

Turner to head TW cable interests

McGuirk, Bewkes and Johnson will report to him as vice chairman

By Steve McClellan
NEW YORK

As Time Warner prepares to absorb Turner Broadcasting System, it's become clear that Ted Turner is getting much of what he wants in the new management structure for the company's cable network assets and other corporate affairs.

Last week, Time Warner confirmed that Turner will oversee a new cable network group comprising the Turner news and entertainment networks as well as the Home Box Office division that includes HBO, Cinemax and partial interests in The Comedy Channel and E! Entertainment Channel.

Sources say Turner and his long-time number-two executive, Terence F. McGuirk, will keep the TBS division on the same entrepreneurial track it's been on for the past 20-plus years as an



Turner, McGuirk, Bewkes and Johnson will lead the cable activities of a merged Time Warner/Turner

independent company. A top priority, those sources say, is to create new cable networks. The short-term focus will be to build those networks in the international arena, then add new domestic channels as cable system capacity expands.

McGuirk will become chairman, president and chief operating officer of

subsidiary TBS Inc. when the merger is completed, perhaps as early as Oct. 10. Home Box Office President/CEO Jeffrey Bewkes and Cable News Network President/CEO Tom Johnson will retain their current duties. All three executives will report directly to Turner, who becomes vice chairman of Time Warner. McGuirk retains his previous corporate responsibilities (WTBS [TV] Atlanta, the sports properties, sales and marketing) and adds direct oversight of the Turner Entertainment channels, replacing Scott Sassa, who resigned to pursue other opportunities.

McGuirk said that it was premature to comment on TBS's plans, but confirmed through a spokesperson that the operating heads of the Turner entertainment channels—Betty Cohen (Cartoon Network), Brad Siegel (TNT) and Bill Burke (WTBS)—will remain in place.

Meanwhile, at the HBO division, analysts say that the company may rid itself of its interests in Comedy Channel (co-owned with Viacom) and E! Entertainment (co-owned with several MSOs). Bewkes wasn't reachable at deadline.

Analysts and Time Warner insiders also say that the major obstacle to growing the company's stock remains Time Warner Entertainment, the contentious joint venture with US West that includes interests in Home Box Office, Warner Bros., and the company's extensive holdings. "It's a critical issue," says Smith Barney analyst Jill Krutick. "Investors are looking for segregation of the content and distribution assets."

Turner's influence also is extending to areas outside the cable networks. Sources say he is "emotionally attached" to the New Line studio, which Time Warner hoped to sell. Now the company is looking for a way to retain most of the studio, or at least some, while spinning off a piece. ■

Time Warner picks MSNBC

The battle between MSNBC and Fox News Channel for cable carriage escalated last week as Time Warner chose to carry MSNBC. Fox is preparing to counter with announcements that Comcast and Continental Cablevision have committed to carry FNC to about 3.75 million subs by year's end. FNC is set to launch on Oct. 7.



Thanks in part to an agreement with Tele-Communications Inc., Fox officials expect the channel to reach about 12 million subs at rollout, with TCI accounting for roughly 10 million of those.

Largely because of carryover retrans deals with its predecessor, America's Talking, MSNBC launched to about 21 million homes in July.

Time Warner spokesman Mike Luftman confirmed that Time Warner and MSNBC have struck a deal that calls for Time Warner to deliver MSNBC to nearly 6 million homes by 2000. Luftman also said that talks between Time Warner and FNC have broken off.

A deal with Time Warner, the nation's second-largest cable MSO, would have been a major boost for FNC. Rupert Murdoch and Gerald Levin reportedly had an oral agreement that Time Warner would deliver FNC to 7 million subs. "We thought we had a deal," says a source at Fox. "But after the Federal Trade Commission approved the Time Warner-Turner deal, Time Warner stopped returning our phone calls."

It's unclear whether Murdoch plans to retaliate, either in court or by dropping CNN on News Corp.-owned satellite systems outside the U.S.

In approving Time Warner's \$6.8 billion merger with Turner Broadcasting System, the FTC required Time Warner to choose an all-news channel to compete with CNN, although it did not specify which one.

Because the Time Warner/MSNBC deal is non-exclusive, it's possible that Time Warner will offer both MSNBC and FNC in systems with sufficient channel capacity. Conversely, TCI, Comcast and Continental will offer MSNBC in certain systems along with FNC.

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