

Icahn Enlists Cuban to Storm Yahoo

Red Herring

By Ken Schachter

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Corporate raider Carl Icahn unveiled a dissident board slate featuring Mark Cuban and Adam Dell on Thursday in an effort push Yahoo into a shotgun wedding with Microsoft.

Mr. Icahn, whose estimated \$14.5 billion net worth earned him the 14th slot on the Forbes 400 list of wealthiest Americans, sent an open letter to Yahoo Chairman Roy Bostock charging that Yahoo's incumbent board "acted irrationally" in spurning Microsoft's \$33 per share acquisition offer.

Shares of Yahoo tacked on \$0.20, or .7 percent, to \$27.34 in late morning trading, while Microsoft edged up \$0.15, or .5 percent, to \$30.08.

Mr. Icahn, who has bought about \$9 million shares and share equivalents of Yahoo worth more than \$200 million in the last 10 days, said he is seeking anti-trust clearance from the Federal Trade Commission to accumulate a stake worth about \$2.5 billion.

The 10-person dissident slate includes Mr. Icahn, Mr. Cuban, the outspoken owner of the Dallas Mavericks who sold Broadcast.com to Yahoo in 1999 for about \$5 billion, and Mr. Dell, managing general partner of Impact Venture Partners and brother of Dell founder Michael Dell.

Other board nominees are: Lucian Bebchuk, a Harvard Law School professor; Frank Biondi, former chief executive of Universal Studios and Viacom; John Chapple, president of private equity firm Hawkeye Investments; Keith Meister, principal executive officer at Icahn Enterprises; Edward Meyer, chief executive of investment firm Ocean Road Advisors; Brian Posner, a private investor, and Robert Shaye, co-chief executive of New Line Cinema.

Since Microsoft CEO Steve Ballmer said he was withdrawing the offer worth about \$47.5 billion on May 4, Yahoo shares have not sunk close to the \$19.18 price before the software maker went public with its acquisition plans. That suggests investors believed a deal ultimately might be revived.

In the letter, Mr. Icahn said Yahoo's board had "completely botched" merger negotiations and voiced concern that Yahoo plans to pursue "strategic alternatives," an apparent reference to possible plans to outsource some search advertising to rival Google. That plan is anathema to Microsoft, which is seeking to dent Google's dominance in online advertising.