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## Google doubting billion dollar investment in AOL

### May be impaired

by Stuart Miles published on 8 August 2008

Google has said that the \$1 billion investment in AOL might not have been such a good idea after all.

According to Reuters, the Mountain View-based company disclosed in a quarterly report filed late Thursday with the Securities and Exchange Commission that the 5 percent AOL stake that it bought in 2005 "may be impaired."

In Accounting speak, Impairment is a term used to describe an acquisition or investment that has eroded.

Unless there is an about-face, the acquiring company eventually must absorb a charge on its books to account for the diminished value of its holdings.

Google acknowledged for the first time that it might have to recognize a loss on its 5 percent stake in AOL, whose struggles have made it a financial albatross for its owner, Time Warner Inc.

The comments come just days after the announcement from Time Warner that it is going to split AOL into two divisions by early next year.

These are to be AOL's dial-up internet business on one hand and its advertising operation on the other.

