

Yahoo appoints 3 to board in response to investor

March 25 2012, By PALLAVI GOGOI , AP Business Writer

(AP) -- Internet company Yahoo has appointed three members to its board of directors, gearing up for a proxy fight with one of its largest shareholders.

The announcement Sunday comes four days after Third Point LLC launched a campaign to win four seats on Yahoo's board.

Yahoo Inc.'s nominees to the board are John Hayes, chief marketing officer of American Express, Peter Liguori, former chief operating officer of Discovery Communications Inc., and Thomas McInerney, the outgoing chief financial officer of IAC/InterActiveCorp.

The announcement sets the stage for a nasty proxy battle that could drag on for months.

Hedge fund Third Point, which owns a 5.8 percent stake in Yahoo, last week suggested four new directors for the board, including fund manager Daniel Loeb, former NBC Universal CEO Jeff Zucker, former MTV Networks executive Michael Wolf and turnaround specialist Harry Wilson.

Wilson was the only person on Third Point's slate that Yahoo's board agreed to. It asked Third Point to come up with another nominee who might be more suitable than Third Point's other candidates, but Loeb has already rejected the offer.

Third Point issued a statement late Sunday, saying it was disappointed with Yahoo's appointments to the board, and it intends to move forward with a proxy contest.

Third Point has invested about \$1 billion in Sunnyvale, Calif.-based Yahoo and believes the struggling Internet company would do better if its representatives help new CEO Scott Thompson overhaul operations. Thompson joined the company from eBay Inc.'s PayPal.

Last month Third Point announced that it would revolt unless the company accepted its slate of candidates as directors. In a letter last week, Third Point CEO Daniel Loeb gave Thompson a final chance to avert a mutiny by accepting the hedge fund's candidates for the board.

The proxy battle will likely add to the turmoil surrounding Yahoo, as Thompson mulls a dramatic reorganization.

Yahoo's 11-member board already has changed. Four directors, including Chairman Roy Bostock, plan to step down at the company's annual meeting this year. The company appointed two directors, Alfred Amoroso and Maynard Webb, to its board last month.

Bostock said in a statement, "We have appointed a capable and dynamic CEO who is driving the business towards its next era of success. And we have reconstituted the Board of Directors with the right mix of experience and expertise."

Unless a compromise is reached, the showdown between Yahoo and Third Point will be settled at the company's annual meeting. A date for the meeting hasn't been set yet, although Yahoo usually holds it in late June.

This marks the second time in four years that Yahoo has faced a

boardroom challenge from a disgruntled shareholder. In 2008, billionaire Carl Icahn sought to overthrow Yahoo's board after the company balked at a chance to sell itself to Microsoft Corp. for \$47.5 billion. Icahn wound up accepting a truce that gave him and two of his hand-picked choices seats on Yahoo's board. Icahn and his allies are no longer on the board.

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