

Google stock split wins approval; CEO loses voice

June 22 2012, by MICHAEL LIEDTKE

(AP) — Google shareholders gave CEO Larry Page what he wanted Thursday by approving an unconventional stock split meant to cement his authority, but he wasn't around to hail the victory.

Page missed the Internet search leader's annual shareholders meeting because he has lost his voice, a previously undisclosed problem. [Google](#) didn't provide any other details about co-founder Page's condition except that whatever is ailing him isn't serious enough to prevent him from fulfilling his duties as [CEO](#).

The voice difficulty is serious enough to prevent Page, 39, from speaking next week at a conference in San Francisco, where Google is expected to show off some of the latest innovations in its Android operating system for smartphones and tablet computers. He also is expected to skip a conference call next month to review Google's financial results for the second quarter.

Until his voice recovers, Page is relying on email and other written forms of communication to convey his thoughts. It might not be a huge adjustment for him. Even when his voice is at full strength, the soft-spoken Page can be reticent.

Page's absence was the biggest surprise at an annual meeting in Mountain View that featured familiar jokes about Google's free food and prosperity. A few critics also raised frequently asked questions about Google's methods for tracking its users' preferences and Web surfing

activities.

Even the approval of the first stock split in Google's eight years as a publicly traded company was a foregone conclusion. That's because it had the backing of Page, fellow co-founder Sergey Brin and Executive Chairman Eric Schmidt. Combined, the three control about two-thirds of the voting power at Google.

The company didn't announce the specific vote results Thursday, but said the stock-split plan had won majority support.

Google Inc. doesn't expect be able to split the stock until at least October. That's because Google won't do so until it resolves a shareholder lawsuit challenging the plan. The complaint, filed in Delaware state court, alleges that the board breached its fiduciary duty by acceding to the wishes of Page and Brin.

The stock split is meant to ensure Page and Brin can overrule all other shareholders on any vote. They have retained this power since Google went public in 2004, but they worried that their authority could be undermined as Google issues more shares to compensate employees and finance future acquisitions.

To preserve their power, Page and Brin persuaded Google's board to approve a new class of non-voting stock. Google can draw upon this new "C" class of shares without diluting Page and Brin, who currently hold a combined 56 percent of the voting power at the company.

The plan calls for a share of Class C stock to be given for every share of the existing Class A stock. That has the effect of cutting the value of each Class A share in half while doubling the total owned by each stockholder. In other words, 100 shares of Class stock worth \$565.21 apiece at Thursday's closing price would become 200 shares worth about

\$282.60 apiece after the split.

Page is protecting his power at a time when Google's stock has been lagging the overall market and the company's peers.

Since Page replaced Schmidt as CEO in April 2011, Google's stock has declined 4 percent while the technology-laded Nasdaq composite index and Dow Jones industrial average have gained 2 percent. The Standard & Poor's 500 index has dipped by less than 1 percent during the same period.

Meanwhile, investors have been embracing two of Google's biggest rivals. While Page has been running Google, Apple Inc.'s [stock](#) has surged 68 percent and Microsoft Corp.'s has risen 18 percent.

Google has been hurt by investor concerns about the falling prices for its online search ads, the risks posed by its recent \$12.5 billion purchase of device maker Motorola Mobility Holdings and the potential fallout from intensifying battles with government regulators around the world.

Another potentially thorny issue emerged on the regulatory front Thursday with the news that the Texas attorney general's office is accusing the company of improperly withholding internal documents to stymie an investigation into its business practices. Texas Attorney General Greg Abbott is seeking a court order that would require Google to turn over more of the evidence that it's trying to shield.

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