 36' button for the BMI section and a 'View all 29' button for the Disney section. At the bottom, there are links to 'Add more past positions' and 'Search for candidate by Name'.

2. Reputation-Based Prioritization of Candidates Saves Time and Money



**"I used LinkedIn to search for a Marketing VP and saved \$30,000 I would have otherwise paid a headhunter."
-- Anonymous CEO
(quoted in Forrester report, July 2004)**

**"LinkedIn helped me to easily find and contact 10 product managers, one of whom I ended up hiring. LinkedIn saved me a significant amount of time and effort."
-- Jeremy Liew, GM, Netscape
(hire placed in Columbus, OH)**

**"Through LinkedIn I was able to find the perfect match for a sales manager opening, and it saved us over \$20,000 in search costs."
-- Adam Honig, CEO, Akiba
(New York, NY)**

2. Market for Opportunities: Existing Online Job Markets Are Large But Inefficient

| | Revenue (2004E, \$M) | Average Unique Monthly Visitors (M) |
|---------------------|----------------------|-------------------------------------|
| Monster | 515 | 18.2 |
| Careerbuilder | 175 | 14.5 (across Careerbuilder network) |
| Yahoo! HotJobs | 94 | 12.6 |
| LinkedIn | n/a | 0.3 (up from 0.1 6 months ago) |
| Total Market | 827 | >20 |

20K+ contact requests per month

- Online job market is already large
- LinkedIn is not only about jobs: enables **lifetime user relationship** and better results for users

"Employers will increasingly tap LinkedIn's rich profiles to find passive job candidates rather than pay Monster to access its resume database."

FORRESTER

July 2004

Sources: Goldman Sachs, Forrester

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3. LinkedIn Network Plus Gives Power Users Extended Reach



User without Network Plus: Visibility limited to 3 degrees

User with Network Plus: Visibility out to 4 degrees

“I was contacted by a CNET executive who referred me to a hiring manager in his group. I was offered a position. LinkedIn has been an invaluable career tool.”
-- Don Marzetta, Director of Vendor Integration, CNET

“I closed business with the CEO of a major software company.”
-- Raj Sardesh, Principal, ProductMilestones

“We used LinkedIn contact requests to engage and secure two great conference speakers.”
-- Jeff Clavier, Managing Partner, SoftTech VC

3. Market for Network Plus: Large Online Personals Market Provides Comp

| | 2002 | 2003 | 2004E | 2005E | 2006E | 2007E |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| Total Personals Industry Revenue | 917 | 1,080 | 1,166 | 1,260 | 1,348 | 1,442 |
| Year-over-year-growth | 13% | 18% | 8% | 8% | 7% | 7% |
| Online Personals | 304 | 480 | 550 | 645 | 732 | 810 |
| Year-over-year-growth | - | 58% | 15% | 17% | 14% | 11% |
| % of total personals industry | 33% | 44% | 47% | 51% | 54% | 56% |
| Singles 18+ US | 87 | 87 | 87 | 87 | 87 | 87 |
| Year-over-year-growth | - | 0% | 0% | 0% | 0% | 0% |
| Personals Spend per 18+ US Single | 10.5 | 12.4 | 13.4 | 14.5 | 15.5 | 16.6 |
| Year-over-year-growth | - | 18% | 8% | 8% | 7% | 7% |
| Online Personals Spend per 18+ US Single | 3.5 | 5.5 | 6.3 | 7.4 | 8.4 | 9.3 |

33K+ Beta Subscribers

"LinkedIn has taken referral-based job hunting to the next level."

U.S. News
March 2004

Sources: Goldman Sachs, Marketdata Enterprises

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Revenue Is Near-Term

| | <u>Pricing plan (preliminary)</u> | <u>Launch timing</u> |
|--|---|--|
| LinkedIn Universal Service | <ul style="list-style-type: none">Remains free (large user base is key revenue-generating asset) | <ul style="list-style-type: none">Already live |
| 1. InLeads (Search ads) | <ul style="list-style-type: none">CPC pricing set by free market auctionCPM pricing \$3-\$10 depending on categoryEOI (lead generation) pricing \$25+ | <ul style="list-style-type: none">1/05 |
| 2. Opportunities (Listings) | <ul style="list-style-type: none">\$79 per listing (remains open for 30 days)Price levels increase post-2005 | <ul style="list-style-type: none">11/04 |
| 3. Network Plus (Subscriptions) | <ul style="list-style-type: none">\$5.95 per month or \$59.95 per yearPrice levels increase post-2005 | <ul style="list-style-type: none">1/05 |

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Internet 2.0 Business Model: High Revenue and High Margins



- Great revenue potential for InLeads, Opportunities, and Network Plus
Law of large numbers ensures high revenue
- Very high operating margins
Free customer acquisition, digital goods transactions with zero incremental cost
Operating margins virtually breakeven even for universal free service
- Execution difficulty decreases as LinkedIn grows the network
Hardest part is building large, high-quality user base

Series B Brings LinkedIn to Operating Profitability in 2005



Key assumptions in LinkedIn model

Macro assumptions

- Monthly user growth of 3%-13% (below current levels)
- Monthly usage growth rate of 5%-10% (below current levels)

1. InLeads (search ads) assumptions

- CPMs priced at \$3-\$5, CPCs priced at \$1 (both well below comps)
- Clickthrough and conversion rates of 0.5%-2.75%

2. Opportunities (listings) assumptions

- Listings pricing at \$79

3. Network Plus (subscription) assumptions

- Subscription rate of 0.5%-3.0% (high end of range not until 2007)

Series B Brings LinkedIn to Operating Profitability in 2005



5-Year Financials \$ Thousands

| 5-YEAR FINANCIALS | Historical | Conservative projections | | | |
|--------------------------|------------|--------------------------|------------|-------------|-------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Total active users (EOY) | 81,801 | 1,594,188 | 3,889,445 | 6,195,065 | 9,317,487 |
| Revenues | \$ - | \$ 261 | \$ 7,292 | \$ 22,697 | \$ 54,088 |
| Expenses | \$ (1,271) | \$ (3,997) | \$ (6,973) | \$ (10,644) | \$ (14,119) |
| Cashflow from Operations | \$ (1,271) | \$ (3,736) | \$ 319 | \$ 12,053 | \$ 39,969 |
| Cashflow from Financing | \$ 4,679 | \$ 9,750 | \$ - | \$ - | \$ - |
| Net Cash Position (EOY) | \$ 3,408 | \$ 9,422 | \$ 9,741 | \$ 21,794 | \$ 61,763 |
| Headcount | 11 | 36 | 69 | 93 | 112 |
| Operating Margin | N/A | N/A | 4.4% | 53.1% | 73.9% |

Business and Tech Team Has Strong Track-Record



Reid Hoffman, CEO

- Former EVP and Founding Board Member, PayPal
- Investor in Friendster, Ironport, Six Apart, Vendio et al

Sarah Imbach, Chief of Staff and VP

- Former SVP Operations, PayPal

Allen Blue, VP of Product

- Former Director of Product Design, SocialNet.com

Jean-Luc Vaillant, VP of Engineering

- Former Director of Engineering and Software Development, Logitech, Spotlife

Konstantin Guericke, VP of Marketing

- Former VP of Marketing, Presenter, Blaxxun

Eric Ly, CTO

- Founder and former CTO, Netmosphere (sold to Critical Path)

Matt Cohler, Director of Corporate Development

- Former top-ranked analyst at McKinsey, marketing at AsiaInfo, published in HBR

Technical team with experience at Apple, Cisco, Hotwire, Citigroup, Sprint, TIBCO, VERITAS, et al

Board and Other Investors Are Sequoia and Top-Tier Angels

Reid Hoffman

- CEO of LinkedIn
- Former EVP and Founding Board Member, PayPal; leading angel investor

Mark Kvamme

- Partner, Sequoia Capital
- Former CEO and Chairman, CKS Group

Rob DeSantis

- Former CMO and Co-Founder, Ariba

Additional angel investors (not on Board of Directors)

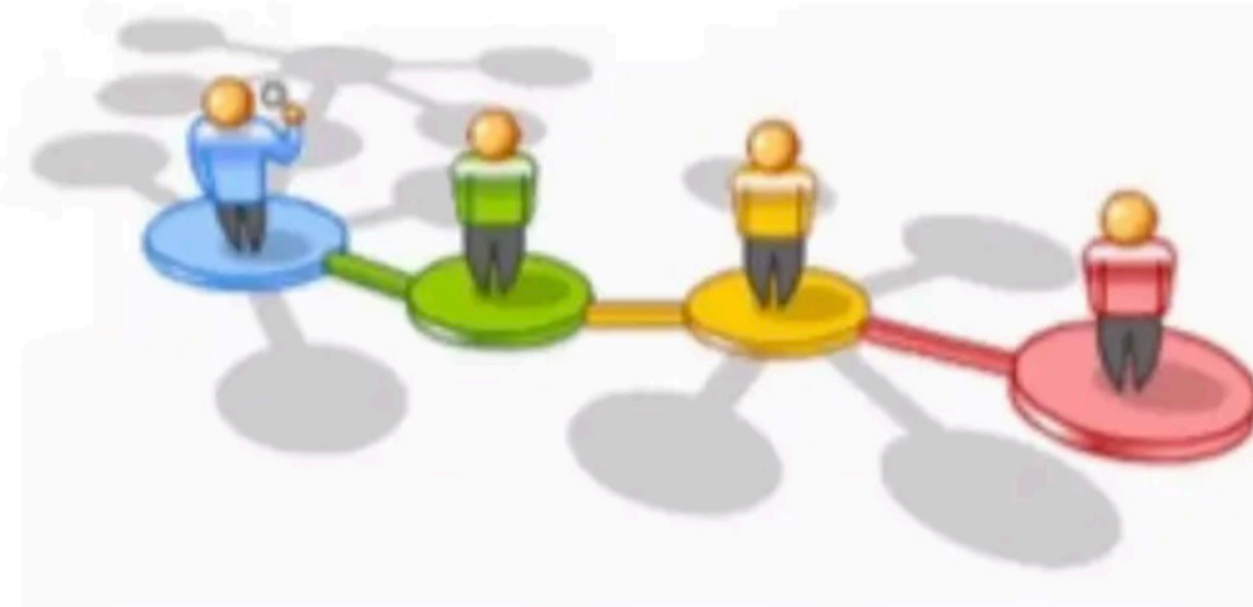
- Peter Thiel, Co-Founder and Former CEO, PayPal
- Marc Andreessen, Co-Founder and Former CTO, Netscape
- Joe Kraus, Co-Founder and Former SVP Marketing, Excite
- Andrew Anker, Former CTO, Wired and Former Partner, August Capital
- Gil Penchina, VP International, eBay



LinkedIn is Well-Positioned in an Essential Market



- High-margin billion-dollar opportunity
- Clear market leader in a defensible space
- Strong team and strong execution on less than \$4M spent



Find and Contact the People You Need Through the People You Already Trust