

Activist buys up stake in Yahoo, slams board

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(AP) -- An activist investment fund disclosed Thursday that it has bought a 5.2 percent stake in troubled Web portal Yahoo Inc. and called for sweeping changes to the board.

A public letter from Daniel Loeb, chief executive of [investment adviser](#) Third Point, comes after Yahoo's board fired CEO [Carol Bartz](#) on Tuesday after 2 1/2 years on the job, a move she bitterly criticized in an interview published Thursday.

Loeb said the board made a "serious misjudgment" in hiring Bartz, and he criticized it for taking so long to fire her given her "abysmal performance." He slammed Bartz personally for alienating the company's Asian partners - [Alibaba](#) Group, [Softbank](#) and Yahoo Japan - as well as Yahoo's shareholders, analysts, bloggers, customers and employees.

"While the decision to hire her alone is grounds for questioning the board's competence, its willingness to turn a blind eye to these serious problems ... is even more troubling," Loeb said.

Loeb also said it is now apparent that the board made a "gross error" in turning down Microsoft Corp.'s [takeover bid](#) in 2008 for \$31 a share. He said the company's intrinsic value is now around \$20 per share.

"This mistake is all the more frustrating given Yahoo's current depressed stock price," he said.

Yahoo's stock jumped 34 cents, or 2.5 percent, to \$13.95 midday Thursday after the letter was released. Since Bartz's firing, shares are up 8 percent.

Loeb calls for the resignation of Chairman Roy Bostock, who championed Bartz and "led the charge against the Microsoft deal," as well as directors Arthur Kern, Vyomesh Joshi and Susan James.

Third Point's investment in Yahoo - in which it amassed 65 million shares and immediately exercisable options since Aug. 8 - makes it Yahoo's third largest outside investor.

In an interview with [Fortune magazine](#) published Thursday, Bartz used profanity to describe her firing by Yahoo's board. She said Bostock read from a lawyer's prepared statement when he spoke to her by phone to dismiss her on Tuesday.

Bartz was hired in January 2009 and tasked with turning around [Yahoo](#), but she was criticized for cutting her way to profits while not increasing revenue as companies like Google Inc. and Facebook took off.

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