

## POLITICS &amp; THE NATION

## Verizon nears deal for Yahoo, seeking bigger online share

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Two years ago — an epoch in Silicon Valley time — AOL chief executive Tim Armstrong proposed a merger to Yahoo chief executive Marissa Mayer.

Armstrong and Mayer were former Googlers hired to run and rescue these formerly marquee Internet destinations. But AOL and Yahoo were struggling in an increasingly mobile online world dominated by Google and Facebook.

Mayer rejected Armstrong's offer.

But now that AOL-Yahoo merger is set to take place in a wholly unexpected manner — thanks to Verizon, the largest U.S. phone carrier. Last year, Verizon bought AOL for \$4.4 billion. Now, it appears to be nearing a deal to buy Yahoo, as well.

A person familiar with the matter said that an announcement is expected before the markets open Monday but that nothing has been finalized. Recode reported Sunday that the deal could be announced as early as Monday. Verizon and Yahoo declined to comment Sunday.

Verizon has always been considered one of the most likely suitors for Yahoo, which has been officially for sale since April, after several years of failed turnaround plans executed under Mayer.

If Verizon buys Yahoo, Armstrong would in many ways be getting the merger he once wanted.

Armstrong, who heads Verizon's AOL unit, is expected to be a key player in whatever Yahoo's future may be.

Armstrong could not be reached for comment. But a reading of his tenure at AOL offers some insight into what the future could mean for Yahoo, which probably would turn into a more focused advertising company.

AOL is still heavily involved in media content, thanks to its ownership of the Huffington Post, but even with those businesses, it has kept a strong advertising focus.

Many admire Armstrong for sticking with AOL, said Eric Jackson of SpringOwl, a firm invested in Yahoo that has been critical of Mayer's tenure at Yahoo.

"He could have quit a couple of years into it," Jackson said. "Many people say to me they wouldn't do business with AOL if it was anyone but Tim Armstrong."

Landing Yahoo, too, would provide Verizon with a sizable cut of the U.S. online market. Yahoo and AOL may not be trendy names, but they ranked No. 3 and No. 6, respectively, in ComScore's list of the top digital media properties in the United States in February.

Add AOL and Yahoo together, and their unique visitors were 50 percent greater than No. 1 Google.

Verizon's desire for Yahoo spotlights the grand scale of its ambitions: Not happy with just providing access to content, it wants to own a fat chunk of the online-content industry.

Consumers are migrating from simple email and Web browsing on their smartphones to rich mobile video and online games. And these data-hog services represent a lucrative opportunity to sell ads and, in some cases, are a source of subscription revenue.

Analysts say the sprawling nature of Yahoo's properties led its leadership astray.

"Yahoo has failed for the last 13 years to exploit as a unified whole what is actually an excellent set of parts," said Shar VanBoskirk, an analyst at Forrester Research. "Yahoo hasn't been able to clearly define what it is and what value it

provides."

Yahoo was a platform for content, and a failing one.

But Verizon apparently thinks that grabbing Yahoo's content, combined with its strength in distribution, will allow Verizon to create better, more-valuable ads, VanBoskirk said.

Verizon's move first for AOL and now Yahoo signals how traditional telephone and Internet companies are worried that their businesses are being commodified. Cutthroat competition in recent years has prompted price wars. This pressure is what helped drive Comcast to snatch up NBC Universal in 2011 and AT&T's purchase of DirecTV in 2015.

Meanwhile, Internet providers such as Verizon face other pressures.

Federal data show that Americans are increasingly abandoning their home broadband connections in favor of mobile data connections. Analysts say the shift toward mobile partly explains why Verizon has been shedding some of its traditional wired operations in recent years. And it also sheds light on Verizon's pursuit of proprietary mobile video platform Go90.

The \$5 billion bid for Yahoo

highlights just how mightily the Internet company has struggled. After all, Yahoo's stock market valuation alone is \$38 billion. But many investors think almost all of Yahoo's value is tied up in shares it owns of Chinese commerce site Alibaba and Yahoo Japan. Those shares are not part of Verizon's deal.

The sale of Yahoo comes with access to Yahoo's news operation and Yahoo Finance, a website for investors keeping tabs on Wall Street. It includes Yahoo's popular destination for fantasy sports and its question-and-answer platform, Yahoo Answers. Plus, Yahoo owns the microblogging site Tumblr and the photo-hosting site Flickr.

The deal would face potential land mines.

Activists and regulators in Washington are increasingly examining strict new privacy rules on Internet providers, said Craig Moffett, an industry analyst at MoffettNathanson.

To turn content views into advertising dollars, Verizon wants to use and share the behavioral data it collects on its Internet subscribers, including records such as its customers' Web browsing and location history.

But under the plan being

weighed by federal regulators, Internet providers would be required to get their customers' explicit permission before using that data for third-party advertising.

In other words, customers would need to opt in, explicitly agreeing to their data's being used.

The industry has fought the proposed requirement from the Federal Communications Commission, saying it would make it harder to adapt to the future.

The rules would do more than that, Moffett said. It would also make it harder for Verizon to justify spending billions on a Web property it cannot efficiently monetize.

"Buying Yahoo would be very much going in the direction of buying a significant amount of ad inventory," Moffett said. "And while it's likely the case that a mobile operator could increase the value of that ad inventory by overlaying better user targeting based on wireless location data, the FCC privacy regime may blow up that strategy."

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## Wildfires race through California canyons, coast

BY CHRISTOPHER WEBER

LOS ANGELES — Flames raced down a steep hillside "like a freight train," leaving smoldering remains of homes and warnings that more communities should be ready to flee the wildfire churning through tinder-dry canyons in Southern California, authorities said Sunday.

Planes and more than a dozen helicopters dropped water and retardant on the blaze sparked Friday that has destroyed 18 homes and blackened more than 34 square miles of brush on ridgelines near the city of Santa Clarita. About 300 miles up the

coast, crews were battling another fire spanning more than 16 square miles outside the scenic Big Sur region.

Near Santa Clarita, residents of about 1,500 homes were evacuated, and authorities found a burned body in a neighborhood. Shifting winds were pushing flames northeast through Angeles National Forest, where additional evacuations were ordered in the city of Acton and other residents were warned to prepare to leave, authorities said.

The fire has ripped through brush withered by days of 100-degree temperatures and years of drought.

"It started consuming houses that were non-defendable," Los Angeles County Deputy Fire Chief John Tripp said, describing the flames as charging through terrain "like a freight train."

More than 1,600 firefighters were battling the flames threatening homes and commercial buildings. The blaze, whose cause is under investigation, sent up a huge plume of smoke visible across the region.

The body of a man was discovered Saturday in a burned sedan outside a home in the fire zone. Los Angeles County sheriff's officials are investigating the death but said there was no evidence

that it was a crime.

The fire destroyed sets at Sable Ranch in Santa Clarita, which has Old West-style buildings used for movie locations. It also forced a nonprofit sanctuary for rescued exotic creatures to evacuate 340 of its more than 400 animals, including Bengal tigers and a mountain lion.

Volunteers showed up with trucks and trailers and evacuated animals from early Friday to late Saturday, when fire officials felt the blaze was no longer a threat to Wildlife Waystation in Sylmar, spokesman Jerry Brown said.

— Associated Press



FIREFIGHTERS battled a massive blaze raging near Santa Clarita, Calif. About 18 homes and some movie sets were destroyed.

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On the evening of July 15<sup>th</sup>, a group of renegade officers from Turkey's military sought to impose their will on the citizens of our republic through an armed coup. They failed thanks to the mobilization of all segments of society: the people, political leaders, and institutions of Turkey. All of them have expressed their refusal of the violations of the institutions and of the constitutional order and their attachment to the principles of rule of law, fundamental freedoms and human rights.

The common stance shared by all political parties in the Turkish Grand National Assembly against this intervention has resonated among all elements of society. We have seen that despite differences within society, compromise is possible under peaceful and democratic conditions.

Interventions against democracy can only be prevented by further raising democratic standards and strengthening the rule of law. By starting negotiations with the EU in 2005, Turkey showed it was well and truly on this path. The democratic standards of the EU and the accession process have

been among the most effective sources of Turkey's strong democracy and global competitiveness.

Today, Turkey is the world's 18<sup>th</sup> largest economy, fully integrated with global markets. Beyond Europe, Turkey is an indispensable member of the transatlantic community, economically, politically and institutionally.

Despite the global economic crisis and increased geopolitical risk, the Turkish economy has displayed resilience. Turkey hosted 3 million refugees and with its young and dynamic population, has sustained relatively high and stable growth. Fiscal discipline and the strength of the banking sector have been, and will continue to be, the fundamental elements of Turkey's economic stability. Market economy rules and institutions will continue to be the main pillars of the competitive Turkish economy.

Turkey has clearly proven the breadth of its nationwide commitment to democracy. We are confident that Turkey will continue to demonstrate the resilience of its democracy and its commitment to the rule of law. TÜSİAD is and will continue to be an earnest supporter of these universal principles and goals.