

## Tribune's swing vote

By Steven R. Strahler  
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In the contest for control of Tribune Co., mutual fund manager John Rogers is emerging as a pivotal player with the power to influence whether the Chicago media giant disintegrates or survives as an independent company.

Ariel Capital Management LLC, the company Mr. Rogers founded 23 years ago, boosted its Tribune stake by 52% in the two months ended May 31, making it the largest shareholder without ties to management or Los Angeles' Chandler family, which is calling for a breakup of Tribune.

Known as a patient long-term investor loyal to companies' management, Ariel has supported Tribune executives and their plan for a \$2-billion share repurchase opposed by the Chandlers.

But Ariel recently has shown an activist side at other local companies in its \$18-billion portfolio, agitating publicly for the sale of both Hewitt Associates Inc. and ServiceMaster Co. A similar dose of activism at Tribune could tip the balance of power toward the Chandlers, just as Ariel's current stance buttresses management.

"They're the tiebreaker," says executive recruiter Peter Crist, president of Crist Associates in Hinsdale. "It's what swings the deal."

Mr. Rogers, a fixture on the city's corporate and civic scene, acknowledges his firm's high-profile role in the Tribune saga. "For us, this is more visible than normal . . . because of the brouhaha that is going on," he says. "This ratchets up the stakes somewhat."

For Ariel, the stakes include 15.7 million Tribune shares that are now worth about \$55 million less than what Ariel paid for them.

Some 5.4 million of those shares were purchased in the past two months, bringing Ariel's stake to 5.2%, second only to the Chandlers' 12.2% and the 13.7% held by the Robert R. McCormick Tribune Foundation, which is controlled by Tribune management.

While Ariel's shares wouldn't give either side a majority, they could provide important momentum in the ongoing struggle for control. Tribune declines to comment, citing a quiet period for the buyback, which expires Monday.

### **DELICATE FOR ROGERS**

Ariel is in the paradoxical situation of supporting the buyback while declining to participate in it, believing the stock is worth far more — as much as \$45 a share — than the \$32.50 top price offered by the company. Tribune shares closed at \$31.34 Friday.

For Mr. Rogers, the Tribune standoff appears particularly delicate. His firm invests in a wide range of Chicago-area companies, from Acco Brands Corp. of Lincolnshire to Northern Trust Corp. in Chicago. He sits on the boards of directors at local giants such as McDonald's Corp. and Chicago-based insurance broker Aon Corp. and serves with area executives on civic and charitable boards.

Mr. Rogers, 48, bristles at the prospect of being portrayed as a hometown cheerleader for Tribune and the directors who hobnob with him, citing the Hewitt and ServiceMaster situations. "We try to call them as we see

them, you know?"

## 'NOT GOING TO MICROMANAGE'

Ariel fund manager John Miller last month urged directors at Downers Grove-based ServiceMaster to consider selling the company after CEO Jonathan P. Ward stepped down without a successor in place (*Crain's*, May 22). Ariel's research director, Tim Fidler, last week called on Lincolnshire-based Hewitt to do the same and chastised the board after CEO Dale Gifford unexpectedly announced plans to retire.

"Because there is value there, it is the board's duty to maximize shareholder value," Mr. Fidler said of Hewitt. "It's your responsibility to evaluate all potential avenues."

Mr. Rogers says that with one or two exceptions in its 23-year history, Ariel hasn't sounded off like this before — and it isn't ready to do the same with Tribune, despite a 40% drop in its share price since early 2004. Independent Tribune directors considered and rejected a breakup and other restructuring options as being less beneficial to shareholders than management's plan for a debt-funded buyback, followed by the sale of \$500 million in non-core assets and \$200 million in cost cuts.

"We're not going to micromanage from our perch here in the Aon Center," says Mr. Rogers. "I'm not going to try to give definitive positions when you have strong board leadership there."

*Reporters Shruti Daté Singh and Steve Daniels contributed to this story.*

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John Miller of Ariel urged ServiceMaster directors to consider selling the firm after the CEO resigned without a successor in place.