

# eBay ends Icahn dispute with board appointment (Update)

April 10 2014, by Sophie Estienne

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Picture taken on July 1, 2008 of the eBay logo at ebay France headquarters in Paris

Online retail giant eBay said Thursday it had reached a deal with activist investor Carl Icahn, who had demanded a spinoff of the payment division PayPal.

Icahn, who had been leading a campaign to split up the ecommerce giant, reached a deal with eBay that calls for the naming of a new

independent member of the board of directors.

The company said it agreed to Icahn's suggestion to appoint former AT&T chairman and chief executive David Dorman as an independent director.

The deal ends a months-old dispute with Icahn, who had assailed eBay for poor management and claimed that keeping eBay tied with PayPal depressed the value of both units.

"We are very pleased to have reached this agreement with Mr. Icahn, settling proxy issues and enabling our board and management team to focus our full attention on a goal every shareholder agrees on—growing PayPal and eBay, and delivering sustainable shareholder value," said eBay's president and chief executive John Donahoe.

"As a result of our conversations, it became clear that Carl and I strongly agree on the potential of PayPal and our company. I respect Carl's willingness to work together to drive sustainable shareholder value today and into the future. His record shows that he has done this with many other companies in the past."

Icahn said in a Twitter message: "Extremely pleased about agreement with \$EBAY. Believe it's a win-win for ALL shareholders."

The billionaire investor has a long history of taking positions in companies that give him the leverage to force changes in management or provide dividends to shareholders.

## **Months of proxy war**

The news of the Icahn campaign began in January, when the company notified shareholders that the corporate raider had called for the spinoff

of PayPal.

Icahn holds only about two percent of eBay shares but he has a reputation that magnifies his influence. He sent several open letters to eBay shareholders criticizing management and calling for a shakeup on the board.

In a March 12 letter, Icahn launched a scathing attack, complaining of "a complete and utter breakdown in the system of checks and balances" and arguing that eBay sold off its Skype unit prematurely and that "\$4 billion of upside was lost."

"While the board and its advisors may try to use tricks and technicalities to keep documentary evidence of malfeasance out of the hands of stockholders, I believe that ultimately truth will win out," he wrote.

In recent months Icahn has also taken aim at Apple, claiming that the tech giant should return more to shareholders.

But in February, he stepped back and said Apple had accomplished much of what he was seeking with some \$14 billion in share buybacks.

Icahn is ranked by Forbes magazine as one of the world's wealthiest individuals with a net worth of some \$23 billion.

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