

Time Warner profit down, expects to spin off AOL

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Reporting its earnings for the first time since spinning off [Time Warner Cable](#), Time Warner said [net profit](#) fell to 661 million dollars in the first quarter from 771 million dollars in the same quarter a year ago.

Revenue dipped seven percent to 6.9 billion dollars in the first three months of the year, but on earnings of 45 cents per share Time Warner still managed to beat the 38 cents per share forecast by analysts.

Time Warner shares rose 3.58 percent on Wall Street following the release of the results to 22.55 dollars.

In a filing with the Securities and Exchange Commission (SEC), Time Warner said it expects to spin off AOL, whose revenue fell 23 percent in the quarter to 867 million dollars.

"Although the Company's Board of Directors has not made any decision, the Company currently anticipates that it would initiate a process to spin off one or more parts of the businesses of AOL to Time Warner's stockholders, in one or a series of transactions," Time Warner said.

It said it "may decide to pursue an alternative other than a spin-off" based on "the availability of more favorable strategic opportunities that may arise."

In the SEC filing, Time Warner also said it was in discussions with [Google](#) to purchase the five percent equity interest the Internet giant holds in AOL.

Time Warner chairman and chief executive Jeff Bewkes said in a conference call with analysts that the company would reveal its plans "very soon" for AOL, which Time Warner purchased in 2001 in a blockbuster deal.

Earlier, in a statement, Bewkes said the first quarter results came in a "challenging economic environment that's affecting all of our businesses, particularly advertising at our AOL and publishing segments.

"Our results keep us firmly on track to achieve our full-year business outlook," he added.

Bewkes confirmed that Time Warner plans to increasingly focus on its entertainment and publishing activities such as the CNN and HBO cable television networks, Warner Bros. movie studio and Time magazine.

"With our separation of Time Warner Cable, Time Warner has become a more content-focused company," he said.

Revenue from Time Warner's Networks unit, which includes CNN, HBO and Turner Broadcasting, rose six percent in the quarter to 2.8 billion dollars.

Filmed Entertainment unit revenue fell seven percent to 2.6 billion dollars on lower DVD sales and only moderate box office success for Clint Eastwood's "Gran Torino" and "The Curious Case of Benjamin Button" starring Brad Pitt.

Revenue for the publishing unit fell 23 percent to 806 million dollars with advertising revenue down 30 percent and subscription revenue down 16 percent.

Advertising sales at AOL, which recently lured away a top Google executive to run the company, were down 20 percent while subscription revenue fell 27 percent.

[AOL](#) had 6.3 million US subscribers at the end of March, down 570,000 from the prior quarter and down 2.4 million from a year ago.

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