

Yahoo's stock hits \$19 for 1st time since 2010 (Update)

November 26 2012, by Michael Liedtke

(AP)—Yahoo's shares touched \$19 Monday, the first time they have traded that high in more than two and half years.

The latest gains extend a rally that has been gaining momentum in recent weeks as Yahoo Inc. buys back its own stock and more investors bet on CEO Marissa Mayer's ability to turn around the long-struggling company.

Mayer, a former top executive at Internet search leader Google Inc., became Yahoo's fifth CEO in less than a year when the company hired her in July. Since her arrival, Mayer has vowed to make Sunnyvale, California, company a better place to work, refine its online services and roll out more products tailored for smartphones and tablet computers.

Yahoo has also been trying to boost its stock price by spending most of money that it received from a recent deal to buy back its own shares.

After taxes, the company pocketed \$4.3 billion by selling half its stake in Chinese Internet company Alibaba Group Ltd. Mayer has pledged to spend \$3.6 billion buying back Yahoo's stock, including \$600 million that had gone toward share repurchases before the Alibaba deal closed in mid-September.

Yahoo had spent \$212 million buying back 13 million shares from Oct. 1 through Nov. 8, according to a recent regulatory filing, with \$928 million spent so far this year.

Since Mayer made the buyback commitment, Yahoo's stock has climbed by nearly 20 percent. The shares hit \$19 in Monday's early trading for the first time since April 2010.

Goldman Sachs analyst Heath Terry believes Yahoo's stock will climb even higher, as more investor enthusiasm builds for Mayer's turnaround strategy and the value of the company's remaining holdings in Asian Internet companies becomes clearer. Besides retaining a 24 percent stake in Alibaba, Yahoo also owns 35 percent of Yahoo Japan. He also thinks Yahoo's stock will get a boost from future buybacks planned by Yahoo.

In a Monday research report, Terry raised his price target for Yahoo's shares to \$24 from \$22. The price targets of 15 other analysts surveyed by FactSet range from \$16.50 to \$22.

After climbing to \$19 in Monday's early trading, Yahoo shares closed at \$18.75, up 18 cents.

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