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Microsoft says chance of Yahoo takeover now slim

And exec who led the talks has now left

by Katie Scott published on 26 July 2008

Steve Ballmer, Microsoft's chief exec, has told journalists that his company is "done" with pursuing Yahoo, after two unsuccessful bids and months of wrangling.

"There's nothing under discussion between the two of us", Ballmer told investors. "We had a set of principles, we talked about them, it didn't work out", he said. "Fine, we're done. We can move on."

Microsoft chief financial officer Chris Liddell added: "The chances of us buying Yahoo on a full acquisition basis are so small that they are essentially negligible".

He continued: "We took the view and we still take the view that Yahoo is essentially a declining asset. We made a credibly generous bid with a very high premium because we were looking for speed".

Ballmer said that the computing giant plans to make significant investment into its online business though - in fact promising to pump in \$500 million.

"There is this huge, huge, huge new opportunity around the Internet and online and we have to embrace that opportunity and invest in that opportunity", Ballmer said.

However, he did not detail how the money is to be spent.

The conference came as news reached the press that Microsoft's online division has posted eight straight quarters of losses.

It lost \$1.23 billion in the past fiscal year, twice as



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much as it had lost in fiscal 2007 and about 5.5% of Microsoft's total operating income.

And press reports also has now confirmed that the head of Microsoft's online business, and the man reputed to have driven the talks with Yahoo, is leaving.

He will become chief executive of Juniper Networks.