

**Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554**

In the Matter of:)
)
Applications of Tribune Company)
and its Licensee Subsidiaries) MB Docket No. 10-104
)
For Consent to Assignment of)
Broadcast Station Licenses)

**Reply of Petitioner Wilmington Trust Company,
as Successor Indenture Trustee, to the Opposition of Tribune Company
to the Request of Wilmington Trust Company to Supplement Its Petition to Deny**

Wilmington Trust Company (“Wilmington Trust”), the Successor Indenture Trustee for \$1.2 billion principal Exchangeable Subordinated Debentures due 2029 issued by Tribune Company (with its Licensee Subsidiaries, collectively, “Tribune” or the “Applicants”), by and through its undersigned counsel, respectfully submits this Reply to the Opposition filed by Tribune Company, Debtor-in-Possession to the Request of Wilmington Trust Company to Supplement Its Petition to Deny (“Tribune Opposition”) and to the August 18, 2010 letter to Marlene H. Dortch, Secretary, filed by JP Morgan Chase Bank, N.A. (“JP Morgan” and the opposition filed thereby, the “JP Morgan Opposition”). The Tribune Opposition and the JP Morgan Opposition both incorrectly argue that the Examiner’s Report is irrelevant to the Commission’s proceedings.

Tribune’s Exit Applications proposed a reorganization in which JP Morgan would own 11% of Reorganized Tribune. To advance those applications, Tribune and JP Morgan met with Commission staff on August 2, 2010 and represented to the Commission, in effect, that the bankruptcy matter was proceeding routinely and that Tribune would soon emerge from bankruptcy. See Tribune’s Notice of Ex Parte Presentation dated August 3, 2010. But now, as a

direct result of the findings in the Examiner's Report, JP Morgan apparently has withdrawn its support for the reorganization plan. *See, e.g., "Creditors Scuttle Tribune's Plan," Wall Street Journal*, August 21, 2010 (on-line edition);¹ "Failed negotiations may prompt free-for-all in Tribune Co. bankruptcy reorganization plan," *Chicago Tribune*, August 20, 2010 (on-line edition).² This confirms exactly what Wilmington Trust has maintained all along: First, as a result of the Examiner's Report, Tribune is unlikely to emerge from bankruptcy quickly, and, second, the eventual ownership structure of Reorganized Tribune is unlikely to be the ownership structure outlined in the Exit Applications. Query, therefore, whether it is the best use of the Commission's resources to even consider applications that are not ripe for grant because of significant looming changes in the ownership structure of the Applicants.

Significant litigation remains before Tribune's future (and new) owners will be known. Normally, in a Chapter 11 case, parties will be entitled to receive value from the debtor's estate in line with contractual and structural priority, as interpreted under state law. For example, this usually means that the secured lenders will receive what they are owed ahead of any other creditor, with unsecured creditors receiving value only when the secured creditors have been paid all of what they are owed by the debtor. Here, the story is not so simple, and it is unclear how value will be distributed. As noted in Wilmington Trust's Request to Supplement, the Examiner's findings threw Tribune's bankruptcy into chaos, as the Examiner found it "somewhat likely" that certain secured lender claims could be avoided, making it unclear who is entitled to recover value from Tribune's bankruptcy case. In short, it will not be known for some time who will own Reorganized Tribune (and therefore who will be the proper Applicants) and it makes no sense for the Commission to even consider the Exit Applications that have been submitted.

¹ Available at <http://online.wsj.com/article/SB10001424052748703579804575441703592193936.html> (visited August 26, 2010).

² Available at http://articles.chicagotribune.com/2010-08-20/business/ct-biz-0821-tribune-20100820_1_junior-creditors-junior-bondholders-reorganization-plan (visited August 26, 2010).

Finally, it is not as obvious as Tribune and JP Morgan contend that the misconduct described in the Examiner's Report is not relevant to the Commission's decision. For one thing, if the Commission had known in 2007 that Tribune was not financially viable, the Commission may not have granted its consent to assignment of the license that Tribune requested at that time. Thus, the misconduct described in the Examiner's Report had a direct impact upon Commission consideration of, and action in reliance upon, the 2007 application. It is therefore undeniably a consideration in the Exit Applications. Also, Tribune reads the Policy Statement too narrowly in asserting that character issues raised in the Examiner's Report are not relevant to the Commission's determination. The Commission has stated that "although we intend to be guided by these policies, we remain free to exercise discretion in situations that arise." 6 FCC Rcd. at 3449 (1991) (citing *Guardian Federal Savings & Loan Ass'n v. Federal Savings & Loan Insurance Co.*, 589 F.2d 658, 666 (D.C. Cir. 1978) ("A general statement of policy that has not been issued under section 553 [of the Administrative Procedure Act] as a binding rule must leave the administrator free to exercise his informed discretion in the situations that arise.")).

For the foregoing reasons, Wilmington Trust respectfully requests that the Commission grant leave to file the supplement, and renews its request that the Commission reject the Exit Applications, as filed.

Respectfully submitted,

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Certificate of Service

I, Catherine Johnson, hereby certify that on this 30th day of August 2010, I caused a copy of the “Reply of Petitioner Wilmington Trust Company, as Successor Indenture Trustee, to the Opposition of Tribune Company to the Request of Wilmington Trust Company to Supplement Its Petition to Deny” to be served by overnight delivery or *by email delivery, to the following:

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