

Magnetek rejects acquisition offer from a shareholders group

Offer from Blott Asset Management and Talanta Investment Group rejected as 'highly conditional'

By [Thomas Content](#) of the Journal Sentinel
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[Magnetek](#) Inc. said it received and rejected an offer made by a group of shareholders to acquire the Menomonee Falls manufacturer.

Magnetek said its board of directors met to evaluate the offer by Blott Asset Management and Talanta Investment Group, and concluded it would not be in the best interests of shareholders to pursue the transaction.

Blott and Talanta, which collectively hold about 4% of Magnetek shares, said the shares are undervalued at a time that many stocks are reaching all-time highs. A sale would provide liquidity that would help Magnetek resolve its underfunded pension problem, Blott and Talanta said in a letter sent to the company in March and filed with securities regulators this week.

"Pension uncertainty, competitive factors, and ongoing litigation limit the company's access to capital and preclude it from achieving its full potential as a public company. We would like to provide capital to help consolidate the company's market position, fund an expansion plan, and mitigate future pension funding risk," Blott and Talanta said in its March 6 letter.

They were offering \$15 a share for Magnetek, which they said represented a 30% premium over the average price of the stock during the previous 60 days.

Magnetek's board rejected the offer as "highly conditional."

"While it is the fiduciary duty of the board to review credible offers, the board unanimously concluded that Magnetek's business and strategic plans and long-term prospects as a stand-alone company would support a substantially better return to our stockholders than that represented by this expression of interest," Magnetek Chairman Mitchell Quain said in a statement.

The offer referred to a price in the range of \$15 a share, or less than a \$1 premium to Magnetek's closing price of \$14.05 on April 2, Quain said.

In addition, the offer contained a number of conditions and speculative assumptions, Quain said, including that management and large stockholders would exchange their Magnetek stock for shares in a newly formed

company rather than receive cash.

"We believe that pursuing this highly conditional expression of interest would distract us from achieving our business objectives and building the long-term value of the company," Quain said.

After the offer was made public Thursday, Magnetek's shares rose 91 cents, or 6.3%, to close at \$15.46.

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