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Microsoft - Yahoo

Microsoft and Yahoo: Dog Eat Dog

The Redmond company is setting the record straight

It's simply a dog eat dog world wide web, and Microsoft and Yahoo are two players caught in what by now seems a perpetual takeover ballet. The figures to emerge in the latest act of this Internet search and advertising acquisition saga are Roy Bostock, Chairman of Yahoo, investor Carl Icahn, and Microsoft Chief Executive Officer Steve Ballmer. While Microsoft representatives did indicate that they are no longer interested in a deal with Yahoo implying the entire Sunnyvale-based Internet giant, not even at the \$33 per share it offered back in February 2008, the Redmond company did produce a new offer at the end of the past week, just to get refused again. Now, Microsoft is setting the record straight about the events of the past week, following what it claims to be a statement containing inaccuracies released by Yahoo on July 12. According to [Yahoo](#), the latest bid from Microsoft, which it connects with Carl Icahn as a single entity, involved a renewed proposal to acquire Yahoo search but also to restructure the Internet company's leadership. Roy Bostock, Chairman of Yahoo, was cited repeatedly in the official statement from Yahoo criticizing the "odd and opportunistic alliance of Microsoft and Carl Icahn". Bostock claimed that Microsoft and Icahn negotiations were without any sort of involvement from Yahoo, and that the Redmond company set a 24 hour ultimatum for the offer to be accepted. The Yahoo Chairman went on to characterize the behavior of Microsoft as "erratic and unpredictable" and its refusal to negotiate as "absurd and irresponsible". At the same time, Yahoo noted that it was willing to negotiate a sale of the entire company for \$33 per share, originally some \$44.6 billion and to sit down and discuss a transaction involving only search. However, Microsoft refused to negotiate. In a move designed to correct the inaccuracies delivered by Yahoo, Microsoft noted that: "among other things, the enhanced proposal for an alternate search transaction that we submitted late Friday was submitted at the request of Yahoo Chairman Roy Bostock as a result of apparent attempts by Mr. Icahn to have Microsoft and Yahoo! engage on a search transaction on terms Mr. Icahn believed Microsoft would be willing to accept and which Microsoft understands Mr. Icahn had discussed with Yahoo!" The Redmond company pointed out that the new bid would have not been submitted, except it was requested by Yahoo specifically. Still, although it has stated repeatedly that it is no longer interested in Yahoo, Microsoft is continuing to produce offers, and to negotiate, although now it is doing so on its own terms, and talking not only with Yahoo's board of Directors, but also with Carl Icahn. "Specifically, on Thursday afternoon, July 10, Mr. Bostock called Steve Ballmer's office to arrange a call. On that subsequent call, Mr. Bostock told Mr. Ballmer that 'with substantial guarantees on the table and an increase in the TAC (traffic acquisition cost) rate, there are the pillars of a search only deal to be done'. Mr. Bostock encouraged Mr. Ballmer to submit a new proposal to Yahoo! for a search-only deal reflecting these terms," Microsoft added. The Redmond company said that it had by no means set an ultimatum of any kind for Yahoo's Board of Directors to come to a decision. Apparently, what Microsoft wanted from Yahoo was a letter of intent and detailed term sheets necessary to debut negotiations. Instead, it received another negative answer. "After considering Yahoo!'s request and taking into account Yahoo!'s previous feedback about our prior search proposal, Microsoft determined late Friday to propose an enhanced search transaction. This proposal included significant revenue guarantees, higher TAC rates, an equity investment and an option for Yahoo! to extend the agreement over a 10-year period," the Redmond company stated.