

# Yahoo investor demands board ouster of co-founder

November 5 2011, By MICHAEL LIEDTKE , AP Technology Writer

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(AP) -- A major Yahoo shareholder believes the slumping Internet company would be better off without Jerry Yang on its board as it mulls a possible sale.

In a Friday letter to Yahoo's board, hedge fund manager Daniel Loeb asserts Yang has too many [conflicts of interest](#) to keep the board seat he has held since starting the company more than 16 years ago.

Loeb, who owns a 5.2 percent stake in [Yahoo](#) Inc. through a fund called Third Point LLC, based his conclusion on published reports that Yang has been talking to several buyout firms about joining forces to buy a controlling stake in the company. The letter lists the Texas Pacific

Group, Providence Equity Partners, [Silver Lake](#), KKR & Co. and the Blackstone Group as the firms talking to Yang.

In a statement, a Yahoo reiterated its board has been exploring various ways to boost the company's stock price and brushed off the reports cited in Loeb's letter as "rumor and speculation."

"Mr. Yang is one of nine directors with the exact same fiduciary duties and motivation as all of his fellow directors - to serve the best interests of all the company's shareholders," Yahoo said.

Loeb questioned whether Yang is more interested in selling Yahoo to the highest bidder or negotiating a deal that keeps the company in "friendly hands." The letter also refers to Yang's "ineptitude" in 2008 when he squandered an opportunity to sell Yahoo to Microsoft Corp. for \$47.5 billion, or \$33 per share - more than twice the company's current market value.

"It is now clear that (Yang) is simply not aligned with shareholders," Loeb wrote.

Yang holds a 3.6 percent stake in Yahoo, meaning he no longer owns as much of the company as Loeb does.

The attack on Yang is the latest bit of drama at a company that has been immersed in a soap opera since former movie mogul Terry Semel resigned as CEO to placate frustrated shareholders in mid-2007.

Yang then took a stab at being CEO, only to spend much of his time at the top fending off Microsoft's unsolicited takeover bid and jousting with another brash shareholder, Carl Icahn. Microsoft eventually withdrew its offer in exasperation and Icahn gained three seats on the company's board before Yang turned over the CEO job to Carol Bartz in

January 2009.

Loeb entered the picture two months ago after Yahoo Chairman Roy Bostock fired Bartz in a brusque phone call.

In an initial attempt to shake up the board, Loeb urged Yang in a Sept. 14 letter to work with him to oust Bostock, who has been lambasted by other unhappy shareholders during the past three years..

Now Loeb wants both Yang and Bostock to be tossed from the board so he can be awarded two director seats. If he doesn't get his way, Loeb indicated he is prepared to finance a [shareholder](#) rebellion against the board - a tactic that Icahn used in 2008 to muscle his way into the company's boardroom. Icahn stepped down from the board two years ago.

Besides discussing a possible sale to buyout firms, Yahoo is also believed to be considered selling its holdings in China's Alibaba Group and Yahoo Japan. Those Asian stakes could fetch as much as \$16 billion before taxes, based on analyst estimates.

Yahoo shares fell 24 cents Friday to close at \$15.24.

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