

AOL, Time Warner IR pros prepare for more regulatory roadblocks

By Craig McGuire

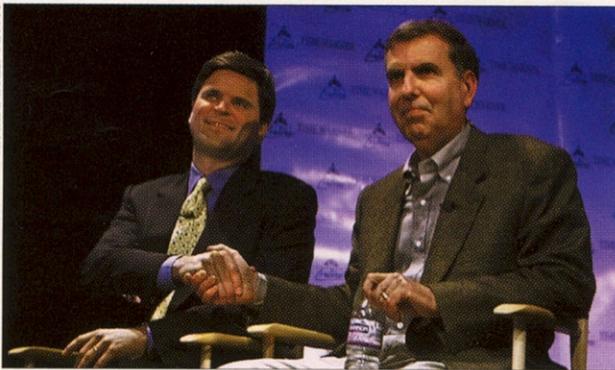
NEW YORK: Aggressive IR campaigning may have helped secure shareholder support for the planned \$123 billion marriage between America Online and Time Warner. But with US and European government watchdogs raising red flags, there's still plenty of work to be done.

IR teams on both sides of the ocean are gearing up for the July 27 public hearing called by the FCC shortly after the landslide shareholder victories.

"We're working with the regulatory agencies now in the US and overseas," said AOL spokesman Jim Whitney. "We're on track and we expect to close in the fall."

That work has included drafting a joint 50-page response to one of the two inquiries made by the FCC, which must approve the transfer of certain licenses and authorizations controlled by the two companies.

AP/WIDE WORLD PHOTOS



Case and Levin... FCC hearings in July will be the next hurdle

IR pros stressed that cooperation will prove the key to the high-profile mega-merger.

"[The PR pros] need to continue to make clear that this merger does not pose any antitrust problems or issues," said Investors Relations Company EVP Tom Laughran. Laughran, like many others, believes the Federal Trade Commission and the FCC, sep-

arately investigating the deal, will approve the merger – but will probably impose conditions on it.

Steve Frankel, managing director of Burson-Marsteller's corporate/financial practice, said that AOL and Time Warner IR pros should communicate their willingness to compromise.

"If they continue to pursue a

more flexible business strategy, their communications to regulators and opinion leaders on Capitol Hill – and consumer groups in particular – will be much more credible," he explained.

IR pros at AOL, meanwhile, continue to wrestle with the slow recovery of the company's stock after its fall following the January 10 merger announcement. Many analysts have speculated that if the stock drops much further, it could seriously affect the deal. Perhaps as a result, AOL aggressively courted majority shareholders as well as smaller investors.

Prior to the vote, AOL operators at a New Jersey command post phoned over 100,000 stockholders. The company also sent its three million shareholders a glossy brochure with its yellow running-man logo high-fiving Bugs Bunny. Internally, all employees holding significant stock options received

upbeat e-mails thanking them in advance for their support.

Heading the IR push was AOL VP of IR Richard Hanlon, who has already been tapped as SVP of IR for the soon-to-be-merged company.

With 35% of Time Warner shares in public hands, it was not surprising that the company's IR pros were relatively low-key in the days leading up to the shareholder showdown. The company's IR minions quietly called up larger investors, but didn't chase after its public shareholders like AOL did. Of course, unlike AOL, Time Warner's shares are worth significantly more today than they were before the merger announcement.

At press time, AOL was down from \$73.75 per share before the announcement to just over \$52. Time Warner is trading at around \$75, up from the \$64.75 it traded at before the merger was proposed.