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Yahoo Microsoft talks end

Jumps straight into bed with Google

by Stuart Miles published on 13 June 2008

Yahoo has said that it has pulled out of talks with Microsoft yet again as it jumped into bed with Google signing a lucrative adverting deal with the Mountain View based company.

In a busy day for the world of search, Yahoo issued a statement on Thursday announcing, "that discussions with Microsoft regarding a potential transaction - whether for an acquisition of all of Yahoo! or a partial acquisition - have concluded".

The news comes as Yahoo has signed an agreement with Google to provide advertising for its search engines.

The conclusion of discussions follows numerous meetings and conversations with Microsoft regarding a number of transaction alternatives.

With respect to an acquisition of Yahoo's search business alone that Microsoft had proposed, Yahoo's Board of Directors has "determined, after careful evaluation, that such a transaction would not be consistent with the company's view of the converging search and display marketplaces, would leave the company without an independent search business that it views as critical to its strategic future and would not be in the best interests of Yahoo! stockholders".

Microsoft retaliated by saying: "This partnership would ensure healthy competition in the marketplace, providing greater choice and innovation for advertisers, publishers and consumer ... Our alternative transaction remains available for discussion".

Meanwhile Google has announced that it has reached an agreement that gives Yahoo the ability to use Google's search and contextual advertising technology through its AdSense for Search and AdSense for Content advertising



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programs.

Under the agreement, Yahoo has the option to display Google ads alongside its own natural search results in the US and Canada.

In addition, Yahoo can serve contextually targeted ads on its US and Canadian web properties as well as on its current publisher partner sites. Yahoo will continue to operate its own search engine, web properties and advertising services.

Google says it believes the deal "Quite simply is good for users, advertisers and publishers".

In a blog post by Omid Kordestani, Senior VP, Global Sales and Business Development at Google the company tried to justify its position by citing examples where other competing companies supply technology to each other.

"Canon provides laser printer engines for HP, despite also competing in the broader laser printer market. Google and Yahoo will continue to be vigorous competitors, and that competition will help fuel innovation that is good for users."