

Billionaire investor Icahn launches Yahoo proxy battle

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Shareholder activist Carl Icahn has launched a bid to replace the entire Yahoo board after the web company rejected Microsoft's takeover bid.

Mr Icahn, who is famous in the business world for his corporate raids in the 1980s, is now known for building up stakes in companies and demanding change at the board level.

In a letter to Yahoo's chairman, Roy Bostock, Mr Icahn nominated ten candidates, including himself, to replace all of Yahoo's board members on the basis that they should have accepted Microsoft's \$47.5 billion takeover offer earlier this month.

Mr Icahn has put together a team of ten high-profile figures, including National Basketball Association owner Mark Cuban, New Line Cinema co-chairman Robert Shaye and economics professor Lucian Bebchuk.

Shareholders will vote on the proposal at the company's annual general meeting.

Mr Icahn said: "It is clear to me that the board of directors of Yahoo has acted irrationally and lost the faith of shareholders and Microsoft.

"It is irresponsible to hide behind management's more than overly optimistic financial forecasts.

"It is unconscionable that you have not allowed your shareholders to choose to accept an offer that represented a 72 per cent premium over Yahoo's closing price of \$19.18 on the day before the initial Microsoft offer."

He also said in the letter that he has bought approximately 59 million shares in Yahoo, and has sought clearance from the Federal Trade Commission to buy \$2.5 billion worth of Yahoo stock.

Yahoo said it did not believe forcing a sale with a company that has already said it has moved on is in the best interest of its shareholders.

"A fair-minded review of the factual record leads to one conclusion: that Yahoo's ten-member board, comprised of nine independent directors along with Yahoo CEO Jerry Yang, remains the best and most qualified group to maximize value for all Yahoo stockholders," the company said in a response posted on its website.

Yahoo has been looking for other strategic partnerships to bolster its share price and recently completed a two-week advertising trial with search engine rival Google.

Today, Yahoo announced it is partnering with WPP on a deal will enable WPP agencies to buy digital display advertising across the Internet more efficiently.