

# Icahn Moves To Force Yahoo Sale to Microsoft

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Corporate raider Carl Icahn plans to replace Yahoo's entire 10-member board with the intention of compelling a sale of the company to Microsoft, according to an open letter sent today to Yahoo's Chairman Roy Bostock. Icahn's letter states that he has formed his own list of candidates to replace Yahoo's board.

Today was the last day to propose board candidates in preparation for final votes to be held on July 3 at Yahoo's annual shareholders' meeting.

Microsoft walked away from its bid to acquire Yahoo on May 3, but some Yahoo shareholders brought suit and complained that Yahoo's management should have accepted the deal. In his letter, Icahn claimed that he was asked by Yahoo shareholders to "lead a proxy fight to attempt to remove the current board" in order to facilitate Microsoft's acquisition of the company.

Icahn said he bought about "59 million shares and share-equivalents of Yahoo" and plans to acquire "approximately \$2.5 billion worth of Yahoo stock."

He complained that Microsoft's final offer, offering Microsoft's stock at \$33 per share, was "superior" to Yahoo continuing as an independent company, and that the Microsoft-Yahoo combination would be "a force strong enough to compete with Google on the Internet."

Microsoft had been seeking to add Yahoo to bolster its Web search ad market position, which currently puts it at a distant third place behind No. 1 Google and No. 2 Yahoo.

Icahn nominated himself as a candidate for the board, as well as Keith Meister, vice chairman of Icahn Enterprises.

Other proposed candidates include former Viacom head Frank Biondi, Dallas Mavericks' basketball team owner Mark Cuban, Harvard Law Professor Lucian Bebchuk, Hawkeye Investments President John Chapple, Impact Venture Partners' Adam Dell, Ocean Road Advisors' CEO Edward Meyer, former ClearBridge Advisors' CEO Brian Posner and former Co-CEO of New Line Cinema Robert Shaye.

Microsoft initiated its unsolicited bid for Yahoo more than three months ago, but Yahoo management held out for a stock offering of \$37 per share, saying that Microsoft undervalued the company. Microsoft's management then dropped the bid this month. Subsequent public statements by Microsoft executives have implied that the bid for Yahoo is "over."