

## Microsoft Rekindles Its Pursuit of Yahoo



Microsoft has made a preliminary overture to Internet giant Yahoo, and the two companies are in very early discussions about a possible merger, according to people briefed on the discussions. The talks were first reported Friday in The New York Post. Microsoft and Yahoo have considered some kind of combination before, including the sale of a stake in Yahoo's search business to Microsoft, but failed to come to terms.

The Post says that while the two have held talks on the subject in the past, there is a new urgency on Microsoft's part, following Google's \$3.5 billion deal to buy DoubleClick, a company that Bill Gates also coveted.

According to the report, the new approach follows an offer Microsoft made to acquire Yahoo a few months ago, which was spurned by the Internet company.

In an interview with the New Yorker last year, Yahoo Chief Executive Terry Semel, a former film industry executive, swatted down the idea that Yahoo ever talked about an outright sale to Microsoft. Instead, he said that they tossed around the notion of Microsoft buying a stake in Yahoo's search business — a transaction that he compared to an amputation.

Such a deal would no doubt provide big cost saving for both companies. The speculation has also resurfaced at a time when Yahoo's much-ballyhooed new search advertising platform Project Panama, appears to be having a tough time getting off the ground.

But Yahoo is no small target; it has a market capitalization of about \$44 billion and The Post reported that Wall Street sources put a roughly \$50 billion price tag on the company. And the very different corporate culture at the two companies has long been cited as a major reason such a deal may not work.

**Disponível em: <<http://www.nytimes.com>>. Acesso em 4/5/2007.**

---

Leia mais: New York Post

### **Bill's hard drive: Microsoft eyes search giant in proposed takeover**

*Peter Lauria and Zachery Kowe*

Stung by the loss of Internet advertising firm DoubleClick to Google last month, Microsoft has intensified its pursuit of a deal with Yahoo!, asking the company to re-enter formal negotiations, The Post has learned.

While Microsoft and Yahoo! have held informal deal talks over the years, sources say the latest approach signals an urgency on Microsoft's part that has up until now been lacking.

The new approach follows an offer Microsoft made to acquire Yahoo! a few months ago, sources said. But Yahoo! spurned the advances of the Redmond, Wash.-based software giant. Wall Street sources put a roughly \$50 billion price tag on Yahoo!.

"They're getting tired of being left at the altar," said one banking source who has recently had talks with Microsoft. "They now seem more willing to extend themselves via a transaction to get into the game."

Part of the reason for that is because Google keeps trumping Microsoft on the deal front, beating out the company on not just DoubleClick, but also for a renewed search advertising pact with AOL in 2005 that Microsoft lusted after.

Moreover, with Google developing Internet-based software that directly competes with Microsoft Office, sources said Microsoft has no choice but to go on the offensive.

"The minute you hear Microsoft start arguing against something on antitrust grounds, you know they are desperate and need to do something big," said one source.

Sources said Microsoft is working with Goldman Sachs.

News of Microsoft's latest approach comes as Yahoo!'s new search advertising platform Project Panama is just getting off the ground.

The long-awaited platform posted disappointing first-quarter results, but sources said that was more a function of difficult comparisons to the year-earlier period and less a sign that the system wasn't working. That said, another quarter or two of similar results and investors might begin renewing calls for a sale or for CEO Terry Semel to step down.

As it stands now, a deal between Microsoft and Yahoo! would up the combined companies' share of the all-important search advertising market to 27 percent against Google's 65 percent. It would also narrow the gap in overall online ads with Google to just 13 percent.

More importantly, a deal would create what one source described as "the dominant force on the Internet" in terms of eyeballs. That's an important consideration as more and more content flows online - as the equations goes, eyeballs equal advertising.

Microsoft and Yahoo! also feature complimentary offerings on the content side, with MSN drawing an older audience with its news focus. By contrast, Yahoo! attracts a younger demographic with its entertainment coverage.

Aside from cost savings, a deal would also create opportunities to use Yahoo! content on Microsoft devices, such as making music exclusively provided to Yahoo! Music available on Microsoft's Xbox game console and Zune music player.

**Disponível em: <<http://www.nypost.com>>. Acesso em 4/5/2007.**