


Holy Cow! 10 Billion dollar purchase REGRET as Yahoo and AOL end up essentially both BANKRUPT and useless SJW garbage! Verizon takes \$4.6 billion hit on AOL and Yahoo acquisitions. 10,400 fired! (nbcnews.com)

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# Verizon takes \$4.6 billion hit on AOL and Yahoo acquisitions

Verizon's rollup strategy combining Yahoo and AOL hasn't panned out the way it expected.

 Image: Verizon Shares Fall Lower On Missed Revenue Targets, And Drop In Customers

People pass by a Verizon store in Chicago on April 20, 2017. Scott Olson / Getty Images file

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Verizon's rollup strategy combining Yahoo and AOL hasn't panned out the way it expected.

The telecommunications company spent around \$10 billion to acquire Yahoo and AOL, merging them under the Oath operating division. But the internet-media business isn't performing as well as Verizon originally expected — and on Tuesday, Verizon said it expects to record a non-cash goodwill impairment charge of approximately \$4.6 billion in the fourth quarter of 2018.

That represents the elimination of nearly the entire goodwill balance of \$4.8 billion that Verizon was carrying on its balance sheet for the Oath acquisitions. In accounting, goodwill reflects the value of intangible assets of an acquired entity.

"Verizon's Media business, branded Oath, has experienced increased competitive and market pressures throughout 2018 that have resulted in lower-than-expected revenues and earnings," the company said in an SEC filing. "These pressures are expected to continue and have resulted in a loss of market positioning to our competitors in the digital advertising business."

Oath also has "achieved lower-than-expected benefits from the integration of the Yahoo Inc. and AOL Inc. businesses," Verizon said.

The Oath strategy was engineered under a previous leadership regime, including Verizon CEO Lowell McAdam and former AOL CEO Tim Armstrong. McAdam is retiring, and [Armstrong exited Oath](#) this fall.

K. Guru Gowrappan, formerly an executive at China's Alibaba Group, took over the reins at Oath as CEO effective Oct. 1, reporting to Verizon CEO Hans Vestberg, who stepped into the job in August. In the SEC filing, Verizon said the new leadership team — including Gowrappan and Vestberg — completed a five-year strategic planning review of Oath's business prospects, which resulted in the downward revision for Oath's financial projections.

Verizon also said in the filing that it will take a charge of \$1.8 billion-\$2.1 billion in the fourth quarter of 2018 for severance costs, after around 10,400 employees accepted the company's voluntary buyout offer. Nearly half of those employees will exit in December, with rest to leave by June 2019.

In addition, Verizon disclosed that it expects to complete a reorganization of "legal entities associated with its wireless business" in December 2018. That will result in a one-time deferred tax benefit of around \$2.1 billion in Q4 of 2018, the telco said