

Yahoo's stock tops \$30 for 1st time in 5 ½ years

September 12 2013, by Michael Liedtke

(AP)—Yahoo's stock is close to doing what many thought would be impossible: eclipsing the price that Microsoft offered to buy the Internet company for in 2008.

The stock crossed a symbolically important milestone Thursday when it topped \$30 for the first time since February 2008, when Yahoo co-founder and then-CEO Jerry Yang was drawing up ways to fend off an unsolicited takeover bid from Microsoft Corp. The bid was later withdrawn after several months of fruitless negotiations.

Yang insisted that Yahoo Inc. would be worth more than the \$31 per share that Microsoft initially offered, and didn't waver even after the bid was raised to \$33 per share. After Microsoft scrapped the proposed deal, Yahoo's stock went into a prolonged slide. It fell as low as \$8.94 under the direction of five different CEOs before Marissa Mayer took over after defecting from a top executive job at Google Inc. in July 2012.

Since then, Yahoo's stock has nearly doubled in value as Mayer has taken steps to boost sagging employee morale, spent more than \$1.2 billion on mostly small acquisitions, redesigned key products and used the proceeds from a windfall investment in Chinese Internet company Alibaba to return more than \$3 billion to shareholders.

Yahoo got its latest lift after Mayer appeared at a technology conference late Wednesday and announced that the company's online services are now attracting about 800 million monthly users, a 20 percent increase

since her arrival. The figure doesn't include traffic that Yahoo picked up when it bought the popular Internet blogging site Tumblr for \$1.1 billion earlier this year.

Investors are betting that a larger audience will translate into more advertising and profit for Yahoo, although Mayer still hasn't been able to significantly boost the company's revenue even as marketers pour more money into Google's websites and Facebook Inc.'s online social network. In her Wednesday appearance, Mayer said it will probably take three years to get Yahoo's ad revenue growing at a robust rate again.

Yahoo's stock nevertheless traded as high as \$30.27 on Thursday on heavy volume. In afternoon trading, the gains pared slightly, and the stock ended up closing at \$29.65, up 46 cents.

Analysts and Mayer herself both say Yahoo's resurgent stock is primarily being driven by a \$1 billion investment made in Alibaba in 2005. That deal was negotiated by Yang while Terry Semel was Yahoo's CEO.

"There are certainly some smart investments that I owe to my predecessors," Mayer said Wednesday during her appearance at a conference presented by AOL Inc.'s TechCrunch blog. "Very notably, Jerry Yang's investment in Alibaba is something that people are very excited about."

Alibaba has emerged as an Internet powerhouse in the world's most populous country, turning Yahoo's holdings into a gold mine. Yahoo already reaped \$7.6 billion by selling half its stake in Alibaba last year and analysts have estimated its remaining investment could be worth another \$10 billion to \$20 billion during the next few years. Yahoo so far has funneled \$3.6 billion of the Alibaba proceeds into buying back 190 million of its shares.

Yang also may draw some measure of vindication if Yahoo's stock price exceeds Microsoft's takeover bid. He became an object of scorn among many shareholders who argued that Yahoo would be hard-pressed to build a company that would be worth more than what Microsoft was willing to pay.

The harsh criticism contributed to Yang's decision to step down as Yahoo's CEO in 2009. Yang resigned from the company's board last year.

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