

# Yahoo board to discuss sale of core business: report

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Yahoo's board will meet to discuss whether it should sell its core business instead of its Alibaba stake, according to a report Tuesday in The Wall Street Journal.

Yahoo board members will hold a marathon series of meetings from Wednesday through Friday to hash out whether it would be best to go ahead with a plan to spinoff its multibillion-dollar stake in Alibaba or shift gears and sell its core business, the Journal said, citing unnamed people close to the matter.

Yahoo told AFP it would not comment on the Journal's report.

A [hedge fund](#) with a stake in Yahoo urged the Internet giant last month to drop its planned spinoff of its stake in China's Alibaba and instead sell the "core" search business.

The call by hedge fund Starboard Value came with Yahoo on track to set up a new corporate entity holding the Alibaba stake in coming months that would be spun off.

But that spinoff plan has been clouded by concerns that it may not get tax-free status from US authorities, resulting in a hefty tax bill for Yahoo shareholders.

Starboard said in a letter to Yahoo's board and chief executive Marissa Mayer that the spinoff of the entity called Aabaco Holdings "is not

Yahoo's best alternative" and argued that "instead, you should be exploring a sale of Yahoo's core search and display advertising businesses."

This proposal, Starboard said, would leave the existing Yahoo corporate entity holding stakes in Alibaba and Yahoo Japan.

The hedge fund was worried about the plan to transfer the Alibaba [stake](#) to the new company and distributing stock in what could amount to a taxable gift of some \$30 billion to shareholders.

Starboard would prefer that Yahoo, instead, split off its own Internet operations in a technical move apparently aimed at avoiding a tax bill.

Starboard said that even if the Alibaba spinoff is ruled tax-free, the market value for the rest of Yahoo is minimal or even negative.

Lack of a long-awaited turnaround at Yahoo has put pressure on Mayer to prove she has what it takes to revive the faded Internet pioneer.

The original decision to split Yahoo's holding in Alibaba was seen as an attempt to calm restless shareholders, starting with activist fund Starboard, which lobbied for the strategy.

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