

## Technology

# Time Warner Cable Is Said in Talks to Use Falcone's LightSquared Network

**T**ime Warner Cable Inc. (TWC) is in talks with billionaire Philip Falcone's LightSquared Inc. to use the wireless venture's network to provide mobile-Web access for its customers, two people familiar with the situation said.

LightSquared, backed by Falcone's Harbinger Capital Partners hedge fund, is discussing selling so-called fourth-generation network service to New York-based Time Warner Cable, although no deal is guaranteed, said the people, who declined to be identified because the negotiations aren't public.

LightSquared is seeking to compete with AT&T Inc., Verizon Wireless and Clearwire Corp. (CLWR) in providing wireless service with faster Web browsing and voice calls, using a combination of satellites and a terrestrial network. Time Warner Cable, which owns a stake in Clearwire and uses its network for its current mobile offering, may seek a deal with LightSquared to expand the service, said Shing Yin, an analyst at Citadel Securities LLC.

"The one advantage LightSquared has over Clearwire is the satellite component," said New York-based Yin, who rates Clearwire shares "strong buy" and doesn't own any. "The service quality is not going to be as good as a terrestrial network like Clearwire's, but from Time Warner Cable's perspective, having LightSquared as an option may be an attractive proposition because it gains national coverage."

Justin Venech, a Time Warner Cable spokesman, and Audrey Schaefer, a LightSquared spokeswoman, declined to comment. Susan Johnston, a Clearwire spokeswoman, also declined to comment.

## NETWORK EXPANSION

Clearwire fell 1 cent to \$5.34 on the Nasdaq Stock Market at 4 p.m. New York time. Time Warner Cable rose 91 cents to \$70.28 in New York Stock Exchange composite trading.

Falcone has committed billions to take on Reston, Virginia-based LightSquared's larger and more established rivals and faces government deadlines for building out his network. Falcone agreed last year to Federal Communications Commission conditions that his service cover as many as 100 million people in the U.S. by the end of 2012 and 260 million by 2016.

This week, LightSquared announced deals with retailer Best Buy Co. and pay-as-you-go carrier Leap Wireless International Inc. LightSquared Chief Executive Officer Sanjiv Ahuja said the company plans to spend \$14 billion on its network over the next eight years.

Last month, the company announced \$586 million in new funding from UBS AG and JPMorgan Chase & Co. that will help its network buildout. The company has about \$1 billion in cash on hand, people familiar with the matter said Feb 18.

LightSquared has said it has agreements with five customers to provide

wholesale 4G service, including two carriers, a national retailer, a device manufacturer and a website.

## CLEARWIRE TRAILING EXPECTATIONS

Time Warner Cable and rival cable provider Comcast Corp. were among investors that pumped \$3.2 billion into Kirkland, Washington-based Clearwire in 2008 as they explored ways to compete with AT&T Inc. and Verizon Communications Inc.

Clearwire hasn't been "as successful as the cable operators had expected in terms of a wireless data product," said Marci Ryvicker, an analyst at Wells Fargo & Co., in a note today. She has an "outperform" rating on Time Warner Cable's shares.

Last month, Clearwire predicted improving earnings that could eliminate the need for additional funding. The unprofitable company had struggled to meet its funding needs, telling investors it could run out of cash by midyear before raising about \$1.33 billion in bonds in December.

Time Warner Cable CEO Glenn Britt said at a conference this month he believes cable companies will begin offering wireless as part of their TV-Internet-telephone bundle "in some way, shape or form."

*By Alex Sherman and Greg Bensinger*