

Yahoo salvages Verizon deal with \$350 million discount

Firm's massive security breaches brought about concession in sale

By The Associated Press

Yahoo is taking a \$350 million hit on its previously announced \$4.8 billion sale to Verizon in a concession for security lapses that exposed personal information stored in more than 1 billion Yahoo user accounts.

The revised agreement, announced Tuesday, eases investor worries that Verizon Communications Inc. would demand a discount of at least \$1 billion or cancel the deal entirely.

The hacking bombshells, disclosed after the two companies agreed on a sale, represent the two biggest security breaches in internet history.

The breaches raised concerns that people might decrease their use of Yahoo email and other digital services that Verizon is buying.

A smaller audience makes Yahoo's services less valuable because it reduces the opportunities to show ads — the main reason that Verizon struck the deal seven months ago.

Yahoo has maintained that

its users have remained loyal, despite any mistrust that might have been caused by its lax security and the lengthy delay in discovering and disclosing the hacks.

The separate attacks occurred in 2013 and 2014; Yahoo disclosed them this past September and December.

The lower price, now pegged at \$4.48 billion, will cost Yahoo shareholders roughly 37 cents per share. But they may also be responsible for substantial legal costs.

After the Verizon deal closes, any future bills stemming from the hack will be shouldered by Altaba Inc. — a company that will become the caretaker of Yahoo's remains, which will include about \$7 billion in cash and lucrative stakes in Chinese e-commerce giant Alibaba Group and Yahoo Japan.

Altaba will be responsible for all costs stemming from shareholder lawsuits and a Securities and Exchange Commission probe into how Yahoo handled the disclosure of the massive hacks.

Verizon and Altaba will split costs from all other hack-related lawsuits and government investigations.

This agreement "provides

protections for both sides" and should help the deal close by the end of June, Marni Walden, Verizon's head of product innovation and new businesses, said in a statement.

Yahoo shareholders have to approve it.

Avoiding an even larger reduction in the deal value represents a small victory for Yahoo CEO Marissa Mayer, who had already been under fire on Wall Street for her inability to turn around the company and then for the humiliating security lapses that came under her watch.

"Yahoo had to get this deal done. There is no better fit for them than Verizon," said Doug Melzheimer, managing director for Bulger Partners, an investment banking firm specializing in technology.

Mayer, 41, is widely expected to step down after Verizon takes over, although she hasn't spelled out her plans definitively.

If she departs, Mayer will leave with a severance package that was valued at \$44 million last summer. The package could be worth even more now because it primarily consists of Yahoo stock, which has risen by nearly 20 percent since last summer.

ation President Craig Havenner of Fairfax said in a statement. "He has been a great champion for our industry."



Toalson has helped guide the industry through a lengthy list of significant legislation initiated by the association.

This includes a historic property rights act, or a "Vested Rights Act" of 1998, where the property rights of landowners are protected. For example, if a landowner receives approval for land use and diligently pursues that use, the local government cannot renege on the approval.

Toalson said he also is proud of the Proffers Recording Act of 2002, which requires local government to report on the amount of cash proffers paid by builders and how that money

is annually disbursed to support schools, roads, public safety facilities, libraries and parks.

He also helped put together stormwater-, erosion- and sediment-control programs for the state.

"I spent 17 years working with the General Assembly and Department of Environmental Quality to craft rules and regulations that allow the development industry to contribute its fair share to cleaning up Virginia's rivers, streams and bays in an efficient and balanced manner."

Stormwater regulations deal with three sources of pollutants — wastewater systems, ag-

ricultural properties and urban runoff.

State and local government rules were consolidated in 2015 and gave management and enforcement to local government.

"It was a major, long-term initiative to do the right thing," Toalson said.

He also pointed to reform in 2015 that limits the amount of proffers paid by builders to the actual projects they are doing and the effects of those projects on public facilities. The whole proffers program — paid by builders to offset the impact of their projects on roads, schools, public safety and parks — had been loose and vague, Toalson said. "Some people called it legalized extortion."

Toalson also supported changes to state building codes.

"In Virginia, if you have a new home built, it will be built to the best building codes and be inspected by very competent building inspectors ... all because of the Uniform Statewide Building Code that is updated every three years," Toalson said.

Toalson protected the home-building industry from numerous legislative bills and regulatory initiatives that would have added significant new costs to the price of new homes, said David Owen, legislative committee chairman for the association and president of Boone Homes in Goochland County.

"He has always been an advocate for affordable housing in Virginia."

The association has begun its search for the next CEO.

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Toalson

From Page D1

Toalson joined the 3,200-member organization in December 1997 after serving as senior vice president for government relations with the Virginia Bankers Association and as CEO of the Virginia League of Savings Institutions, which merged with the Virginia Bankers Association in 1994.

In addition to representing the industry on state issues, the Home Builders Association of Virginia is the umbrella organization for 16 local affiliates, including the Home Building Association of Richmond, which is led by his son, Craig Toalson.

"There comes a time when you want to be in charge of your own schedule," Toalson said about his decision to retire.

He and his wife, Mary Lynn, live in Richmond and also own a home at Smith Mountain Lake near Roanoke.

He is a board member for Village Bank & Trust in Midlothian and will continue in that role.

During his time as CEO, the builders association bought the Civil War home of Robert E. Lee at 707 E. Franklin St. in downtown Richmond and refurbished it in 2000 to become the headquarters for the trade group.

"Mike is highly regarded by the members of HBAV, members of the state legislature and those state regulators that impact our business," 2017 associ-

"He has always been an advocate for affordable housing in Virginia."

David Owen, president of Boone Homes in Goochland County

EARNINGS

Richmond-area firm: Lumber Liquidators

Lumber Liquidators Holdings Inc. reported a loss of \$5.5 million in its fourth quarter.

On a per-share basis, the Tano-based company said it had a loss of 20 cents.

The results beat Wall Street expectations. The average estimate of eight analysts surveyed by Zacks Investment Research was for a loss of 29 cents per share.

The hardwood floors retailer posted revenue of \$244.9 million in the period, also topping Street forecasts. Six analysts surveyed by Zacks expected \$241.7 million.

For the year, the company reported that its loss widened to \$68.6 million, or \$2.51 per share. Revenue was reported as \$960.6 million.

— The Associated Press

Dow industrial firms: Walmart

Walmart on Tuesday reported fiscal fourth-quarter earnings of \$3.76 billion.

On a per-share basis, the Ben-

tonville, Ark.-based company said it had net income of \$1.22. Earnings, adjusted for severance costs, came to \$1.30 per share.

The results topped Wall Street expectations. The average estimate of 13 analysts surveyed by Zacks Investment Research was for earnings of \$1.29 per share.

The world's largest retailer posted revenue of \$130.94 billion in the period, which also beat Street forecasts. Eight analysts surveyed by Zacks expected \$130.55 billion.

Walmart expects full-year earnings to be \$4.20 to \$4.40 per share.

— The Associated Press

Home Depot

The Home Depot Inc. reported fiscal fourth-quarter earnings of \$1.74 billion.

The Atlanta-based company said it had net income of \$1.44 per share.

The results surpassed Wall Street expectations. The average estimate of 13 analysts surveyed by Zacks Investment Research was for earnings of \$1.33 per share.

The home-improvement re-

tailer posted revenue of \$22.21 billion in the period, also surpassing Street forecasts. Nine analysts surveyed by Zacks expected \$21.81 billion.

Home Depot expects full-year earnings to be \$7.13 per share.

— The Associated Press

Company of interest: Macy's

Macy's Inc. is reporting fiscal fourth-quarter net income of \$475 million.

The Cincinnati-based department store chain said it had net income of \$1.54 per share. Earnings, adjusted for non-recurring costs, came to \$2.02 per share.

The results topped Wall Street expectations. The average estimate of nine analysts surveyed by Zacks Investment Research was for earnings of \$1.97 per share.

Macy's posted revenue of \$8.52 billion in the period, missing Street forecasts. Five analysts surveyed by Zacks expected \$8.58 billion.

The company expects full-year earnings in the range of \$2.90 to \$3.15 per share.

— The Associated Press

VIRGINIA BRIEFS

Tredegar Corp. announces board member will retire

Chesterfield County-based Tredegar Corp. — a maker of plastic films and aluminum extrusions — said Tuesday that board of directors member **George A. Newbill** will retire as of the company's annual meeting on May 17.

The board appointed **John M. Steitz** to serve on the board, effective immediately, and he was nominated for election at the annual shareholders meeting.

Newbill has been a member of the board since 2008.

Steitz has served as president and CEO of Addivant Corp., a manufacturer of performance-based polymer additives, since 2015.

Previously, Steitz served as president and chief operating officer of PQ Corp., a maker of specialty inorganic performance chemicals, and was chief operating officer of Albe-Marle Corp. from 2007 to 2012.

He also is a director of In-nophos Holdings Inc., a producer of specialty-grade phosphate products.

Jan. home sales increase 6.5 percent from year ago

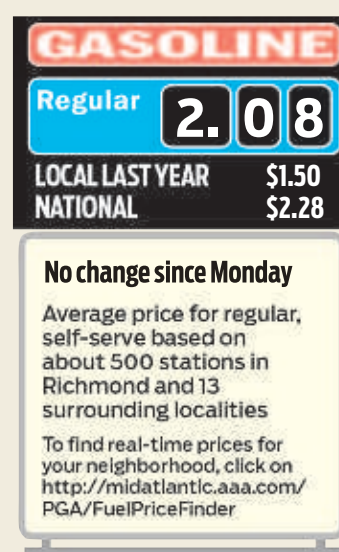
A total of 6,335 homes were sold in Virginia in January, up 6.5 percent from the same month a year ago, according to a home sales report released Tuesday by the **Virginia Association of Realtors**.

The median sales price, with half the houses selling for more and half for less, was \$255,000 in January, up 3.2 percent from January 2016.

The average time on the market declined to 77 days from 86 a year ago.

The total volume of transactions was \$2 billion in January, up from \$1.8 billion a year ago, according to the report.

— From staff and wire reports



NATIONAL BRIEFS

Interest rates mixed on short-term Treasury bills

Interest rates on short-term Treasury bills were mixed in Tuesday's auction, with rates on three-month bills declining while rates on six-month bills rose to their highest level in more than eight years.

The Treasury Department auctioned \$34 billion in three-month bills at a discount rate of 0.535 percent, down from 0.540 percent last week.

Another \$28 billion in six-month bills was auctioned at a discount rate of 0.670 percent, up from 0.645 percent last week.

The three-month rate was the lowest since three-month bills averaged 0.530 percent two weeks ago on Feb. 6. The six-month rate was the highest since those bills averaged 0.840 percent on Nov. 17, 2008.

Wells Fargo fires four high-profile managers

Wells Fargo's board of directors said it is firing four senior managers as part of its investigation into the bank's sales practices scandal.

The board said Tuesday the four are Claudia Anderson, the former community bank chief risk officer, Pamela Conboy, the lead regional president in Arizona, Shelly Freeman, the former regional president in Los Angeles, and Matthew Raphaelson, head of the community bank's strategy and initiatives.

The board said the decision was unanimous.

The board also voted to deny any 2016 bonuses to the executives, and they will forfeit any unvested stock and stock options.

The San Francisco-based bank has been under fire since it was discovered that employees opened up to 2 million bank and credit card accounts without customer authorization in order to meet lofty sales goals.

Popeyes had rival bid from Arby's group

Popeyes Louisiana Kitchen Inc., which said Tuesday it agreed to be bought by **Restaurant Brands International Inc.** for about \$1.8 billion, received a rival bid from **Arby's**

Restaurant Group Inc. during the sale process, according to people familiar with the matter.

The offer from Arby's, which is backed by Roark Capital Group, would have been structured as a reverse takeover, the people said, asking not to be identified as the details of the bid aren't public.

Under the terms offered this weekend, shareholders would have received \$40 a share in cash as well as equity in the new combined company, the people said, with Roark owning 80 percent. The exact per-share valuation for the bid couldn't be immediately determined.

Burger King-owner Restaurant Brands will pay \$79 a share for Popeyes, with the deal expected to close by early April.

Popeyes preferred Restaurant Brands' all-cash offer because Roark's bid was seen as having a higher execution risk, the people said.

UPS could use drones to deliver to rural areas

UPS says its latest flying test shows the potential for using drones to make deliveries in rural areas.

United Parcel Service said Tuesday that a drone launched from a specially outfitted truck made a delivery and returned to the truck during a test this week in Florida.

UPS has tested drones for emergency deliveries such as medicine.

In the latest test, the drone made one delivery while the driver made another in the truck.

Elsewhere

◆ Tokyo-based **Toshiba** said Tuesday it is selling its entire 65 percent stake in Toshiba Medical Finance Co. to **Canon**, a Japanese camera maker, for \$27.7 million, effective March 31.

◆ Colorado-based **Vail Resorts** says it's buying Vermont's **Stowe Mountain** ski resort for \$50 million. Vail said Tuesday it has reached an agreement to acquire the Stowe resort from the Mount Mansfield Co., a wholly owned subsidiary of the American International Group.

— From wire reports

Eliasson

From Page D1

2015 and has held several leadership roles since joining CSX in 1995.

An activist investment fund, Mantle Ridge LP, has been pushing for CSX to name an outsider — outgoing Canadian Pacific Railway CEO Hunter Harrison — to become CSX's next CEO.

Canadian Pacific reportedly approached CSX about a possible merger early in 2016.

Harrison also led a failed Canadian Pacific bid in 2016 to acquire Norfolk Southern railroad.

CSX said in a statement Tuesday that Eliasson's appointment does not pre-empt or affect any discussions the company may have with Harrison and Mantle Ridge regarding Harrison becoming the CEO at CSX.

CSX moved its headquarters in 2003 from Richmond to Jacksonville.

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