

Microsoft-Yahoo deal gets extended antitrust review

September 15 2009, By Benjamin Pimentel and John Letzing

Antitrust regulators at the Justice Department have requested more information about the planned search and advertising deal between Microsoft Corp. and Yahoo Inc., the companies said Friday.

The Justice Department sent the request for additional information earlier this week, the companies said. [Microsoft](#) and Yahoo, hoping to put their arrangement into effect early next year, had previously revealed that they anticipated a "second request" for information from the department.

The second request follows an initial review begun shortly after Microsoft and Yahoo publicly unveiled the partnership in July.

Under the terms of the deal, Microsoft would effectively gain control of Yahoo's search service, with Yahoo assuming responsibility for selling related advertising, in an effort to gang up on market leader [Google](#) Inc.

The partnership was expected to draw regulatory scrutiny, as it would effectively shrink the U.S. Internet [search market](#) from three major players to two.

"We expected a close review," said Microsoft spokesman Jack Evans.

In a statement, Yahoo spokeswoman Nina Blackwell said the companies "firmly believe" that information they'll provide will confirm that their deal is not only good for the two companies but for advertisers,

publishers and consumers.

The planned partnership emerged in the wake of a bruising Yahoo [takeover](#) attempt by Microsoft last year. At one point, Microsoft had offered to buy the company outright for \$44 billion -- an offer current Yahoo Chief Executive [Carol Bartz](#) said during a cable-television appearance Thursday she would have accepted.

"You think I'm stupid?" Bartz asked during an interview on the business-news channel CNBC. Bartz replaced Yahoo co-founder Jerry Yang as CEO in January.

Many Yahoo investors expressed displeasure with the deal ultimately struck with Microsoft, however, having anticipated either a larger upfront payment or a more prominent role for the company in controlling the combined search service.

[Yahoo](#) shares were up nearly 1 percent to \$15.60 in Friday-afternoon trading, while shares of Microsoft had dipped slightly in the session to \$24.99.

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