



Written by [Raven Clabough](#) on February 7, 2011

## Huffington Post Strikes Deal With AOL

Reports that the Huffington Post struck a deal with online company AOL, Inc. that involves the sale of the Huffington Post to the online company for \$315 million, \$300 million of which will be paid in cash and the rest of the amount in stock. The deal was signed at the Super Bowl in Dallas, where both Arianna Huffington and AOL CEO's Tim Armstrong were in attendance.



The *Blaze* writes:

The acquisition announced early Monday puts a high-profile exclamation mark on a series of acquisitions and strategic moves engineered by AOL CEO Tim Armstrong in an effort to reshape a fallen internet icon. AOL was once the king of dial-up online access known for its ubiquitous CD-Roms and 'You've got mail' greeting in its inboxes.

Perhaps just as important as picking up a news site and ranks as one of the top 10 current events and global news sites, AOL will be adding Huffington Post co-founder and media star Arianna Huffington to its management team as part of the deal.

The acquisition, set to close later this year, will result in Huffington's virtually complete control of AOL's content, including technology such as TechCrunch, and the online mapping service Mapquest.

According to AOL's technology analyst Rob Enderle, the cost of the transaction is "really just the hiring fee to get Arianna. This is one of those out-of-left field moves that actually makes a lot of sense. This could put AOL back on the map."

The endeavor is meant to boost the struggling AOL company:

"Armstrong, a former Google, Inc. executive, has been trying to turn AOL into a go-to place for a wide variety of news since he was hired to turn around the company in April 2009 while it was still a party of Time Warner, Inc. The makeover is designed to give Web surfers a reason to visit AOL's websites more frequently to help boost online ad sales.

At the same time, Armstrong has laid off hundreds of employees in an effort to boost AOL's financial performance and stock price. It has been a slog so far. AOL Lost \$782.5 million last year, largely because of accounting charges, and the company's stock is now worth slightly less than after it was spun out of Time Warner 14 months ago."

Additionally, AOL's share of the U.S. display advertising revenue was down in 2010 from 6.8 percent to 5.3 percent. By contrast, Facebook's display advertising revenue was up to 12.6 percent in 2010 from 7.3 percent in 2009.



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Armstrong has attempted a variety of solutions to address AOL's woes, such as working with private equity firms to purchase Yahoo, Inc., but Yahoo's CEO Carol Bartz was relatively disinterested in the transaction.

Merging with Huffington Post might be the proper route for AOL to take, as the relatively young but successful site attracts 25 million visitors monthly.

Armstrong believes the deal will result in "a next-generation American media company with global reach that combines content, community, and social experiences for consumers."

Unfortunately for Armstrong, however, Arianna Huffington's role in the future prosperity of the company could potentially threaten Armstrong's job, as Arianna will be overseeing AOL's national, local, and financial news operations, as well as all of its other media enterprises, notes Enderle.

"This is a gutsy move on Armstrong's party because Arianna could end up running AOL," Enderle observes.

Remarking on Armstrong, Arianna Huffington asserts that the two will be working collectively to salvage AOL. "We were practically finishing each other's sentences."

Barring an unforeseen circumstances, the deal is set to close by March or April.

Of the merger, the [New York Times](#) reports, "By handing so much control over to Ms. Huffington and making her a public face of the company, AOL, which has been seen as apolitical, risks losing its nonpartisan image. Ms. Huffington said her politics would have no bearing on how she ran the new business.

The *American Thinker* believes Arianna Huffington's assertions are "a crock." It adds, "Even if she's sincere, she doesn't know how to be non-partisan. In the 3 decades she has been commenting as a pundit, she has never once demonstrated one ounce of balance or even handedness in her take on the news. Why should anyone believe her now?"

According to the *American Thinker*, conservatives should be concerned by such an amalgamation of liberal ideological power so close to the 2012 elections.

"Every effort by conservatives to come up with a news portal to match Huffpo has failed. We better get busy. The left just got a big boost in connecting with the average American and with the 2012 elections coming up, you can expect they'll exploit this advantage for all it's worth."



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