

Icahn resigns from Yahoo's board on friendly terms

October 24 2009, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Activist investor Carl Icahn has decided his work is done at Yahoo Inc. after muscling his way on to the slumping Internet company's board nearly 15 months ago.

In a resignation letter Friday, Icahn said he felt like it was time to leave [Yahoo](#) so he could spend more time on his investments in other companies.

"I don't believe that it is necessary at this time to have an activist on the board of Yahoo and currently my attention is focused on other matters," Icahn wrote.

Icahn, an outspoken billionaire, spent several months last year denigrating Yahoo co-founder [Jerry Yang](#) and the rest of the company's board after Yahoo turned down an opportunity to sell to Microsoft Corp. for \$47.5 billion, or \$33 per share.

That snub still looks like an expensive mistake, with Yahoo shares closing Friday at \$17.22.

Icahn struck a truce with Yahoo to get on the board in August 2008 and he is apparently leaving on an amicable note.

In his letter, Icahn praised Yahoo's current chief executive, Carol Bartz, saying she is "doing a great job." Bartz replaced Yang as CEO nine months ago.

Icahn also applauded Yahoo's decision three months ago to hire Microsoft to provide its search results in the United States for the next decade. It's a partnership that Icahn tried to bring together while he was still seeking to get Yang fired. The proposed alliance between Yahoo and [Microsoft](#) still requires regulatory approval.

Yahoo, which is based in Sunnyvale, also had kind words for Icahn, saying it is "grateful for his active role in shaping the future" of the company.

A Yahoo spokeswoman said there are no immediate plans to fill Icahn's seat on the board. Another director, Maggie Wilderotter, plans to step aside at the end of the year.

After Wilderotter's departure, Yahoo will be left with 10 directors, including Yang. Two of other directors, John Chapple and Frank Biondi, joined the board as Icahn's allies.

Icahn remains one of Yahoo's largest shareholders with a 4.5 percent stake that is currently worth slightly more than \$1 billion. He and his investment affiliates spent \$1.8 billion accumulating a 5.5 percent stake last year, but whittled the holdings two months ago by selling 12.7 million shares.

His resignation letter gave no indication whether he plans to sell more of his Yahoo stock now that he has left the board.

Yahoo's fortunes have been sliding for the past three years as Google Inc. widened its lead in Internet's lucrative search market and people began spending more time at other popular online hangouts such as Facebook.

Earlier this week, the company announced that its third-quarter earnings

more than tripled as cost cutting helped to offset a 12 percent decline in revenue. The revenue erosion wasn't quite as bad as earlier this year, raising hopes that the company will fare better as the U.S. economy pulls out of its worst recession in 70 years.

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