

New York Times Shares, Options Surge on Takeover Bets (Update2)

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March 1 (Bloomberg) -- New York Times Co. shares rose as much as 11 percent and bullish options trading was the highest in seven weeks following speculation that the newspaper publisher may be acquired.

The stock added 7.4 percent to \$11.75 at 4 p.m. in New York Stock Exchange composite trading, the biggest gain since Dec. 23. More than 11,400 calls to buy the stock changed hands, 12 times the four-week average and 35 times the number of puts to sell. The most-active contracts were March \$12.50 calls, which jumped 350 percent to 45 cents and changed hands almost 4,200 times. Before today they had an open interest, or number of outstanding contracts, of 179. This month's options, known as front-month contracts, expire March 19.

"It looks like takeover speculation," said Joshua Belanger, founder of OptionSizzle.com, a Stamford, Connecticut-based provider of options market data and analytics. "They're going after the front-month March contracts and there's a spike in the price too."

Diane McNulty, a spokeswoman for the New York-based publisher of the namesake newspaper, said in an e-mail that the company doesn't comment on rumors.

Billionaire Carlos Slim, who controls Mexico's biggest wireless and land-line phone companies, owns about 7 percent of New York Times's Class A shares. He also has warrants to buy enough stock to give him control of 16 percent of the shares.

Agreement From Family

Slim has no plans to change his investment in Times Co., including the warrants he holds to buy more shares, said Arturo Elias, his chief spokesman.

"We are very happy with the performance of the company, in the reduction of costs and how sales have improved," Elias said today in an interview.

Slim said Nov. 16 that he invested in New York Times because he believes the news company "will pay." Slim, who controls America Movil SAB, agreed to give the publisher a \$250 million loan in January 2009. "That is one of the best newspapers and brands in the world," Slim said in November at a Wall Street Journal CEO Council in Washington.

Members of the Ochs-Sulzberger family would have to agree to any takeover. The family controls 90 percent of Times Co.'s Class B stock, which entitles them to elect 70 percent of the board of directors and to vote on all other matters, according to company filings.

Stock Volume

More than 12 million New York Times shares changed hands, the most since May 2007 and quadruple the 2010 daily average.

Sixty-three percent of all options to buy the stock that traded today changed hands at the ask price, indicating the transactions were initiated by buyers, according to data compiled by Trade Alert LLC, a New York-based provider of option market analytics. The second most-active contracts were April \$15 calls, which rose 67 percent to 10 cents.

The publisher fell 9 percent in U.S. trading Feb. 10 after reporting fourth-quarter advertising sales slumped 15 percent and saying the ad market is still challenging.