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July 30, 2010

Filed Electronically

Ms. Marlene H. Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

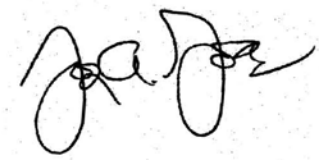
Re: MB Docket No. 10-104
Ex Parte Presentation

Dear Ms. Dortch:

On July 29, 2010, Henry Goldberg of this firm, representing the International Brotherhood of Teamsters (the "Teamsters"), sent via e-mail to Sherrese Smith and Edward Lazarus: (1) copies of the Teamsters' Petition to Deny and Consolidated Reply in the above-referenced proceeding; (2) the attached press releases, which were issued by the Teamsters when the filings were submitted; and (3) the attached press report, which addresses the conclusions reached by the court-appointed examiner in Tribune Co.'s Chapter 11 bankruptcy case. As Mr. Goldberg indicated in his e-mail, the Teamsters believe the examiner's conclusions validate the position taken by the Teamsters with respect to the 2007 transaction involving Sam Zell.

Please direct any questions concerning this filing to the undersigned.

Sincerely,



Joseph A. Godles
Attorney for the International Brotherhood of Teamsters

cc: Sherrese Smith
Edward Lazarus

Attachments

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application of	)	
Tribune Company	)	MB Docket No. 10-104
and its Licensee Subsidiaries	)	
	)	
For Consent to Assignments of	)	
License Pursuant to a Plan of	)	
Reorganization	)	

CONSOLIDATED REPLY OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

Raymond T. Bradley
General Counsel
25 Louisiana Avenue, NW
Washington DC 20001
(202) 624-6847

July 12, 2010

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application of	)	
Tribune Company	)	MB Docket No. 10-104
and its Licensee Subsidiaries	)	
	)	
For Consent to Assignments of	)	
License Pursuant to a Plan of	)	
Reorganization	)	

CONSOLIDATED REPLY OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

On June 14, 2010, the International Brotherhood of Teamsters ("IBT") filed a Petition to Deny ("IBT Petition") against the above-captioned assignment of license application (the "Application") filed by the Tribune Company ("Tribune"). On June 29, 2010, the Tribune filed an opposition[1] and an unsecured creditors committee (the "Unsecured Creditors") filed a memorandum in support of the Tribune.[2]

IBT hereby replies to both filings. IBT demonstrates that the arguments made by the Tribune and the Unsecured Creditors in opposition to the IBT Petition are without merit. In particular:

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[1] Opposition to Petition to Deny of the International Brotherhood of Teamsters, MB Docket No. 10-104 (June 29, 2010) ("Tribune Opposition").
[2] Memorandum of the Official Committee of Unsecured Creditors of Tribune Company, et al. (I) Supporting Tribune's FCC Applications, and (II) Supporting Tribune's Opposition to Petitions to Deny

- The Tribune and the Unsecured Creditors have not addressed the merits of IBT's position that it violates the Communications Act to cede control of the Tribune to a non-owner third party.
- IBT has standing, because it will benefit if the Application is denied or held in abeyance and it will be injured if the Application is granted.
- In its Application, the Tribune did not defeat the presumption that two of its requests for waiver of the newspaper/broadcast cross-ownership rule are contrary to the public interest. That defect in the Application was not cured in the Tribune and Unsecured Creditors oppositions.

I. THE TRIBUNE'S EMPLOYEES ARE LEGALLY ENTITLED TO HAVE A SAY IN THE FILING OF THE APPLICATION.

The heart of IBT's position is that it violates Communications Act requirements and Commission precedent for the Tribune's employees to be the owners of the company, through the Tribune ESOP Plan, but for a third party, Sam Zell, to have control of the Tribune and its board and to have decision-making authority over the filing and prosecution of the Application. Neither the Tribune nor the Unsecured Creditors attempts to show otherwise. Rather, they claim the matter has been resolved by the 2007 Memorandum Opinion and Order in which the Commission approved the transfer of control of the Tribune to Mr. Zell.[3] Their claims do not withstand scrutiny.

The Tribune and the Unsecured Creditors rely on a Commission statement in the MO&O that entertaining IBT's argument would involve speculation as to whether

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the Applications for Consent to Assignment of Broadcast Station Licenses, MB Docket No. 10-104 (June 29, 2010) ("Unsecured Creditors Memorandum").

[3] *In the Matter of Shareholders of Tribune Company, Transferors, and Sam Zell, et al., Transferees, for Consent to the Transfer of Control of The Tribune Company, and Application for the Renewal of License of LTLA(TV), Los Angeles, California, et al.*, Memorandum Opinion and Order, FCC 07-211, MB Docket No. 07-119 (rel. Nov. 30, 2007) ("MO&O").

applicants' organizational structures could be improved.[4] Their reliance is misplaced, however, because the Commission made its "speculation" statement in response to a different argument made by IBT, *i.e.,* that giving the Tribune's employees a voice in management would serve the public interest by enhancing diversity and localism.[5] The statement was not directed to IBT's argument that giving Zell control when the Tribune's employees own the company violates the Communications Act and Commission requirements.

The MO&O inexplicably did not address the "Zell's control is unlawful" argument, as is evidenced by the Commission's statement in the MO&O, in the same paragraph cited by the Tribune and the Unsecured Creditors, that "[n]o party has alleged that the Transferee's proposed organizational and governing structure violates any Commission rule or policy or any other statute, rule, or policy."[6] IBT's pending petition for reconsideration[7] is based on the absence of a ruling on this issue, and in light of the fact that there has been no ruling, the issue remains unresolved. Given that the MO&O did not address the "Zell's control is unlawful" issue, the Tribune's and the Unsecured Creditors' citation to the MO&O on the issue is meaningless.

There is nothing speculative, moreover, about IBT's position on the unlawfulness issue. To be sure, IBT's argument in some sense involves a comparison

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[4] *See* Tribune Opposition, p. 3; Unsecured Creditors Memorandum, p. 14.
[5] *See* Comments of the International Brotherhood of Teamsters, MB Docket No. 07-119 (June 11, 2007).
[6] MO&O, ¶ 20.

between organizational structures. But the comparison is between the present organizational structure, which is unlawful because the company's owners do not have control, and the organizational structure required under the Communications Act, which would give control to the company's owners.

Any claim that a proposed structure is unlawful involves a similar comparison. A claim, for example, that a proposed structure violates the foreign ownership limits of the Communications Act involves a comparison between a structure that has foreign ownership in excess of those limits and a structure that is under the limits. Similarly, a claim that a proposed structure is inconsistent with the Commission's multiple ownership rules involves a comparison between a structure involving attributable interests prohibited under the multiple ownership rules and a structure in which there are no prohibited attributable interests. The Commission routinely considers such claims and should do the same in this case.

II. IBT HAS STANDING.

Notwithstanding that IBT's 1.4 million members include approximately 750 persons who work for the Tribune and tens of thousands of members and retirees residing in the markets served by the Tribune's broadcast stations, the Tribune

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[7] Petition for Reconsideration of the International Brotherhood of Teamsters, MB Docket No. 07-119 (Dec. 12, 2007).

questions IBT's standing to participate in this proceeding. The Tribune claims that IBT's concerns would not be addressed by denying the Application.[8]

The Tribune is incorrect. IBT had standing to challenge the 2007 transfer of control of the Tribune,[9] and there is a direct link between the Commission's disposition of IBT's petition seeking reconsideration in that matter and its disposition of the IBT Petition in this proceeding.

If the above-captioned Application is granted and the proposed transaction is consummated, IBT will be harmed. In this scenario, there would no longer be a basis for granting IBT's petition for reconsideration. One of the predicates for the relief IBT sought in its petition for reconsideration – the ownership of the Tribune, through the Tribune ESOP Plan, by Tribune employees – would no longer exist.

If the above-captioned Application is denied or held in abeyance on the basis of the legal arguments presented in the IBT Petition, on the other hand, IBT will benefit. The Commission will have found in retrospect that the management structure it approved in 2007 over IBT's objection was unlawful. It also will have found that the above-captioned Application cannot be considered unless a Tribune board that has been reconstituted along the lines sought by IBT has had an opportunity to pass upon the Application. Accordingly, the harms underlying the IBT Petition "will be redressed by

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[8] *See* Tribune Opposition, p. 2.

[9] Although the Tribune raised questions concerning the standing of another party in the 2007 proceeding, it did not challenge IBT's standing. *See* MO&O, ¶ 9.

a favorable decision"[10] if the Application is denied or held in abeyance. There is no basis, therefore, for the Tribune's challenge to IBT's standing.

III. WAIVING THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP RULE FOR THE CHICAGO AND HARTFORD-NEW HAVEN MARKETS WOULD BE CONTRARY TO THE PUBLIC INTEREST.

IBT previously demonstrated, and the Tribune concedes, that under the Commission's rules there is a presumption that the Tribune's requests for waiver of the newspaper/broadcast cross-ownership rule for the Chicago and Hartford-New Haven markets are contrary to the public interest.[11] IBT also has shown that in its Application the Tribune did not overcome this presumption.[12] The Tribune takes issue with elements of IBT's prior showing, but its arguments are without merit.

The Tribune maintains that it should qualify for the "failed station" exception to the presumption.[13] It does not dispute, however, that its bankruptcy is voluntary and that the Commission has limited the exception to cases involving involuntary bankruptcies.[14] The Tribune has no answer, moreover, to IBT's showing that the Commission cannot evaluate whether the Tribune should be treated as a failed station notwithstanding its voluntary bankruptcy without becoming embroiled in the kinds of

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[10] Tribune Opposition, p. 2, citing *Lujan v. Defendants of Wildlife,* 504 U.S. 555, 561 (1992).
[11] IBT Petition, pp. 8-9.
[12] IBT Petition, pp. 9-12.
[13] Tribune Opposition, p. 6.
[14] Tribune Opposition, p. 6.

determinations it was trying to avoid by adopting a prophylactic, "only involuntary bankruptcies" requirement.[15]

The Tribune also attempts to justify waivers based on the levels of news programming provided by the Tribune at present in the Chicago and Hartford-New Haven markets.[16] It does not meaningfully respond, however, to IBT's showing that what matters for public interest purposes is not current levels but rather the levels of news programming that would be provided if, as is proposed, control of the Tribune is transferred to creditors who are not in the broadcast business.[17] The burden is on the Tribune to overcome the presumption that its Chicago and Hartford-New Haven requests should be denied. Absent a commitment from the proposed new owners that they would maintain current levels of news programming, and no such commitment has been made, one can only speculate as to the amount of news that would be provided if waivers were granted. It takes more than speculation to overcome a presumption.

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[15] *See* IBT Petition, p. 10.
[16] Tribune Opposition, pp. 7-8.
[17] IBT Petition, pp. 11-12.

CONCLUSION

Accordingly, and for the reasons stated herein and in the IBT Petition, the Commission should: (1) deny the Application or hold it in abeyance until Tribune's board has been reconstituted in accordance with Commission requirements and the reconstituted board has had an opportunity to pass upon the Application; and (2) deny the newspaper/broadcast cross-ownership waiver requests for the Chicago and Hartford-New Haven markets.

Respectfully submitted,

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

By: /s/Bradley T. Raymond

Bradley T. Raymond
General Counsel
25 Louisiana Avenue, NW
Washington DC 20001
(202) 624-6847

July 12, 2010

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Consolidated Reply was sent via electronic mail,* this 12th day of July, 2010, to:

John R. Feore, Jr., Esquire
M. Anne Swanson, Esquire
Dow Lohnes PLLC
1200 New Hampshire Avenue, NW
Suite 800
Washington, DC 20036

/s/ Joseph A. Godles
Joseph A. Godles

*By agreement with counsel

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application of	)	File Nos. on Attachment A
Tribune Company	)	MB Docket No. 10-104
and its Licensee Subsidiaries	)	
	)	
For Consent to Assignments of	)	
License Pursuant to a Plan of	)	
Reorganization	)	

PETITION TO DENY OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

Raymond T. Bradley
General Counsel
25 Louisiana Avenue, NW
Washington DC 20001
(202) 624-6847

June 14, 2010

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application of	)	File Nos. on Attachment A
Tribune Company	)	MB Docket No. 10-104
and its Licensee Subsidiaries	)	
	)	
For Consent to Assignments of	)	
License Pursuant to a Plan of	)	
Reorganization	)	

PETITION TO DENY OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

I. INTRODUCTION AND SUMMARY OF ARGUMENT

In the above-captioned application (the "Application"), the parties are seeking the Commission's consent to assign broadcast station and other licenses from subsidiaries of the Tribune Company ("Tribune") as presently organized to subsidiaries of Tribune as it would be reorganized pursuant to a Plan of Reorganization ("Plan") developed in Tribune's Chapter 11 bankruptcy proceeding. Under this Plan, virtually all of Tribune's stock, which has been owned by a Tribune Employee Stock Ownership Plan (the "Tribune ESOP Plan"), would be distributed to Tribune creditors.

The International Brotherhood of Teamsters (the "IBT") hereby petitions to deny the Application. As IBT has demonstrated in a still-pending petition for reconsideration, the 2007 transfer of control of the Tribune violated Communications

Act requirements and Commission precedent because it impermissibly separated ownership and control of the company. It made the Tribune's employees the owners of the company, through the Tribune ESOP Plan, but it give a third party, Sam Zell, control of the Tribune and its board. The Tribune's employees have borne the brunt of the failed policies implemented under Mr. Zell, and approving another change in ownership without giving the employees a say would compound the initial error.

In addition, under the Commission's rules, the waivers requested by Tribune of the newspaper/broadcast cross-ownership rule for the Chicago and Hartford-New Haven markets are presumed to be contrary to the public interest. Tribune has not overcome this presumption.

The Commission, therefore, should: (1) deny the Application or hold it in abeyance until Tribune's board has been reconstituted in accordance with Commission requirements and the reconstituted board has had an opportunity to pass upon the Application; and (2) deny Tribune's newspaper/broadcast cross-ownership waiver requests for the Chicago and Hartford-New Haven markets.

II. INTEREST OF THE IBT

The IBT has a strong interest in this proceeding. Its 1.4 million members include approximately 750 persons who work for the Tribune and tens of thousands of members and retirees residing in the affected markets, including the markets for which cross-ownership waivers are being sought. These members' livelihoods, economic well-being, and access to a diversity of news and opinions on public events depend on the

resolution of this proceeding and its impact on the Tribune's newspaper and broadcast ventures.

III. DISCUSSION

A. The Tribune's Employees Are Legally Entitled to Have a Say in the Filing of the Application.

In a Memorandum Opinion and Order released in 2007, the Commission consented, over IBT's objection, to a transfer of control of the Tribune to Sam Zell.[1] IBT has filed a petition for reconsideration of the MO&O.[2]

The Commission long has held that it violates Section 310(d) of the Communications Act to give third parties control over station personnel, programming, and finances, and it repeatedly has found that ceding such control is contrary to its requirements.[3] As shown in IBT's Petition, the transfer of control approved in 2007 did precisely that. [4] The transfer gave control over the Tribune to a third party, Mr. Zell, who had no ownership interest in the company. The Tribune's employees, who as

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[1] *In the Matter of Shareholders of Tribune Company, Transferors, and Sam Zell, et al., Transferees, for Consent to the Transfer of Control of The Tribune Company, and Application for the Renewal of License of LTLA(TV), Los Angeles, California, et al.*, Memorandum Opinion and Order, FCC 07-211, MB Docket No. 07-119 (rel. Nov. 30, 2007) ("MO&O").

[2] Petition for Reconsideration of the International Brotherhood of Teamsters ("Petition"), MB Docket No. 07-119 (Dec. 12, 2007).

[3] *See, e.g., In Re Applications of Southwest Texas Public Broadcasting Council For Renewal of Licenses for Noncommercial Educational Television Stations KLRN, San Antonio, Texas (BRET-800401LS) and KLRU, Austin, Texas (BRET-800401LR)*, 85 F.C.C.2d 713 (1981); *In Re Applications of Alabama Educational Television Commission For Renewal of Licenses*, 50 F.C.C.2d 461 (1975.

[4] IBT made similar arguments in its filings preceding the release of the MO&O. The Commission has never meaningfully addressed these arguments. It did not rule on the merits of IBT's position in the MO&O because it found, incorrectly, that IBT had not alleged that "the Transferees' proposed

beneficiaries of the Tribune ESOP Plan held 100 percent of the Tribune's stock, were shut out of the governance of the company. The employees: (1) had no role in the selection of the Tribune's directors, who establish company policy and appoint the officers who run the company; and (2) had no opportunity or ability to select the Tribune ESOP Plan trustee, who would vote the plan's Tribune stock, or to replace the trustee.

In addition to violating Section 310(d), shutting the employee-owners out of the Tribune's governance undercut the Commission's policies favoring localism and diversity.[5] Giving the Tribune's employees a voice in governance would have been the essence of localism, because the employees operate the company's broadcast properties and live and work in the areas that the broadcast properties serve. Similarly, if the employees, who are spread across the country and include members of various minority groups, had been permitted to participate in Tribune management, they could have diversified the viewpoints within the company and contributed to more diverse programming.

By any standard, the 2007 transfer of control giving Mr. Zell control of the Tribune has been a disaster. "Mr. Zell financed much of his deal's $13 billion of debt by borrowing against part of the future of his employees' pension plan and taking a huge

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organizational and governing structure violates any Commission rule or policy or any other statute, rule, or policy." MO&O, ¶ 20.

tax advantage."[6] The Wall Street Journal stated at the time that the terms of the deal "raise[d] questions about the company's ability to service its debt load while navigating the deteriorating newspaper business."[7] When the debt could not be serviced, bankruptcy ensued. Even Mr. Zell, whose business practices have earned him the nickname the "grave dancer,"[8] has conceded that his taking over the Tribune was a "mistake."[9]

The communities served by the Tribune's newspapers and broadcast stations have paid a steep price for Mr. Zell's errors. In the last quarter of 2007, the Tribune cut 700 jobs and reported a $78 million loss, a reversal from the $233 million gain a year prior. But that was only the beginning, as thousands more jobs were cut in the following two years.

The employees' retirement security also suffered. Shortly before the 2007 transfer of control was consummated, Tribune management had converted its defined benefit pension plan to a defined contribution plan. After the Tribune ESOP Plan was established, the company unilaterally reduced its contributions for employees into the plan by 40%. In December 2009, employees received their first ESOP share allocation.

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[5] *See* Comments of the International Brotherhood of Teamsters, MB Docket No. 07-119 (June 11, 2007) at 6-7.
[6] A. Sorkin, "Workers Pay for Debacle at Tribune," *New York Times* (Dec. 9, 2008).
[7] "Tribune Co.'s Climb to Going Private Gets Steeper," *Wall Street Journal*, May 25, 2007.
[8] A. Sorkin, "Workers Pay for Debacle at Tribune," *New York Times* (Dec. 9, 2008).
[9] Brandweek (April 27, 2009).

But because Tribune shares were appraised at zero in November, the employees received shares that were worthless.[10]

As the Tribune struggled under a $13 billion debt load, it shed assets and cut back on news bureaus. Newsday was sold to Cablevision,[11] which had no experience running a major newspaper. This sale consolidated Long Island's dominant newspaper and its principal cable service provider. The Chicago Cubs and Wrigley Field were spun off.[12] The Tribune Tower was put up for sale, unsuccessfully.[13] The Baltimore Sun closed all foreign bureaus and eliminated the five county bureaus. The Chicago Tribune and Los Angeles Times no longer have their own foreign bureaus. A once-proud organization has been decimated.

Permitting the Application to go forward will compound the initial mistake of allowing ownership and governance of a broadcast licensee to be separated. The employee-owners were deprived of a say in the installation of Sam Zell as head of the company, notwithstanding Commission policies entitling them to exercise control. The employees-owners then were powerless to act as Mr. Zell drove the company into bankruptcy. Now the employee-owners have been forced to the sidelines once more as the Commission has been presented with an Application proposing to extinguish their ownership interest. If the Application is granted, the company will be turned over to

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[10] "Tribune to end ESOP," *Los Angeles Times*, November 4, 2009.
[11] R. Perez-Pena, "Cablevision Is Winner of Newsday,"*New York Times,* May 13, 2008.
[12] *See* sports.espn.go.com/chicago/mlb/news/story?id=4499856.

Tribune creditors who are not broadcasters and whose principal interest is recovering the monies they were owed.

It is too late to undo the damage that already has been done, but the Commission can and should correct the error of its grant of the 2007 Zell transfer of control application. The above-captioned Application was developed by a company that was run by Mr. Zell, and the directors he selected, in violation of Section 310(d) and the Commission prohibition against ceding control to third parties. To rectify matters, the Commission should require that the Application be passed upon by a reconstituted board of directors a majority of whom has been selected by the employee-owners who are the beneficiaries of the Tribune's majority shareholder, the Tribune ESOP Plan. Until the reconstituted board has passed on the Application, the Commission can either hold the Application in abeyance or dismiss it.

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[13] Brandweek (April 27, 2009).

B. Waiving the Newspaper/Broadcast Cross-Ownership Rule for the Chicago and Hartford-New Haven Markets Would Be Contrary to the Public Interest.

1. The waiver requests for the Chicago and Hartford-New Haven markets are presumed to be contrary to the public interest.

Requests for waiver of the newspaper/broadcast cross-ownership rule that satisfy certain criteria are presumed to be in the public interest.[14] The presumption is reversed for requests not satisfying these criteria, which are presumed to be contrary to the public interest.[15]

In order to qualify for the presumption that a newspaper/broadcast combination is in the public interest:

- The newspaper must be published in a top 20 Nielsen DMA[16];
- The combination must be limited to a daily newspaper and "***one*** commercial AM, FM, or TV broadcast station"[17];
- If the commercial broadcast station is a TV station, it must not be ranked among the top four TV stations in the DMA[18]; and
- If the commercial broadcast station is a TV station, at least eight independently-owned and operating major media voices must remain in the DMA post-waiver.[19]

In the Application, the parties have requested various waivers of the Commission's cross-ownership and multiple ownership rules. Among other things, they seek waivers of the newspaper/broadcast cross-ownership rule so that the creditors who would become the Tribune's owners under the plan may own:

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[14] *See* 47 C.F.R. § 73.3555(d)(3).
[15] *See* 47 C.F.R. § 73.3555(d)(4).
[16] 47 C.F.R. § 73.3555(d)(3).
[17] 47 C.F.R. § 73.3555(d)(3).
[18] 47 C.F.R. § 73.3555(d)(3)(i).

(1) WGN(AM), WGN-TV, and the *Chicago Tribune* in the Chicago DMA; and (2) WTIC-TV, WTXX(TV), and the Hartford Courant in the Hartford-New Haven DMA.

Both of these waiver requests are presumed to be contrary to the public interest. In the case of the Chicago DMA, the waiver request is presumed to be contrary to the public interest because the proposed combination involves more than one commercial broadcast station.[20] In the case of the Hartford-New Haven DMA, the waiver request is presumed to be contrary to the public interest because the proposed combination involves more than one commercial broadcast station *and* because Hartford-New Haven is not a top 20 Nielsen DMA.[21]

2. The Tribune has not overcome the presumption against the waiver requests for the Chicago and Hartford-New Haven markets.

The Tribune invokes a provision in the rules under which the presumption against a newspaper/broadcast cross-ownership waiver is reversed if the newspaper or broadcast station has "failed."[22] As the Tribune acknowledges, however, the Commission does not consider a newspaper or broadcast station in bankruptcy to have failed for this purpose unless the bankruptcy proceeding is an involuntary proceeding.[23] That makes the provision inapplicable, because the Tribune's bankruptcy proceeding is a voluntary one.

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[19] 47 C.F.R. § 73.3555(d)(3)(ii).
[20] *See* 47 C.F.R. §§ 73.3555(d)(3) and (d)(4).
[21] *See* 47 C.F.R. §§ 73.3555(d)(3) and (d)(4).
[22] 47 C.F.R. §§ 73.3555(d)(7)(i).
[23] *See* Request for Cross-Ownership Waiver (Chicago DMA) at 110.

The Tribune asks that the involuntary bankruptcy requirement not be applied here. It asserts the Commission "required the bankruptcy to be involuntary only because the agency was concerned that licensees might file for bankruptcy for the sole reason of qualifying for a waiver"[24] and asks the Commission to find that its bankruptcy filing was not made for this purpose.[25]

The Tribune has mischaracterized the basis for the involuntary bankruptcy requirement. The Commission adopted this requirement as a prophylactic, because it wanted to avoid having to make determinations as to whether a licensee had filed for bankruptcy to bolster its case for a waiver.[26] It is just such a determination that the Tribune seeks. Accordingly, there is no basis for departing from the Commission's requirement that a bankruptcy must be involuntary to qualify for the failed station/failed newspaper exception, and the Tribune is ineligible for the exception in the Chicago and Hartford-New Haven DMAs.

The Tribune also seeks to overcome the presumption that its Chicago and Hartford-New Haven waiver requests are contrary to the public interest by making showings under the four factors specified in the rules for assessing

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[24] Request for Cross-Ownership Waiver (Chicago DMA) at 110-111; Request for Cross-Ownership Waiver (Hartford-New Haven DMA) at 101.

[25] Request for Cross-Ownership Waiver (Chicago DMA) at 111; Request for Cross-Ownership Waiver (Hartford-New Haven DMA) at101-102.

[26] *Review of the Commission's Regulations Governing Television Broadcasting*, Report and Order, 14 FCC Rcd 12,903, ¶ 76 (1999) ("By excluding voluntary bankruptcy and insolvency proceedings, we hope to avoid the issue of whether an owner has filed for bankruptcy or insolvency simply in order to qualify for a waiver.").

newspaper/broadcast cross-ownership waiver requests.[27] These showings, however, fall short of the "clear and convincing evidence"[28] that is required. Rather, there are deficiencies in the showings for both DMAs.

The Tribune relies in part on a Commission finding relating to entities pledging to provide seven or more hours per week of news on broadcast stations.[29] This finding, however, is limited to entities that at the time of the pledge are airing no news,[30] and neither the Tribune's Chicago stations nor its Hartford stations fall into that category.

The Tribune's showing for the Chicago DMA also is flawed because it is premised on the Commission's lesser concern with combinations involving radio stations.[31] That lesser concern might have relevance if the Tribune's waiver request for the DMA were limited to a newspaper and a single radio station. It has no place, however, in assessing a combination that is presumptively against the public interest for the very reason that the combination includes a newspaper, a radio station, *and* a television station.

Finally, the Tribune relies on the amount of local news programming provided by its Chicago and Hartford stations.[32] What matters for the purpose of the Tribune's

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[27] *See* 47 C.F.R. §§ 73.3555(d)(5).
[28] 47 C.F.R. §§ 73.3555(d)(6).
[29] *See* Request for Cross-Ownership Waiver (Chicago DMA) at 114.
[30] *See* Request for Cross-Ownership Waiver (Chicago DMA) at 114.
[31] *See* Request for Cross-Ownership Waiver (Chicago DMA) at 112-113.
[32] *See* Request for Cross-Ownership Waiver (Chicago DMA) at40-48 ; Request for Cross-Ownership Waiver (Chicago DMA) at 37-48.

waiver requests, however, is the amount of local news programming that the proposed new owners will provide, not the amount that the present owners have provided. Absent a commitment from the proposed new owners to maintain or improve upon the quantity of local news programming, and no commitment is made in the Application, it is uncertain what the future will bring. The proposed new owners are creditors, not broadcasters, and if the Plan is implemented they will be receiving Tribune equity in lieu of repayment of the monies owned them. One can easily envision the former creditors looking to make substantial cuts in news and other expenditures. The Tribune simply has not made a credible showing as to local news programming.

In light of all of these deficiencies, the Tribune has not satisfied the "clear and convincing" standard, and the presumption remains that the Tribune's cross-ownership waiver requests for the Chicago and Hartford-New Haven DMAs are contrary to the public interest.

CONCLUSION

Accordingly, and for the foregoing reasons, the Commission should: (1) deny the Application or hold it in abeyance until Tribune's board has been reconstituted in accordance with Commission requirements and the reconstituted board has had an opportunity to pass upon the Application; and (2) deny the newspaper/broadcast cross-ownership waiver requests for the Chicago and Hartford-New Haven markets.

Respectfully submitted,

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

By: /s/Bradley T. Raymond

Bradley T. Raymond
General Counsel
25 Louisiana Avenue, NW
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June 14, 2010

Attachment A

BAL-20100428AEM

BALCDT-20100428ACD

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DECLARATION OF BRADLEY T. RAYMOND

1. I am General Counsel of the International Brotherhood of Teamsters.

2. I am offering this declaration in support of a Petition to Deny of the International Brotherhood of Teamsters ("Petition"), filed on June 14, 2010, in MB Docket No. 10-104.

3. I declare under penalty of perjury that the statements of fact in the Petition are true to the best of my knowledge.

Bradley T. Raymond

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petition to Deny was sent via electronic mail,* this 14th day of June, 2010, to:

John R. Feore, Jr., Esquire
Dow Lohnes PLLC
1200 New Hampshire Avenue, NW
Suite 800
Washington, DC 20036

/s/ Joseph A. Godles
Joseph A. Godles

*By agreement with counsel

www.chicagotribune.com/business/feed/ct-biz-0727-tribune-20100726,0,156318.story

chicagotribune.com

Examiner: Tribune Co. buyout 'marred'

Cites concerns with second part of LBO

By Michael Oneal, Tribune reporter

11:12 PM CDT, July 26, 2010

The court-appointed examiner in Tribune Co.'s Chapter 11 bankruptcy case determined that the company's 2007 leveraged buyout was "marred" by the "dishonesty and lack of candor" of its then-senior management and that the deal rendered the media conglomerate insolvent from the moment the two-step transaction closed.

The findings, contained in an almost 700-page report filed Monday with the U.S. Bankruptcy Court in Delaware, will likely further roil a case that that has dragged on for almost 20 months.

Examiner Kenneth Klee concluded that it was "somewhat likely" that a court would find the second part of Chicago-based Tribune Co.'s controversial $8.2 billion buyout to be an example of "fraudulent conveyance," meaning that the debt associated with that part of the deal overwhelmed the company's ability to pay its bills.

Junior creditors in the case have argued for more than a year that the entire transaction, led by real estate magnate Sam Zell, was a "fraudulent transfer." But Klee drew a line between the larger part, which closed in June of 2007, and a smaller, second step that closed in December of that year.

The first step, he said was a plausible deal based on the company's financial condition at the time. But he charged that management of Tribune Co., owner of the Chicago Tribune, misled the company's board into signing off on the second part amid a sharp decline in the company's fortunes, making the company's bankruptcy filing a year later inevitable.

The examiner found that management, without naming names, improperly pushed a faulty valuation report that supported the second part of the deal and failed to apprise the board of relevant information that undercut earlier projections the report was based on. Klee also contested that "one important component of those projections went beyond the optimism that sometimes characterizes management projections."

Klee did suggest that Tribune Co.'s board was probably remiss in upholding its fiduciary duty to shareholders. But he said that under Delaware law, it would be unlikely that a breach of fiduciary duty charge would hold up.

Klee said that if a court were to determine that the second step of the transaction were a case of fraudulent conveyance, lenders to the second step — including JPMorgan Chase, Citibank, Merrill Lynch and Bank of America — could be vulnerable to a claw back of payments they received. Moreover, some shareholders who sold into the second step could also be liable.

Given that the LBO lenders are owed more than $8 billion, however, their claims would still overwhelm all recovery from the Tribune Co. estate, which is generally acknowledged to be worth less than that. So there still is an incentive for the junior bondholders who originally brought the charges to settle the case.

At the moment, Tribune Co. has brokered a settlement among several of its largest senior creditors, including JPMorgan, and key junior creditors, that would give the junior group around $425 million and grant more than 90 percent of the company's equity to the senior creditors.

What wasn't immediately clear, however, was how much ammunition the Klee report would give to a large group of dissident senior creditors led by Los Angeles distressed bond investor Oaktree Capital Management. The Oaktree group, representing creditors with $2.3 billion in claims, is seeking to unwind the settlement and propose its own reorganization plan that would leave out the junior creditors.

Further confusing the matter is that Klee was forced to file most of his report under seal because various parties in the case contended that much of the information was "highly confidential."

Tribune Co. complained Monday that the missing information will make it impossible for creditors to fully evaluate the report.

Saying that the issue threatened to delay a set of confirmation hearings scheduled for Aug. 30, Tribune Co. asked Kevin Carey, the U.S. Bankruptcy judge in the case, to make the report available to all parties.

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TEAMSTERS NEWS
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For Immediate Release
July 13, 2010

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TEAMSTERS UNION DISCREDITS TRIBUNE'S CASE TO FCC

Union Demands Agency Protect Public Interest As Required By Law

(WASHINGTON) —Yesterday the Teamsters Union responded at the Federal Communications Commission (FCC) to the Tribune Co., which had opposed the union's petition to deny Tribune's application for reorganization and for waivers of the broadcast cross-ownership rules. In its filing, the Teamsters reiterated that as a matter of law the owners of the corporation—Tribune employees—are entitled to a say in the reorganization of the company and called for the protection of localism and diversity in broadcast programming.

"Tribune failed to make the case why the FCC should rubber-stamp the company's plan to emerge from bankruptcy by transferring ownership and control of Tribune to creditors with no experience in running a media conglomerate and who have made no commitments to protect localism and diversity in programming," said Teamsters General President Jim Hoffa.

"These creditors are in the business of reclaiming the losses on their investments, and have no interest in or understanding of the broadcasting and print media business," Hoffa said. "Sam Zell's slash and burn strategy has already cost thousands of good jobs and stripped away news resources. Unless the FCC gets this right, localism and diversity in news programming could be the next Tribune casualty."

Tribune's bankruptcy plan would turn control of the company over to creditors without any commitments to maintain or improve upon the quantity of local news programming by the company's broadcasting enterprises, but Tribune employees who own 100 percent of the company have not had any say in developing or approving the plan. This is the logical consequence of the FCC's flawed 2007 decision to allow Zell to control the Tribune.

The FCC has long held that giving third parties control over the personnel, programming and finances of broadcasting outlets violates the Communications Act. Yet, in 2007 the commission approved a change in control at Tribune that transferred full ownership of the company to employees through an employee stock ownership plan (ESOP), but gave control of the business to real estate mogul Sam Zell, who became chairman and CEO.

Doomed from the start, the overleveraged deal saddled the employee shareholders with an untenable $13 billion of debt and brought down the 161-year-old media giant within a year.

(MORE)

"The fact is that Sam Zell's control of Tribune was improper under existing FCC policies and flawed as a matter of sound business practice. Neither Tribune nor its creditors can argue that away," Hoffa said. "By finally allowing Tribune employee-owners their seat at the table, the FCC can help right the wrong that forced those employees to the sidelines and impaired the value of their shares while they were powerless to do anything about it. The commission can and should fix this problem in a way that also protects the interests of the communities served by Tribune."

The Teamsters' petition, filed on June 14, 2010, urges the FCC to deny Tribune's broadcast cross-ownership waiver requests and to deny Tribune's application for reorganization. Alternatively, the petition asks the FCC to hold Tribune's requests in abeyance until Tribune's board has been reconstituted to give the employee owners a voice in the reorganization and the reconstituted board has had an opportunity to pass on the application.

Founded in 1903, the Teamsters Union represents more than 1.4 million hardworking men and women in the United States, Canada and Puerto Rico, including approximately 750 who work for Tribune and tens of thousands of members and retirees residing in the affected markets, including the markets for which cross-ownership waivers are being sought.

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TEAMSTERS NEWS
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For Immediate Release
June 15, 2010

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TEAMSTERS URGE FCC TO PROTECT PUBLIC INTEREST; GIVE EMPLOYEE OWNERS VOICE AT TRIBUNE

Petitions FCC to Deny Tribune's Waiver Requests to Broadcast Cross-Ownership Rules

(WASHINGTON) —The Teamsters Union has petitioned the Federal Communications Commission (FCC) to deny Chicago-based Tribune Co.'s application for reorganization and for waivers of its broadcast cross-ownership rules – meant to protect localism and diversity in programming – until the owners of the company, Tribune employees, have their say.

Although the FCC has long held that giving third parties control over station personnel, programming, and finances violates the Communications Act, the commission allowed precisely that when in 2007 it approved a change in control and granted waivers to the Tribune Co. needed to complete its going private transaction.

While 100 percent ownership of the Tribune was transferred to employees through an employee stock ownership plan (ESOP), control was given to billionaire Sam Zell, who became chairman and CEO. Despite their ownership, the employees had no say in selecting the trustee of the ESOP or the members of the Tribune's board of directors.

"The FCC wrongly allowed real estate mogul Sam Zell to force Tribune employee-owners to the sidelines as he saddled them with an untenable $13 billion of debt and took full control of the company they own," said Teamsters General President Jim Hoffa. "This not only violated the law, it led to a wholesale slash and burn strategy that forced the company to eliminate thousands of good jobs, sell off valuable assets, and cut news resources to the bone."

In order to emerge from bankruptcy as a reorganized company, the Tribune must secure FCC waivers to its broadcast cross-ownership rules in the Chicago and Hartford-New Haven markets. The FCC also must approve the transfer of ownership of the company, post-bankruptcy, to its creditors.

(MORE)

“We’re talking about creditors here, not broadcasters. What assurances do communities have that local news programming will be protected?” Hoffa said. “Tribune’s employees, who live and work in the affected communities, have an interest in the long-term survival and growth of this company as well as in the programming and coverage it provides their hometowns. As the outgoing owners, they should be given the opportunity to approve the application before it is considered by the FCC in order to best protect the public interest.”

The Teamsters petition, filed Monday, urges the commission to deny the application or hold it in abeyance until Tribune’s board has been reconstituted in accordance with commission requirements and the reconstituted board has had an opportunity to pass on the application. Nothing in the proposed bankruptcy plan commits the creditors, who will emerge as the new owners, to maintain or improve upon the quantity of local news programming.

Founded in 1903, the Teamsters Union represents more than 1.4 million hardworking men and women in the United States, Canada and Puerto Rico, including about 750 who work for Tribune and tens of thousands of members and retirees residing in the affected markets, including the markets for which cross-ownership waivers are being sought.

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