

McClatchy Sees Better Deal With Yahoo Ad Project

By SARAH ELLISON

In a move that could shift the balance of power in the newspaper industry, **McClatchy Co.** has abandoned a nascent national online advertising partnership with **Tribune Co.** and **Gannett Co.** to join a rival group of publishers that is in the final stages of negotiating a broad deal with **Yahoo Inc.**, according to people familiar with the discussions.

Final agreement on the Yahoo deal, including McClatchy's involvement, could be announced as early as next week, these people say. The network would establish a common online platform among a large group of newspaper Web sites that would allow an advertiser to easily purchase advertising space across multiple newspaper sites.

McClatchy's decision means Tribune and Gannett could be isolated from what appears to be a growing industry coalition aimed at creating an online national ad platform with Yahoo. Led by **Hearst Corp.** and **MediaNews Group Inc.**, the rival group already includes 12 publishers that represent more than 250 newspapers across the country.

The group initially struck an agreement last fall with Yahoo's Hotjobs employment site, but since then has been working on broadening that arrangement. McClatchy owns such papers as the **Miami Herald** and the **Sacramento Bee**.

The new deal would require that the newspapers in the consortium use Yahoo search on their Web sites. Yahoo and the newspapers would sell ads on each others' Web sites, and the revenue would be shared among the partners, according to people familiar with the discussions. Content from the newspapers in the partnership would be featured on Yahoo's individual channels, such as news and technology.

The partners hope that creation of a national platform will give them an edge in attracting big advertisers such as car makers and phone companies that want to advertise to a nationwide online audience. Newspapers have struggled to attract such advertising in their print editions, and have been experiencing a steep decline in advertising revenue.

The deal is significant for Yahoo, because it expands the reach of its search and its advertising on the Web. It follows the launch of a much-awaited upgrade to

Yahoo's ad system, dubbed Project Panama. While Yahoo shares ad revenue with its partners, such additional volume of search queries and ad inventory could give a boost to its online ad efforts. The ability to use Yahoo's ad-serving technology is what helped to persuade McClatchy to abandon the Tribune-Gannett venture, according to a person familiar with the company's thinking.

"We are in active discussions with all the key players in the newspaper industry and with big online players," said Tim Landon, president of Tribune Interactive. "There is a far bigger group of newspapers that haven't declared where they are going on this ad-platform issue and at this point are unlikely to go to the Yahoo group."

McClatchy will remain partners with Gannett and Tribune in CareerBuilder, an online classified employment site. CareerBuilder has enjoyed great success in the online classified job space, bypassing Monster.com and Yahoo's Hotjobs to become the No. 1 online recruiting Web site, with 20.8 million unique visitors in the U.S. in March, according to comScore Media Metrix. Its growth has been a bright spot for its owners, who have

watched their print advertising decline as marketers opt for other media.

CareerBuilder's success has been noticed by Sam Zell, who last week agreed to back a deal for Tribune to go private. Mr. Zell, who will become chairman of Tribune once the deal closes, sees opportunity in the company's online properties, including CareerBuilder, according to several people who have spoken to him. Mr. Zell declined to comment.

Spokeswomen for McClatchy, of Sacramento, Calif., and Hearst declined to comment.

A Gannett spokeswoman said that there were discussions with a number of parties and it was premature to discuss them.

The president of MediaNews, Jody Lodovic, said that "we're getting in the late innings here and McClatchy is also having discussions with Yahoo." He added that because McClatchy isn't participating in the original Hotjobs portion of the deal with Yahoo, they may be negotiating under slightly different terms.

—Kevin J. Delaney
contributed to this article.