

# Yahoo shares rise following Microsoft ad-deal report

April 13 2009, By John Letzing

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SAN FRANCISCO \_ Shares of Yahoo Inc. bucked the downward trend for technology stocks Monday and gained more than 7 percent, following reports late last week that the company is in serious discussions with Microsoft Corp. about teaming up in the online-advertising market.

The AllThingsD blog and The Wall Street Journal reported on Friday that Yahoo's discussions with Microsoft have included the possibility that [Yahoo](#) would assume responsibility for sales of the companies' display advertising, while Microsoft would assume responsibility for their search advertising.

An effort of some sort by the two companies to team up on online-advertising market leader [Google](#) Inc. has been anticipated since last year, when Microsoft made an ultimately unsuccessful attempt to buy [Yahoo](#) outright for more than \$47 billion.

Since then, Yahoo has hired a new chief executive, [Carol Bartz](#), while continuing to see its share of the online search market stagnate in comparison to Google's. Microsoft, meanwhile, has managed only to retain a distant third place in the U.S. online-search market.

Gartner Inc. analyst Andrew Frank said much of the positive sentiment around the possible partnership with Microsoft is due to relief that Yahoo isn't considering selling off its search service all together.

Microsoft has in the past expressed interest in buying Yahoo's search business, though according to reports last week no acquisition talks have been part of the discussions.

"There's a sense there's more flexibility around figuring out a partnership, as opposed to something that people think might hobble Yahoo in the long run," Frank said.

Yahoo has argued publicly that it needs to retain its search technology and related data in order to augment its display advertising business.

Stifel Nicolaus analyst George Askew told clients in a note Monday that a partnership with Microsoft would "be very positive for Yahoo," adding that Yahoo's "scale and sales" make a good match for Microsoft's "technology expertise and deep pockets."

Askew also said that according to recent research data, Yahoo and Microsoft combined to reach more than 86 percent of online unique users with their display advertising in February, compared with Google's 78 percent.

Yahoo shares rose 95 cents to close at \$14.42. Meanwhile the Nasdaq Composite Index spent much of the day in the red before closing marginally higher at 1,653.

Shares of Sunnyvale, Calif.-based Yahoo had veered below \$10 a share late last year, after deal talks with [Microsoft](#) appeared to fall apart.

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