

Time Warner to merge with AOL

Companies say combination would provide unique media platform

NEW YORK (AP) — Time Warner, the world's largest media and entertainment company, is being acquired by America Online for about \$166 billion in stock in what would be the biggest corporate merger ever.

The deal announced Monday raises the stakes in the consolidation scramble in the media industry and comes just four months after another blockbuster media merger, the proposed combination of CBS Corp. and Viacom Inc.

The merger unites the biggest name in the traditional media world with the biggest name in the new media world. It marks the most ambitious bet yet that the Internet will be one of the most dominant features in the media landscape of the future.

"This really is an historic moment," America Online's chairman and chief executive, Steve Case, said at a news conference. "This merger will launch the next Internet revolution."

At a time when traditional media companies are struggling to reinvent their Internet strategies, the merger

would give Time Warner — the leading provider of media content such as movies, music and magazines — with a huge and powerful platform for reaching people online.

AOL is the nation's largest online company with some 20 million subscribers.

"This really completes the digital transformation of Time Warner," Time Warner's chairman, Gerald M. Levin, told analysts in a conference call. "These two companies are a natural fit."

The deal also gives AOL a key tool for distributing its services: access to Time Warner's large cable network system, the nation's second largest after AT&T's with 13 million cable subscribers.

America Online shareholders would own 55 percent of the combined company, which will be called AOL Time Warner Inc. Time Warner shareholders will own the rest. AOL and Time Warner would each name half of the board of directors of the new company, which will have combined annual revenue of more than \$30 billion.

"This really completes the digital transformation of Time Warner."

Gerald M. Levin
Time Warner chairman

Case, who will become chairman of the new company, told reporters Monday that he first approached Levin about a possible combination in October. Case said the fact that no advance word leaked out about the discussions was a sign that the new executive team likes and trusts each other.

Time Warner's Levin will become chief executive of the new company, and Ted Turner will be vice chairman, the same title he held at Time Warner. Turner said he signed over his shares, which represent about 9 percent of Time Warner, Sunday evening.

The deal values Time Warner at about \$110 a share, a rich premium of 71 percent higher than its price of \$64.75 a share late Friday. Time Warner shares soared after the news

was announced, trading at \$94.68 3/4, up \$29.93 3/4, or by 46 percent, on the New York Stock Exchange by this afternoon. AOL shares rose \$1.75 to \$75.50, also on the NYSE.

"It makes a lot of sense," said Tom Wolzien, a media analyst at Sanford C. Bernstein & Co. "AOL provides a huge platform for all of Time Warner's content, and Time Warner's cable systems provide a good network for AOL's online services."

Time Warner's large list of media properties includes CNN, HBO, Time, People and Sports Illustrated magazines, and the Warner Bros. movie, TV and music studios.

AOL Time Warner's brands would include CompuServe, Netscape, ICQ, AOL Instant Messenger, TBS and TNT.

— WORLD/NATION —

■ Phoenix

Sleepwalking defense doesn't save convicted murderer

PHOENIX (AP) — A man who claimed he was sleepwalking when he killed his wife by stabbing her 44 times and holding her head under water was sentenced Monday to life in prison without a chance of parole.

Scott Falater, who never denied he killed Yarmila Falater, was convicted of first-degree murder on June 25. Jurors said Falater's claim of sleepwalking was hard to believe.

Falater's actions on the night of Jan. 16, 1997, were never in question during his trial. He admitted stabbing his wife, stashing the knife and some bloody clothes in the back of his Volvo, then dragging her to the pool at their Phoenix home and holding her head under water.

Falater testified he did not remember any of it and two sleep experts cited Falater's family history of sleepwalking, job stress and lack of sleep as reasons for a violent sleepwalking episode.

The prosecution's experts said Falater's actions were too deliberate for him to have been sleepwalking. They based that view in part on testimony from a neighbor who watched over a wall as Falater pulled on gloves, motioned to his dog to lie down, then dragged his wife's body to the pool.

■ Washington

Dairy farmers unsuccessful in Supreme Court milk case

WASHINGTON (AP) — Those ads showing famous people with milk mustaches asking "Got Milk?" survived a Supreme Court challenge Monday.

The justices, without comment, rejected an appeal in which some dairy farmers challenged the government's authority to force them to finance the generic ads aimed at boosting the entire industry.

Two years ago the nation's highest court upheld a government program requiring growers and shippers of California peaches, plums and nectarines to help pay for a no-brand advertising campaign for those fruits.

The dairy farmers say they are being forced to spend about 1 percent of their gross, an amount that can exceed their net income. They called the assessment "a tax rate that would rankle almost anyone." However, their complaints could not sway the court's previous opinion.

■ Mexico

Killer bees attack

Mexican school children

ACAPULCO, Mexico (AP) — A swarm of Africanized "killer" bees attacked students at a primary school in Acapulco on Monday, leaving five children in serious condition, the Mexican government news agency reported.

More than 20 students were stung at the Vicente Guerrero school and taken to Acapulco's General Hospital, Notimex reported, citing education officials.

Classes were suspended to allow authorities to destroy the bees. Officials said high humidity in the aging school building likely attracted the colony.

Stings from Africanized bees are not more potent than other varieties, but they are more aggressive and attack in large numbers. They appear very similar to European bees, although killer bees have a shorter wingspan.

Intruder wounded at U.S. Embassy

MOSCOW (AP) — An intruder identified as a Russian soldier apparently trying to steal a car broke into the U.S. Embassy compound Monday and was shot and wounded, officials said.

Russian police said that two soldiers broke into the embassy and were stopped by a U.S. Marine guard, who opened fire, the Interfax news agency reported. The wounded man was identified as Yevgeny Taynakov, 23.

The U.S. Embassy confirmed that an intruder had been wounded, but refused to give details or confirm if the incident was a shooting involving a Marine guard.

The intruder was spotted breaking into and trying to start up an embassy vehicle, which he then crashed, an embassy official said.

"He was warned several times to stop. He was subdued by force," said the official, who declined to be named.

"His actions potentially endangered the lives and safety of embassy personnel," the embassy said in a statement.

"His actions potentially endangered the lives and safety of embassy personnel."

Unidentified embassy official

The wounded man was turned over to Russian authorities and was being treated at a Moscow hospital, officials said.

The embassy made no mention of a second intruder. The embassy official said he did not know how the man got access to the guarded compound located in the heart of Moscow.

Russian police were hunting for the second man, also believed to be a member of the Interior Ministry's paramilitary unit 3388, Interfax said.

Judge's order to keep Cuban boy in country

■ The ruling defies Immigration and Naturalization Service's decision to deport Cuban boy.

MIAMI (AP) — A judge issued an order Monday blocking a Cuban boy at the center of an international custody battle from returning to Cuba before March, defying an Immigration and Naturalization Service order that he be sent back by Friday.

Miami-Dade Circuit Judge Rosa Rodriguez said she will listen to arguments filed by the attorneys on behalf of Elian Gonzalez, a positive step for his Miami relatives who want their appeal for custody heard in a U.S. court. A hearing was set for March 6.

Elian was found on Thanksgiving clinging to a raft off the coast of Fort Lauderdale. His mother and stepfather drowned in the failed trip from Cuba.

The judge said that the custody petition "contains sufficient verified allegations that if emergency relief is

not granted and Elian is returned to Cuba he would be subjected to imminent and irreparable harm, including loss of due process rights and harm to his physical and mental health and emotional well-being."

The Immigration and Naturalization Service ruled last week that Elian should be returned to his father in Cuba by Friday. President Clinton and Attorney General Janet Reno have endorsed that ruling.

There was no immediate reaction from the Cuban government, which had scheduled an evening pro-Elian rally in front of the U.S. Interests Section in Havana. Calls placed to the office of Foreign Ministry spokesman Alejandro Gonzalez rang unanswered.

Lawyers for Elian's Miami relatives filed a petition on Friday, seeking to have Elian's great-uncle, Lazaro Gonzalez, appointed as his guardian. That would allow him to seek political asylum for Elian.

Also Friday, Rep. Dan Burton, R-Ind., issued a subpoena in an effort to delay Elian's departure. The subpoena requires the boy to testify before a House committee Feb. 10.

Earlier Monday, Vice President Al Gore questioned whether the INS has the expertise to decide Elian's fate.

"I'd like to see the dispute adjudicated in our courts, where traditionally questions like what is best for this child are decided," Gore said in an interview on NBC's "Today" show.

He added: "This child's mother died in an effort to get her child's freedom."

Gore proposed that Elian's father, Juan Miguel Gonzalez, "come to a place where he can speak freely and settle the matter."

At the White House on Monday, President Clinton would not comment on Gore's comments.

"Well, anybody's free to express their opinion about this on whether they think they did right or wrong," the president said. Like Gore, he also would not comment on Burton's subpoena.

WEATHER

TODAY
Partly cloudy
high 44, low 24

TOMORROW
Partly cloudy
high 53, low 35

Daily Nebraskan

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