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## Microsoft dumps Yahoo bid

Pulls out rather than going hostile

by Stuart Miles published on 4 May 2008

Microsoft has announced it will withdraw its plans to buy Yahoo even though analysts believed it would launch a hostile takeover for the company.

The software giant, who has been actively trying to buy the search engine over the past 3 months has cited that it believes that Jerry Yang, Yahoo's founder "would take steps that would make Yahoo undesirable as an acquisition for Microsoft".

Steve Ballmer, chief executive officer of Microsoft made the comments in an open letter published on the Microsoft website.

"...it is clear to me that it is not sensible for Microsoft to take our offer directly to your shareholders. This approach would necessarily involve a protracted proxy contest and eventually an exchange offer. Our discussions with you have led us to conclude that, in the interim, you would take steps that would make Yahoo! undesirable as an acquisition for Microsoft" Ballmer said in the letter to Yang.

In a press release to the media issued late Saturday night Microsoft further said:

"Despite our best efforts, including raising our bid by roughly \$5 billion, Yahoo! has not moved toward accepting our offer. After careful consideration, we believe the economics demanded by Yahoo! do not make sense for us, and it is in the best interests of Microsoft stockholders, employees and other stakeholders to withdraw our proposal."

Microsoft now hopes to move on by growing the "business through innovative new services and strategic transactions with other business partners", it said.

"While Yahoo! would have accelerated our



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strategy, I am confident that we can continue to move forward toward our goals", Ballmer added.

Yahoo, who has been desperately trying to fend off an acquisition from the Seattle based software giant, said in response:

"We remain focused on maximizing shareholder value and pursuing strategic opportunities that position Yahoo! for success and leadership in its markets. From the beginning of this process, our independent board and our management have been steadfast in our belief that Microsoft's offer undervalued the company and we are pleased that so many of our shareholders joined us in expressing that view."

Jerry Yang, co-founder and chief executive officer, Yahoo! Inc. said that he hoped "with the distraction of Microsoft's unsolicited proposal now behind us, we will be able to focus all of our energies on executing the most important transition in our history so that we can maximize our potential to the benefit of our shareholders, employees, partners and users".