

## **Yahoo said to work with goldman on takeover overtures**

*Jeffrey McCracken*

Yahoo! Inc., which spurned an acquisition bid from Microsoft Corp. in 2008, is working with Goldman Sachs Group Inc. to help defend against possible takeover approaches, said three people familiar with the matter.

While the Sunnyvale, California-based company hasn't received an offer, Yahoo has been working with advisers for about two weeks to field any approach, said the people, who asked not to be named because the talks are private. AOL Inc. has talked with private-equity funds including Silver Lake about a possible bid, two people familiar with the matter said.

Yahoo climbed 4.5 percent today after paring earlier gains of as much as 9.9 percent. The company had lost half its value since Microsoft, the world's largest software maker, withdrew an almost \$50 billion bid in 2008, and sales haven't grown under Chief Executive Officer Carol Bartz, leaving Yahoo vulnerable to fresh overtures.

"The shareholders own this company and the shareholders have lost a lot of value because of the actions of the directors and the management of this company," said Lawrence Haverty, a portfolio manager at Gamco Investors Inc., which holds Yahoo shares. "Something's going to happen."

Discussions between AOL and private-equity firms are preliminary and have recently focused on a possible purchase of parts of Yahoo, two people said. The private-equity funds have weighed raising \$10 billion to \$12 billion, these people said.

### Takeover Defense

Neither AOL nor private-equity funds have made an approach to Yahoo, the people said. Representatives of AOL, Yahoo and Goldman Sachs declined to comment.

Yahoo began preparing for an outside offer after some of its advisers picked up tips that private-equity funds were trying to raise money for a takeover, these people said.

Private-equity firms, bankers and some Yahoo investors have been pitching the idea of a Yahoo takeover to AOL and News Corp., according to a person familiar with the conversations. The idea is that Yahoo should focus on being a media company and align itself with another media-focused business, the person said. A spokeswoman for News Corp. declined to comment.

Yahoo rose 68 cents to \$15.93 at 4 p.m. New York time in Nasdaq Stock Market trading. AOL fell 17 cents to \$24.95 on the New York Stock Exchange. AOL has gained 7.2 percent this year.

After withdrawing its Yahoo takeover bid, Microsoft struck a 10-year agreement to handle search for Yahoo's sites. Microsoft has no current plans to make another bid for Yahoo and expects that its search deal would stand up to a change of ownership, two people familiar with the matter said.

### Ballmer's Comments

Microsoft CEO Steve Ballmer, when asked whether he's interested in bidding for all or part of Yahoo, said that's "not something I'm working on." Asked to elaborate, he declined to comment. Earlier he had held a question-and-answer session at the University of Washington in Seattle.

AOL's discussions focus on bringing Yahoo's media operations under the management of AOL CEO Tim Armstrong, according to two of the people.

Yahoo General Counsel Michael Callahan has been in charge of the takeover-defense effort, two people said. The company's thinking is that an outsider may be interested in Yahoo's 39 percent stake in China-based Alibaba Group Holding Ltd., which analysts say is worth about \$10 billion, these people said.

John Spelich, Alibaba's spokesman in Hong Kong, didn't reply to requests seeking comment.

Alibaba, China's biggest electronic-commerce company, said last month it offered to buy back its stake in May, though the talks collapsed the following month.

#### Alibaba Stake

Now that Yahoo uses Microsoft's Bing search technology and is phasing out its own capabilities, Alibaba no longer needs the company as a partner, David Wei, head of the Chinese company's Alibaba.com Ltd. unit, said Sept. 10.

Alibaba Group sold the stake to Yahoo in 2005 for \$1 billion and ownership of Yahoo's Chinese unit. Under the agreement, Alibaba would have the right to buy back the stake if Yahoo were to be taken over, according to a 2005 SEC filing.

The Hangzhou-based parent of Hong Kong-listed Alibaba.com operates Yahoo's local website and other Internet businesses, including Taobao.com, China's biggest online shopping site.

Yahoo also owns 35 percent of Yahoo Japan Corp., operator of the nation's most visited Web portal. Fumihito Ito, a spokesman at Yahoo Japan's largest shareholder, Softbank Corp., said the company is sticking with its intention of holding on to its stake.

#### Yahoo in Asia

Yahoo's enterprise value after removing the stakes in Alibaba and Yahoo Japan is about \$13.3 billion, compared with AOL's \$2.9 billion valuation, according to Miller Tabak & Co. analyst David Joyce.

If AOL were to be involved in a deal, private-equity funding would be necessary, unless it was structured as a reverse merger with AOL gaining managerial control, Joyce, who recommends buying AOL stock, wrote in a note today.

A combination of AOL and Yahoo would bring together Web properties that have struggled against Google Inc. and Facebook Inc. Yahoo, under a turnaround effort led by Bartz, announced last month the exodus of three of its top managers after reporting second-quarter sales that missed analysts' estimates.

AOL, also in a turnaround effort led by CEO Armstrong, was short of sales estimates in its second quarter after being spun off from Time Warner Inc. last December.

This isn't the first time the combination of AOL and Yahoo has been considered. Time Warner CEO Jeff Bewkes said in December 2008 that talks about possible deals for AOL were under way with Yahoo, Microsoft and Google. When those talks didn't lead anywhere, Time Warner opted for a spinoff.

News Corp., based in New York, owns the Wall Street Journal, Fox News, a film studio and MySpace. AOL, since its December spinoff from Time Warner, has been trying to reshape itself into a media-driven company by investing in community news and niche online content and last month buying news blog TechCrunch Inc.

The technology blog AllThingsD previously reported that companies including AOL and Silver Lake have weighed an offer for Yahoo.

**Fonte: BusinessWeek, London, 14 out. 2010, Technology, online.**