

# Yahoo to upgrade e-mail, search results this fall (Update)

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(AP) -- Yahoo Inc. wants to prove it has regained its technological stride after years of meandering that have caused the Internet company to lose ground to its rivals.

The proof of Yahoo's renewed vigor will come this fall when the company plans to unveil facelifts to its free e-mail service and search results, a top executive told reporters Thursday.

Those upgrades will be major steps toward "bringing cool back to Yahoo," said Blake Irving, who was hired as the company's chief products officer in April.

Over the next three years, Yahoo will be quickly rolling out more innovations that will give people more reasons to stay on Yahoo's website for longer periods and reel in more revenue from advertisers clamoring to reach a more engaged audience.

Although Irving is relatively new to the company, his goals echo those of other Yahoo executives, including some from prior regimes that crumbled after failing to fulfill their promises. Former Yahoo CEO, Terry Semel, even played a Frank Sinatra song, "The Best Is Yet To Come," at a 2004 investment conference to underscore his resolve to recapture the buzz that helped make Yahoo the most successful Internet company during the 1990s.

Instead, Yahoo fell even further behind Google Inc. and now it's trying

to reverse a recent shift that is driving more people and advertisers to Facebook's popular online hangout.

The troubles have battered Yahoo's stock, which has lost more than half its value since another CEO, co-founder Jerry Yang, turned down an opportunity to sell the entire company to Microsoft Corp. for \$47.5 billion, or \$33 per share, in May 2008.

Yahoo shares dipped 8 cents Thursday to close at \$14.19.

Irving, a former Microsoft Corp. executive, believes Yahoo's strengths have been overlooked both by investors and the media. Among other things, Yahoo still has about 600 million worldwide users and a pool of engineers that Irving believes is among the brightest in the world.

"I expected to find some good, some bad and a lot of ugly here," Irving said. "There is a lot more good than I expected."

That's a theme Irving's boss, Carol Bartz, has been emphasizing since she was brought in as CEO 20 months ago to orchestrate a turnaround. Although analysts have praised Bartz for sharpening Yahoo's focus and shedding unprofitable services, Yahoo's stock price and financial performance have remained lackluster since her arrival. Bartz has repeatedly said it could take several years before Yahoo begins hitting on all cylinders again.

Rather than fight Facebook, Yahoo has been trying to piggyback on the social network by enabling its e-mail users to interact with their Facebook circle of friends from their inboxes. The company will build upon that effort this fall when e-mail users will be able to start sending the short messages known as tweets to their Twitter accounts. Yahoo's e-mail also is supposed to run twice as fast with the upcoming upgrade.

The company, based in Sunnyvale, Calif., declined to provide a precise timetable for its latest e-mail overhaul. It has been working on the e-mail revisions for more than a year already.

To lower its expenses, Yahoo is relying on Microsoft for most of the search results on its website.

But Yahoo is still trying to distinguish its search results by packaging some of its recommendations differently than Microsoft's Bing does.

The latest changes to Yahoo's search results will debut sometime this fall when the company will start bundling more key information in a capsule that will be highlighted above links from other sites. For instance, a search for Lady Gaga will contain different strips within the capsule that show pictures of her, popular songs and video clips.

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