

Small shareholders get a chance to question Yahoo's Yang

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After successfully fending off takeover attempts by Microsoft and billionaire Carl Icahn, Yahoo Chief Executive Jerry Yang could face a new group of critics Friday: Mom and pop shareholders.

For months, Yang has taken a beating for turning down Microsoft's offer to buy Yahoo for \$33 per share. Institutional investors took the unusual step of scolding Yang in the press, while Icahn released withering tirades in the hope of unseating Yang at the annual meeting, which will be held Friday morning in San Jose at the Fairmont.

Yang reached a settlement with Icahn. But there could still be high drama, as small shareholders take advantage of their one and only chance to directly address Yang and his management team.

"Since all the votes have been cast before the meeting, all that's really left is the theater," said Gary Lutin, an investment banker who conducts shareholder forum programs.

While Yahoo's management personally reached out to big institutional investors during the proxy battle with Icahn, individual stock holders were left to read about the takeover fight in the media. A small but vocal group, individuals collectively own about a 10 percent stake in Yahoo. Traditionally, the annual meeting has provided them an opportunity to have their voices heard.

"I want to hold this board and management team accountable for the last year," said Eric Jackson, who founded his own investment firm, Ironfire Capital, after leading a grass-roots protest last year that culminated with the resignation of Terry Semel, Yahoo's former chief executive.

Jackson, who flew in from Florida on Thursday, said there has been "scant improvement" in Yahoo's performance during the past 12 months. Indeed, the company has lost 26 percent of its value since the last annual meeting. Yahoo closed on Thursday at \$19.89.

This year's meeting is expected to follow a traditional format: Yang will give a presentation about the state of Yahoo's business and shareholders will be given a final chance to vote their ballots as well as to step up to the microphone.

On that ballot are five proposals. Yahoo is asking shareholders to elect its nine nominees for the board, who are now unopposed, and to approve PricewaterhouseCoopers as the company's accounting firm.

In addition, Yahoo wants shareholders to vote against a proposal regarding pay-for-superior-performance that was submitted by the United Brotherhood of Carpenters Pension Fund, and to reject a proposal on Internet censorship that was submitted by the City of New York Office of the Comptroller and another regarding the establishment of a board committee on human rights.

One shareholder who won't be waiting for the mic is Carl Icahn. In a blog post Thursday morning, Icahn wrote: "It will not do shareholders or Yahoo any good to have the annual meeting turn into a media event for no purpose."

Icahn said he had met with Yang and Board Chairman Roy Bostock and while he still disagrees with them on many points, he said, "I have great hope 'this will be the beginning of a beautiful friendship.'"

Under the terms of Icahn's settlement with Yahoo, the company will expand its board by two seats and appoint him as a director "no later than one business day" after the annual meeting.

One of Yahoo's directors, Robert Kotick, will resign and the board will then have two weeks to appoint two other directors from a list that includes Jonathan Miller, former chief executive of AOL, and Lucian A. Bebchuk, Frank J. Biondi, Jr., John H. Chapple, Mark Cuban, Adam Dell, Keith Meister, Edward H. Meyer, and Brian S. Posner, each of whom was on Icahn's slate of director nominees.