

# AOL launches \$400 mn share buyback

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AOL on Thursday launched a \$400 million stock buyback in the latest move aimed at improving shareholder value at the Internet and media group.

The company, which fended off a challenge from a hedge fund to revamp its board, said it had begun a modified "Dutch auction" to repurchase shares and boosted the total amount AOL intends to return to shareholders in 2012 to \$1.1 billion.

AOL has been struggling since the collapse of its leadership as an Internet subscription service, and has been seeking to become a more diversified Web firm. But it earned a profit of \$21 million in the past quarter.

With pressure coming from activists at the Starboard Value hedge fund, AOL reached a deal recently to sell 800 patents to Microsoft, bringing in around \$1 billion.

The share buyback combined with the patent deal allows money to be returned to shareholders while minimizing tax obligations.

"Today's announcement is an important first step in returning 100 percent of the proceeds from our patent transaction as expediently and tax efficiently as possible," said Tim Armstrong, AOL's chairman and chief executive.

"AOL is focused on continued execution and operational improvement. Concurrently reducing our shares outstanding at attractive prices underscores both financial prudence and our significant belief in the opportunity in front of AOL."

The company fused with news and entertainment giant Time Warner in 2001 at the height of the dotcom boom in what is seen as one of the most disastrous mergers ever. It was spun off by Time Warner in December 2009 into an independent company.

Under chief executive Tim Armstrong, AOL has invested heavily in online content, purchasing The [Huffington Post](#) and [TechCrunch](#) websites and putting money in local news network Patch.

[AOL](#) shares are close to their highest level since the 2009 spinoff and rose another 2.4 percent to \$27.98 in morning trade.

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