

Yang Reaches Out to Yahoo Staff

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Yahoo Inc.'s "solid results" for the first quarter show that the Internet company is executing well its strategic plan to strengthen its "leadership position" in online advertising, Chief Executive Jerry Yang told employees in an e-mail Thursday.

In the e-mail, Mr. Yang asked employees to put aside "the rumors and speculation" and remain focused on the company's business.

"Yahoo is a great company with a truly unique set of highly-valuable assets that is growing, profitable and executing well on its strategic plan to enhance our leadership position in online advertising," according to the copy of the e-mail included in a filing Friday with the Securities and Exchange Commission.

"Our solid results for the first quarter of 2008 are a testament to this," Mr. Yang added.

In a separate email to senior executives of the Sunnyvale, Calif., firm, Mr. Yang provided talking points for them to use with their teams, regarding Carl Icahn's intention to nominate 10 directors to take control of the company's board.

Thursday, Mr. Icahn filed a proxy slate to unseat Yahoo's board, accusing its directors of acting "irrationally" and saying they "lost the faith of shareholders" and Microsoft Corp. Mr. Icahn's move was preceded by his purchase of roughly 10 million Yahoo shares and options to acquire 49 million more.

Yahoo Chairman Roy Bostock responded to Mr. Icahn's letter later Thursday, saying the investor's view "reflects a significant misunderstanding of the facts about the Microsoft proposal and the diligence with which our board evaluated and responded to that proposal." Mr. Icahn's 10-member director slate includes himself, his associate Keith Meister, former Viacom Inc. Chief Executive Frank Biondi, Harvard Law School Professor Lucian Bebchuk and Dallas Mavericks owner Mark Cuban.

Yahoo's board faced criticism from top shareholders after talks to sell the company to Microsoft broke down over price. Mr. Icahn confirmed those shareholders reached out to him, asking him to lead a proxy fight to establish a new board in order to negotiate a successful merger, something, he said, that "the current board has completely botched."