

Yahoo shareholder blasts company for board snub

March 28 2012, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- A major Yahoo shareholder passed over for a seat on the troubled Internet company's board is blasting the decision as "illogical."

Hedge fund manager Daniel Loeb described the snub as a glaring example of shoddy [corporate governance](#) in a Wednesday letter to Yahoo CEO [Scott Thompson](#).

Loeb contends he would have been a better representative for Yahoo Inc. shareholders because he controls a 5.8 percent stake in the company through his fund, Third Point LLC. Loeb has spent about \$1 billion buying Yahoo shares since September.

Yahoo said on Sunday that it appointed three other directors who haven't been investing in the company.

After that move, Thompson apparently further aggravated Loeb with his explanation for the decision. In his letter, Loeb says Thompson told him that he was rejected as a director because his "experience would not be additive."

Thompson also explained to Loeb that Third Point's large holdings in the company might give him an incentive to recommend actions focused on short-term gains instead of a strategy that would be produce better long-term returns for Yahoo and its shareholders, according to Loeb's letter.

Yahoo, which is based in Sunnyvale, Calif., had no immediate response

to Loeb's letter.

Loeb defended his record as an [investor](#) who has held stock in other companies for several years. He also pointed out that Third Point's substantial stake in Yahoo gave him a greater incentive to do what's right for shareholders than the company's other directors.

"Only in an illogical Alice-in-Wonderland world would a shareholder be deemed to be conflicted from representing the interests of other shareholders because he is, well, a [shareholder](#) too," Loeb wrote.

Loeb is still seeking to get his way by leading a rebellion against Yahoo. He has nominated himself and three other candidates to Yahoo's board and launched a campaign that is likely to include brickbats similar to Wednesday's letter for several months. Some analyst are already worried the theatrics will distract Thompson as he tries to overhaul Yahoo's operations and snap the company out of a financial funk that has depressed its stock for years.

Unless a truce is reached, the dispute over the composition of Yahoo's board will culminate at the company's annual meeting. Yahoo typically holds the meeting in June, although the company delayed it until August the last time it faced a challenge to its board.

Yahoo already has started to shake things up since hiring Thompson in January by naming six new directors, including the CEO. [Company](#) co-founder Jerry Yang resigned from the board in January and four other longtime directors, including Chairman Roy Bostock, will step down at the annual meeting.

[Yahoo](#) shares dipped 11 cents to \$15.32 in late afternoon trading Wednesday.

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