Dow Jones suitors shuffle again
by Chris Nolter

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General Electric Co. and Pearson plc are dropping their pursuit of Dow Jones & Co. Instead, the Fairfield, Conn., conglomerate said Thursday, June 21, it would hold talks with the London publisher about ways that CNBC and the Financial Times might collaborate.

Meanwhile, the latest Dow Jones suitor — MySpace.com financier Brad Greenspan — says that within three years the publisher of The Wall Street Journal and Barron's could leverage its brands in a video venture that could surpass CNBC's audience.

The developments illustrate the range of debate over how newspapers should be run, and the varying projections of how well they can be adapted to new media. They also highlight the daunting economics of the $5 billion offer that Rupert Murdoch and has made for Dow Jones.

"There is probably a recognition, certainly by Pearson, that no one is going to pay more than Murdoch," said Murray Schwartz of Katten Muchin Rosenman LLP.

Greenspan's proposal would allow Dow Jones to remain independent and would provide capital for Internet and television initiatives. His group seeks a minority stake, and it is willing to buy a quarter of the company's shares for the same $60 per share that Murdoch's News Corp. would pay, or $1.25 billion in total. He would buy an additional $250 million in shares, which would bolster investment in new media.

"I think it's clever. I think it's sensible. But I don't think it's going to carry the day," Schwartz said, adding that $5 billion would be difficult to refuse.

Michael Alcamo, president of the media investment banking boutique **M.C. Alcamo & Co.**, pointed to recent factors that illustrate the competitiveness in newspapers. The New York Times Co. is raising prices of its newspapers, while the Journal is taking a loss to produce a high-quality Saturday edition.

"It's exceedingly difficult to run a newspaper profitably in this day and age," **Alcamo** said. "News Corp. has hit upon a successful formula, for better or worse, that blends entertainment and news."

Ron Burkle's Yucaipa Cos. has also held discussions about a potential bid with the Independent Association of Publishers' Employees, which represents about 2,000 Dow Jones employees, and other parties.

Greenspan suggests upside in leveraging Dow Jones' brands through new avenues, such as a financial channel. If Dow Jones could lure 10% of the 2.7 million people who encounter its online and offline products, he suggests, within 36 months the company could establish a 30% larger audience than CNBC today.

The entrepreneur suggests that had his bid prevailed, the company's equity value would have risen 40 times within 18 months. "I believe we have similar value-creating opportunities with our strategic investment in Dow Jones," he said.

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