

Tribune Publishing rejects boosted Gannett bid

WASHINGTON: *Los Angeles Times* owner Tribune Publishing on Monday rejected a sweetened takeover offer from newspaper rival Gannett but left the door open to discussions on a potential tie-up.



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The rejection marked the latest volley in a contentious battle for Tribune Publishing, which also owns the *Chicago Tribune*, *Baltimore Sun* and other large dailies. Gannett, which owns *USA Today* and over 100 other newspapers, boosted its bid last week to \$864m in an effort to create a national newspaper powerhouse.

Tribune Publishing chief executive Justin Dearborn said the group wants to pursue its own "transformation strategy" for the digital age, but had signed a non-disclosure agreement that allows both sides to examine the finances of the other.

"We continue to have serious doubts about Gannett's ability to enter into a transaction," Dearborn said in a statement, noting Tribune's large pension and benefits liabilities.

"However, we stand ready to work with Gannett to assess whether there is a path forward that will create more value for both sets of shareholders. We have no preconceived ideas about where these discussions might lead, but the board is committed to engaging further in an effort to identify potential additional value for the company's shareholders."

At the same time, Tribune Publishing announced it had received a \$70.5m "growth capital investment" from Nant Capital, giving the group controlled by South African-born entrepreneur Patrick Soon-Shiong a stake of 12.9 percent.

The investment at \$15 a share -- the same as the Gannett bid -- "demonstrates strong support for our plan and provides additional capital to accelerate our growth strategies for the benefit of our shareholders and all other Tribune stakeholders," Dearborn said in a statement.

Some Tribune Publishing shareholders have been pressuring the company to accept a deal with Gannett, arguing that a tie-up is the only way to survive in a declining newspaper industry. But the Chicago-based group rejected the first offer from Gannett as too low and last week said it would "not succumb to hostile tactics designed to steal the company from our shareholders."

Tribune Publishing group was spun off from the larger Tribune Co. in 2014, and has been examining options such as the sale of the coveted Los Angeles daily. But following the Gannett offer the group said it would seek to remain independent as it refines its digital strategy.

Gannett last year became the latest media conglomerate to break itself apart, splitting off its television operations into a new firm called Tegna.

Source: AFP

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