

Microsoft signs agreement to scrutinize Yahoo

November 24 2011, By MICHAEL LIEDTKE , AP Technology Writer

It looks as if Microsoft wants a seat at the negotiating table if Yahoo decides to sell part or all of its business.

To gain better access, [Microsoft Corp.](#) has signed a nondisclosure agreement with Yahoo Inc., according to a person familiar with the situation. The person spoke to The Associated Press on Wednesday on the condition of anonymity because the agreement hasn't been formally announced.

The DealReporter and The New York Times earlier reported the arrangement between Microsoft and Yahoo.

Yahoo's board has been mulling the company's options since firing CEO [Carol Bartz](#) in early September. The alternatives include selling Yahoo's Asian assets, such as the Alibaba Group in China, and auctioning off the company in its entirety instead of hiring a new CEO. Tim Morse, Yahoo's chief financial officer, has been interim CEO since Bartz's ouster.

The DealReporter said that Yahoo's board is scheduled to meet next week to discuss its next step.

Microsoft unsuccessfully tried to buy Yahoo in 2008 for as much as \$47.5 billion before walking away in frustration. Yahoo's stock is worth less than half of Microsoft's last offer of \$33 per share.

Yahoo shares fell 3 cents Wednesday to close at \$14.94. Microsoft's [stock price](#) dropped 32 cents to close at \$24.47.

The New York Times reported that Microsoft is primarily interested in protecting its Internet [search advertising](#) alliance with Yahoo if its partner pursues a sale or a dramatic reorganization. Microsoft currently provides most of the [search technology](#) on Yahoo's website in return for 12 percent of the ad revenue generated from the results.

To preserve its business relationship with Yahoo, Microsoft already had explored contributing to a joint bid for Yahoo's U.S. assets with some of the buyout firms that have been considering making offers. That list includes Silver Lake Partners, Providence Equity Partners and the Texas Pacific Group.

[Alibaba](#) CEO Jack Ma has publicly acknowledged that his company would like to buy [Yahoo](#), but that could be difficult because of U.S. government concerns about a Chinese business owning a U.S. company that handles email and other electronic communications.

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