

# Four New Yahoos?

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Carl Icahn deserves a chance to shake up Yahoo's board. The Internet company has gone nowhere for years. And flubbing Microsoft's original \$44.6 billion bid added insult to shareholders' injury. Yet replacing all nine directors at Yahoo's Aug. 1 annual meeting wouldn't necessarily be in shareholders' best interests. Electing four of Mr. Icahn's nominees is a better idea.

If a majority of directors are replaced, an employee-severance-pay plan goes into effect. Mr. Icahn's side calls it a poison pill that could cost the Web-search and -advertising concern as much as \$2.4 billion, and he is attempting to get a court to throw it out. Yahoo says the cost would be far lower. In any case, electing only four of Mr. Icahn's nominees would shake up the board without triggering the plan. The new board could overturn it down the road.

Keeping a mixed board could help shareholders in other ways, as well. Microsoft says it no longer is willing to pursue an acquisition of all of Yahoo.

Despite Yahoo's efforts to do deals with Google and others, the software giant might eventually come back if the Yahoo board is revamped.

Yahoo shareholders also should favor directors who bring more than a simple willingness to vote yes to a sale to Microsoft. There is a quartet from Mr. Icahn's slate who fit the bill.

Lucian Bebchuk is an expert in corporate governance and compensation -- where Yahoo's board falls short, as the severance-pay plan shows. Frank Biondi has experience as a top-level media executive. John Chapple is a telecommunications executive and investor. His expertise in wireless would be useful, not to mention his record persuading Sprint to overpay for Nextel Partners.

And Edward Meyer, former head of advertising giant Grey Global Group, would bring expertise and a slew of important contacts.

Electing these four to Yahoo's board would be a step in the right direction. And it could even result in the best outcome for shareholders -- a sale to Microsoft at a hefty premium.