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Microsoft Yahoo
Microsoft

[The Microsoft and Yahoo Merger Is Not Over](#)

Just evolving

The Microsoft and Yahoo merger is still far from over despite failed negotiations between the two companies. Yahoo managed to remain independent and fend off Microsoft's unsolicited acquisition proposal for no less than three months and now the Sunnyvale Internet giant has to suffer the consequences. Billionaire investor Carl Icahn is mounting nothing short of an all out attack on Yahoo, attempting to replace the Board of Directors that said "no" to the Redmond giant. Icahn, who nominated himself for a seat on a new board of Directors for the Sunnyvale Internet company revealed that he represented a group of shareholders who believed that a bundle between Microsoft and Yahoo would be capable of taking on Google. "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 quite obvious that Microsoft's bid of \$33 per share is a superior alternative to Yahoo's prospects on a standalone basis. I am perplexed by the board's actions. 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% premium over Yahoo's closing price of \$19.18 on the day before the initial Microsoft offer", Icahn said in a letter to Roy Bostock, Yahoo Chairman. Icahn has made his intentions clear from the get go. The investor has debuted a proxy fight that will replace the current members on Yahoo's Board of Directors with new ones. Following such a move, Icahn plans to start negotiations with Microsoft again and finalize a merger. However, it might just be too late for a Microsoft and Yahoo marriage as Chief Executive Officer Steve Ballmer formally withdrew Microsoft's original \$44.6 billion bid, which ended up as high as \$50 billion, on May 3, 2008. In addition, the Redmond company indicated that it had completely reconsidered its plans and that it no longer had any interest in the Sunnyvale Internet giant. Icahn owns 59 million shares and share-equivalents of Yahoo and plans to acquire \$2.5 billion of Yahoo stock on top of that. "While it is my understanding that you do not intend to enter into any transaction that would impede a Microsoft-Yahoo merger, I am concerned that in several recent press releases you stated that you intend to pursue certain "strategic alternatives". I therefore hope and trust that if there is any question that these "strategic alternatives" might in any way impede a future Microsoft merger you will at the very least allow shareholders to opine on them before embarking on such a transaction", Icahn concluded.