

AOL shares sink amid Yahoo! merger talk

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The AOL logo is posted on a sign in front of the AOL Inc. offices in Palo Alto, California, February 2011. AOL shares shed five percent on Wall Street on Friday amid reports the Internet company had reached out to Yahoo! about a potential merger.

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Bloomberg news agency reported that AOL [chief executive](#) Tim Armstrong is in talks with advisers to Yahoo! following the firing this week of Yahoo! chief executive [Carol Bartz](#), who rebuffed a previous approach.

Citing "people familiar with the matter," [Bloomberg](#) said Armstrong has talked with private equity firms and investment bankers from Allen & Co. working with Yahoo!.

The financial news agency said one scenario being considered would have Yahoo! acquire AOL and name Armstrong as chief executive of the combined company.

AOL shares lost 5.28 percent in New York to close at \$14.72.

Yahoo! shares, which had gained five percent on Wednesday and another six percent on Thursday, inched up 0.28 percent on Friday to close at \$14.48.

Bartz, a former chief executive of business software company Autodesk who was hired in January 2009 to engineer a turnaround at Yahoo!, was fired on Tuesday with more than a year remaining on her contract.

In announcing Bartz's departure, Yahoo! chairman Roy Bostock said a "comprehensive strategic review" of the company was underway.

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