

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## EarthLink, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from Youssef Squali - Jefferies & Co..

#### Youssef Squali - Jefferies & Co.

I guess starting with the nothing should be off the table thesis, first of all, has anything changed at AOL under the new leadership that you can sense?

And then is there more of a sense of urgency on your part as far as M&A is concerned? I think now you're talking a little more about the hosting opportunity. We haven't heard you talk as openly about it before. Does that mean that you've able to identify attractive candidates that would get you where you want to get?

And then for Kevin, can you just elaborate a little bit on the changes in structure of certain partner relationships? And I guess you're talking about Hughes and Time Warner Cable.

And lastly, if you can share with us the subscriber details because that's what we use to try to drive the model.

#### Rolla Huff

I'll take the first couple and then, Kevin, you can jump in on the last two.

I think, first of all, Tim Armstrong was just an absolutely stupendous hire for Time Warner. I think he's smart. He knows the ad space cold. And he comes from a great culture at Google. So I think that was truly a homerun for Time Warner and give them all kinds of congrats for that.

I'm pretty confident that they're very focused on what the answer should be ultimately for this business and I think that is maybe, you could argue, a bigger change. I think with the cable spend out of the way they're a lot more focused on what happens around AOL.

I think clearly Tim is coming into a situation that's pretty challenging. The company has made very big investments in growth initiatives that are probably not performing the way everybody thought they would. He has a core business in AOL that's declining but could create, I think, some pretty meaningful stockholder value if it's run the right way. I know the shareholders at Time Warner are pretty focused on what the answer's going to be and as I stop and think about it, that all sounds vaguely familiar to me.

From where I sit they just look to be much more focused on getting to a solution and I think that's key because I said many times I think the enemy is time when it comes to a business that's declining. So I think their increased focus is encouraging because just from a pure shareholder value creation perspective, I think any path that involves EarthLink will create more value at probably a lower risk than a path that doesn't. So I've always believed in this industry consolidation and I've been pretty clear about that.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.