

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

TRIBUNE COMPANY, et al.,¹

Debtors.

Chapter 11

Case No. 08-13141 (KJC)

Jointly Administrated

Ref. Docket Nos. 4707, 4366, 4928, 4943, 5251
and _____

**THIRD ORDER FURTHER AMENDING CERTAIN DEADLINES IN (A)
DISCOVERY AND SCHEDULING ORDER AND (B) SOLICITATION ORDER**

The Debtors having filed that certain Motion of the Debtors and Debtors in Possession for entry of an Order Extending Certain Deadlines Related to Confirmation of the Plan of Reorganization; and the Court having entered those certain (i) Solicitation Order²; (ii) Scheduling Order; (iii) Amended Deadline Order and (iv) Second Amended Deadline Order; and the Debtors having further filed the Contours Motion; and now, based upon the statements made

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Tribune Company (0355); 435 Production Company (8865); 5800 Sunset Productions Inc. (5510); Baltimore Newspaper Networks, Inc. (8258); California Community News Corporation (5306); Candle Holdings Corporation (5626); Channel 20, Inc. (7399); Channel 39, Inc. (5256); Channel 40, Inc. (3844); Chicago Avenue Construction Company (8634); Chicago River Production Company (5434); Chicago Tribune Company (3437); Chicago Tribune Newspapers, Inc. (0439); Chicago Tribune Press Service, Inc. (3167); ChicagoLand Microwave Licensee, Inc. (1579); Chicagoland Publishing Company (3237); Chicagoland Television News, Inc. (1352); Courant Specialty Products, Inc. (9221); Direct Mail Associates, Inc. (6121); Distribution Systems of America, Inc. (3811); Eagle New Media Investments, LLC (6661); Eagle Publishing Investments, LLC (6327); forsalebyowner.com corp. (0219); ForSaleByOwner.com Referral Services, LLC (9205); Fortify Holdings Corporation (5628); Forum Publishing Group, Inc. (2940); Gold Coast Publications, Inc. (5505); GreenCo, Inc. (7416); Heart & Crown Advertising, Inc. (9808); Homeowners Realty, Inc. (1507); Homestead Publishing Co. (4903); Hoy, LLC (8033); Hoy Publications, LLC (2352); InsetCo, Inc. (2663); Internet Foreclosure Service, Inc. (6550); JuliusAir Company, LLC (9479); JuliusAir Company II, LLC; KIAH Inc. (4014); KPLR, Inc. (7943); KSWB Inc. (7035); KTLA Inc. (3404); KWGN Inc. (5347); Los Angeles Times Communications LLC (1324); Los Angeles Times International, Ltd. (6079); Los Angeles Times Newspapers, Inc. (0416); Magic T Music Publishing Company (6522); NBBF, LLC (0893); Neocomm, Inc. (7208); New Mass. Media, Inc. (9553); Newscom Services, Inc. (4817); Newspaper Readers Agency, Inc. (7335); North Michigan Production Company (5466); North Orange Avenue Properties, Inc. (4056); Oak Brook Productions, Inc. (2598); Orlando Sentinel Communications Company (3775); Patuxent Publishing Company (4223); Publishers Forest Products Co. of Washington (4750); Sentinel Communications News Ventures, Inc. (2027); Shepard's Inc. (7931); Signs of Distinction, Inc. (3603); Southern Connecticut Newspapers, Inc. (1455); Star Community Publishing Group, LLC (5612); Sternweb, Inc. (4276); Sun-Sentinel Company (2684); The Baltimore Sun Company (6880); The Daily Press, Inc. (9368); The Hartford Courant Company (3490); The Morning Call, Inc. (7560); The Other Company LLC (5337); Times Mirror Land and Timber Company (7088); Times Mirror Payroll Processing Company, Inc. (4227); Times Mirror Services Company, Inc. (1326); TMLH 2, Inc. (0720); TMLS 1, Inc. (0719); TMS Entertainment Guides, Inc. (6325); Tower Distribution Company (9066); Towering T Music Publishing Company (2470); Tribune Broadcast Holdings, Inc. (4438); Tribune Broadcasting Company (2569); Tribune Broadcasting Holdco, LLC (2534); Tribune Broadcasting News Network, Inc., n/a Tribune Washington Bureau Inc. (1088); Tribune California Properties, Inc. (1629); Tribune CNLBC, LLC, d/b/a Chicago National League Ball Club, LLC (0347); Tribune Direct Marketing, Inc. (1479); Tribune Entertainment Company (6232); Tribune Entertainment Production Company (5393); Tribune Finance, LLC (2537); Tribune Finance Service Center, Inc. (7844); Tribune License, Inc. (1035); Tribune Los Angeles, Inc. (4522); Tribune Manhattan Newspaper Holdings, Inc. (7279); Tribune Media Net, Inc. (7847); Tribune Media Services, Inc. (1080); Tribune Network Holdings Company (9936); Tribune New York Newspaper Holdings, LLC (7278); Tribune NM, Inc. (9939); Tribune Publishing Company (9720); Tribune Television Company (1634); Tribune Television Holdings, Inc. (1630); Tribune Television New Orleans, Inc. (4055); Tribune Television Northwest, Inc. (2975); ValuMail, Inc. (9512); Virginia Community Shoppers, LLC (4025); Virginia Gazette Companies, LLC (9587); WATL, LLC (7384); WCCT, Inc., d/b/a WTXN Inc. (1268); WCWN LLC (5982); WDCW Broadcasting, Inc. (8300); WGN Continental Broadcasting Company (9530); WLVI Inc. (8074); and WPIX, Inc. (0191). The Debtors' corporate headquarters and the mailing address for each Debtor is 435 North Michigan Avenue, Chicago, Illinois 60611.

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

on the record at the hearing on August 17, 2010, and the Court and the parties desiring to extend certain deadlines in the Solicitation Order, the Scheduling Order, the Amended Deadline Order and the Second Amended Deadline Order and the date for responses and a hearing with respect to the Contours Motion; and the Court finding that the relief requested is in the best interests of the Debtors, their estates and creditors as a whole; and after due deliberation and sufficient cause appearing therefor; it is hereby

ORDERED, that each of the deadlines set forth in the Second Amended Deadline Order for filings or discovery is hereby continued to dates to be further announced by the Court; and it is further

ORDERED, that the reply deadline and hearing on the Contours Motion is hereby continued to dates to be announced by the Court; and it is further

ORDERED, that the Court shall hold a status conference with respect to the Confirmation Hearing on _____, 2010 at _____; and it is further,

ORDERED, that except as otherwise expressly modified pursuant to this Order, all of the procedures, deadlines and other provisions set forth in the Scheduling Order, the Solicitation Order, Amended Deadline Order and the Second Amended Deadline Order shall remain unchanged and in full force and effect; and it is further

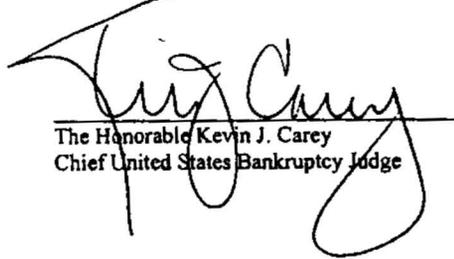
ORDERED, that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order; and it is further

ORDERED that no later than three business days following the entry of this Order, the Debtors shall provide notice of the entry of this Order to (i) the Office of the United States Trustee; (ii) the United States Securities and Exchange Commission; (iii) the Office of the United States Attorney for the District of Delaware; (iv) the Internal Revenue Service; (v)

counsel for the Committee; (vi) counsel to the administrative agents for the Debtors' prepetition loan facilities; (vii) counsel to the administrative agent for the Debtors' postpetition loan facility; (viii) the indenture trustees for the Debtors' prepetition notes; (ix) all parties that received Ballots; and (x) all parties having requested notice pursuant to Bankruptcy Rule 2002; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Wilmington, Delaware
August 17, 2010



The Honorable Kevin J. Carey
Chief United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

TRIBUNE COMPANY, *et al.*,¹

Debtors.

Chapter 11

Case No. 08-13141 (KJC)

Jointly Administered

ORDER APPOINTING MEDIATOR

The Court having determined that the appointment of a mediator (the "Mediator") to assist the parties in resolving disputes in connection with the formulation and proposal of a confirmable plan of reorganization (the "Plan"), including the appropriate resolution of the LBO-Related Causes of Action², is in the best interests of the debtors and debtors in possession

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Tribune Company (0355); 435 Production Company (8865); 5800 Sunset Productions Inc. (5510); Baltimore Newspaper Networks, Inc. (8258); California Community News Corporation (5306); Candle Holdings Corporation (5626); Channel 20, Inc. (7399); Channel 39, Inc. (5256); Channel 40, Inc. (3844); Chicago Avenue Construction Company (8634); Chicago River Production Company (5434); Chicago Tribune Company (3437); Chicago Tribune Newspapers, Inc. (0439); Chicago Tribune Press Service, Inc. (3167); ChicagoLand Microwave Licensee, Inc. (1579); Chicagoland Publishing Company (3237); Chicagoland Television News, Inc. (1352); Courant Specialty Products, Inc. (9221); Direct Mail Associates, Inc. (6121); Distribution Systems of America, Inc. (3811); Eagle New Media Investments, LLC (666F); Eagle Publishing Investments, LLC (6327); forsalebyowner.com corp. (0219); ForSaleByOwner.com Referral Services, LLC (9205); Fortify Holdings Corporation (5628); Forum Publishing Group, Inc. (2940); Gold Coast Publications, Inc. (5505); GreenCo, Inc. (7416); Heart & Crown Advertising, Inc. (9808); Homeowners Realty, Inc. (1507); Homestead Publishing Co. (4903); Hoy, LLC (8033); Hoy Publications, LLC (2352); InsertCo, Inc. (2663); Internet Foreclosure Service, Inc. (6550); JuliusAir Company, LLC (9479); JuliusAir Company II, LLC; KIAH Inc. (4014); KPLR, Inc. (7943); KSWB Inc. (7035); KTLA Inc. (3404); KWGN Inc. (5347); Los Angeles Times Communications LLC (1324); Los Angeles Times International, Ltd. (6079); Los Angeles Times Newspapers, Inc. (0416); Magic T Music Publishing Company (6522); NBBF, LLC (0893); Neocomm, Inc. (7208); New Mass. Media, Inc. (9553); Newscom Services, Inc. (4817); Newspaper Readers Agency, Inc. (7335); North Michigan Production Company (5466); North Orange Avenue Properties, Inc. (4056); Oak Brook Productions, Inc. (2598); Orlando Sentinel Communications Company (3775); Patuxent Publishing Company (4223); Publishers Forest Products Co. of Washington (4750); Sentinel Communications News Ventures, Inc. (2027); Shepard's Inc. (7931); Signs of Distinction, Inc. (3603); Southern Connecticut Newspapers, Inc. (1455); Star Community Publishing Group, LLC (5612); Stemweb, Inc. (4276); Sun-Sentinel Company (2684); The Baltimore Sun Company (6880); The Daily Press, Inc. (9368); The Hartford Courant Company (3490); The Morning Call, Inc. (7560); The Other Company LLC (5337); Times Mirror Land and Timber Company (7088); Times Mirror Payroll Processing Company, Inc. (4227); Times Mirror Services Company, Inc. (1326); TMLH 2, Inc. (0720); TMLS I, Inc. (0719); TMS Entertainment Guides, Inc. (6325); Tower Distribution Company (9066); Towering T Music Publishing Company (2470); Tribune Broadcast Holdings, Inc. (4438); Tribune Broadcasting Company (2569); Tribune Broadcasting Holdco, LLC (2534); Tribune Broadcasting News Network, Inc., n/k/a Tribune Washington Bureau Inc. (1088); Tribune California Properties, Inc. (1629); Tribune CNLBC, LLC, f/k/a Chicago National League Ball Club, LLC (0347); Tribune Direct Marketing, Inc. (1479); Tribune Entertainment Company (6232); Tribune Entertainment Production Company (5393); Tribune Finance, LLC (2537); Tribune Finance Service Center, Inc. (7844); Tribune License, Inc. (1035); Tribune Los Angeles, Inc. (4522); Tribune Manhattan Newspaper Holdings, Inc. (7279); Tribune Media Net, Inc. (7847); Tribune Media Services, Inc. (1080); Tribune Network Holdings Company (9936); Tribune New York Newspaper Holdings, LLC (7278); Tribune NM, Inc. (9939); Tribune Publishing Company (9720); Tribune Television Company (1634); Tribune Television Holdings, Inc. (1630); Tribune Television New Orleans, Inc. (4055); Tribune Television Northwest, Inc. (2975); ValuMail, Inc. (9512); Virginia Community Shoppers, LLC (4025); Virginia Gazette Companies, LLC (9587); WATL, LLC (7384); WCWN LLC (5982); WDCW Broadcasting, Inc. (8300); WGN Continental Broadcasting Company (9530); WLVI Inc. (8074); WPIX, Inc. (0191); and WTXN Inc. (1268). The Debtors' corporate headquarters and the mailing address for each Debtor is 435 North Michigan Avenue, Chicago, Illinois 60611.

² "LBO-Related Causes of Action" shall have the meaning set forth in the Amended Joint Plan of Reorganization for Tribune Company and its Subsidiaries (as Modified) filed on July 29, 2010.

in the above-captioned cases (the "Debtors"), their estates, creditors and stakeholders; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED:

1. Effective immediately upon entry of this Order, the Honorable Kevin Gross is hereby appointed as Mediator in these cases to conduct a non-binding mediation concerning the terms of a Plan, including the appropriate resolution of the LBO-Related Causes of Action (the "Mediation").

2. Unless otherwise ordered by the Court after notice to the Mediation Parties (as defined below) or agreed by the Mediation Parties (as defined below), the parties to the Mediation are: (a) the Debtors, (b) the Official Committee of Unsecured Creditors (the "Committee"), (c) JPMorgan Chase Bank, N.A., as administrative agent and lender under the senior loan credit agreement, (d) Angelo Gordon & Co LP, (e) the "Credit Agreement Lenders"³, (f) the "Step One Credit Agreement Lenders"⁴, (g) Wells Fargo Bank, N.A., as administrative agent under the bridge loan credit agreement (the "Bridge Agent"), (h) Law Debenture Trust Company of New York, as successor indenture trustee under a senior notes indenture, (i) Deutsche Bank Trust Company Americas, as successor indenture trustee under certain senior notes indentures, (j) Centerbridge Credit Advisors LLC, (k) Aurelius Capital Management LP, (l) EGI-TRB LLC and (m) Wilmington Trust Company, as successor indenture trustee under the PHONES notes indenture (collectively, the "Mediation Parties").

³ "Credit Agreement Lenders" refers to certain holders of senior loan claims and senior loan guaranty claims as disclosed in the Sixth Amended Joint Verified Statement of Representation of More Than One Creditor by Hennigan Bennett & Dorman LLP and Young Conaway Stargatt & Taylor LLP [D.I. 4374] as may be amended, modified or supplemented from time to time

⁴ "Step One Credit Agreement Lenders" refers to certain holders of step one senior loan claims and senior loan guaranty claims represented by Olshan Grundman Frome Rosenzweig & Wolosky LLP and Arkin Kaplan Rice LLP as disclosed in the Amended Notice of Appearance and Request for Service of Documents [D.I. 5545].

3. The Mediator is appointed to mediate disputes between and among the Mediation Parties concerning the appropriate terms of a Plan, including the appropriate resolution of the LBO-Related Causes of Action.

4. As soon as practicable after entry of this Order, the Debtors shall provide to the Mediator copies of (a) the Examiner's Report, including the exhibits attached thereto; and (b) the briefs submitted by the parties to the Examiner, including any exhibits attached thereto. Notwithstanding Local Bankruptcy Rule 9019-5, not later than ten (10) business days after the entry of this Order (provided that the two days of the Jewish holiday of Rosh Hashanah, September 9 and September 10, shall not count as business days for purposes of this Order) each Mediation Party shall separately or in combination with any other Mediation Party submit directly to the Mediator a statement (the "Mediation Statement"), which shall be no more than five (5) pages and shall set forth in term sheet form a summary of the structure and economic substance of a plan of reorganization that such Mediation Party would find acceptable. In addition, each Mediation Party shall submit with its Mediation Statement a separate statement setting forth with specificity such Mediation Party's claims against or interests in the Debtors (the "Ownership Statement"). Any Mediation Party or its counsel that represents more than one claim or interest holder, or represents a party that in an agency capacity has received direction from one or more claim or interest holder(s) with respect to these cases, shall complete a separate Ownership Statement for each claim or interest holder that such Mediation Party represents or from whom it takes direction. The Ownership Statement shall include, without limitation, the amount of each holding as of the date of the Ownership Statement based upon trade date (including direct ownership, indirect ownership, claims for which it has the ability to control the vote of (either contractually or otherwise), long positions, short positions, swap positions,

participations and any other derivative positions), by tranche or series, if applicable, including the date of the issuance of such tranche or series, and any short positions or derivative exposure. Other than the documents set forth in this paragraph 4, no Mediation Party shall submit any documents to the Mediator except upon the request of the Mediator; provided, however, that Wilmington Trust Company shall be obligated to submit such an Ownership Statement only to the extent that those holders of the PHONES in regular contact with Wilmington Trust Company provide it with holdings information, after due inquiry is made consistent with this Order; provided further, however, that the Bridge Agent is only required to provide an Ownership Statement on behalf of the bridge lender that has been most actively and regularly directing the Bridge Agent.

5. Notwithstanding Local Bankruptcy Rule 9019-5, the initial Mediation conference shall occur at a time and place designated by the Mediator. At least one principal of each separately-represented person or entity within a Mediation Party, or of a claim or interest holder for which a Mediation Party is an Agent, with authority to make a decision binding upon such person or entity shall be present at each session of the Mediation, unless the Mediator directs otherwise; provided, however, that if necessary to obtain authority for any decision binding a Mediation Party, additional representatives of that Mediation Party shall be reasonably available by phone, and provided further that for purposes of the Mediation, JPMorgan Chase Bank, N.A. and the Bridge Agent, each in their respective capacities as administrative agents, do not have the authority to bind individual lenders under their respective loan agreements, and JPMorgan Chase Bank, N.A. solely has the power to bind itself in its capacity as a lender; provided further, that members of the Committee may attend the Mediation, but the Committee shall not be required to have decision-making authority at Mediation sessions; provided further

that in the case of the Credit Agreement Lenders only a principal of Oaktree Capital Management, L.P. ("Oaktree") shall be present and such principal shall be authorized to make a decision binding on Oaktree but not on other Credit Agreement Lenders; provided further, that in the case of Wilmington Trust Company this paragraph only applies to Wilmington Trust Company and does not apply to individual holders of PHONES but Wilmington Trust Company shall use its good faith efforts to cause one or more of the largest holders of PHONES to be present at the Mediation; provided further, that the Bridge Agent shall use its good faith efforts to cause the bridge lender that has been most actively and regularly directing the Bridge Agent to be present at the Mediation.

6. Notwithstanding the Local Bankruptcy Rules, the Mediator may conduct the Mediation as he sees fit, establish rules of the Mediation, and consider and take appropriate action with respect to any matters the Mediator deems appropriate in order to conduct the Mediation, subject to the terms of this Order. The Mediator may also consult with the Examiner that was appointed in these cases.

7. All: (a) discussions among the Mediation Parties relating to the Mediation, including discussions with or in the presence of the Mediator, (b) Mediation Statements, Ownership Statements and any other documents or information provided to the Mediator or the Mediation Parties in the course of the Mediation, (c) correspondence, draft resolutions, offers, and counteroffers produced for or as a result of the Mediation, and (d) communications between the Mediator and the Examiner or the Examiner's Professionals are strictly confidential and shall not be admissible for any purpose in any judicial or administrative proceeding, and no person or party participating in the Mediation, including counsel for any Mediation Party or any other party, shall in any way disclose to any non-party or to any court, including without limitation in

any pleading or other submission to any court, any such discussion, Mediation Statement, Ownership Statement, other document or information, correspondence, resolution, offer or counteroffer which may be made or provided in connection with the Mediation. Except with the express consent of the affected Mediation Party, the Mediator shall not share with any Mediation Party any other Mediation Party's Mediation Statement or Ownership Statement.

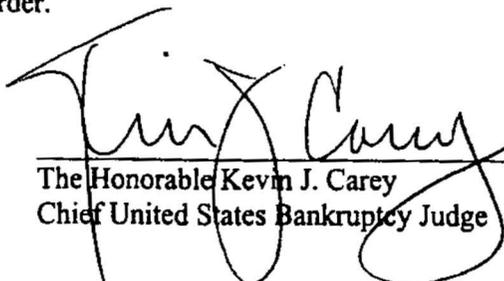
8. Except as may be permitted by Local Bankruptcy Rule 9019-5, the Mediator and any personnel who assist him, and all the Mediation Parties, shall not have any communication with the Court regarding or otherwise disclose any aspect of the Mediation other than to report whether a settlement has been reached between any of the Mediation Parties (and the terms of any such settlement); provided, however, that in the event that there is an impasse, the Mediator shall report that there is a lack of agreement, with no further comment or recommendation.

9. The expenses of the Mediator, if any, shall be paid from the Debtors' estates as administrative expenses under Bankruptcy Code Section 503(b)(2).

10. Except for motions with respect to standing to file and prosecute LBO-Related Causes of Action, in order to facilitate the Mediation, without leave of the Court for good cause shown, the Mediation Parties shall not bring any motion or proceeding during the pendency of the Mediation seeking relief in connection with the LBO-Related Causes of Action or any related causes of action, and any such motions or proceedings currently pending, including any discovery related thereto, shall be stayed *sine die*. For the avoidance of doubt, nothing in this paragraph 10 shall preclude any party from filing a plan of reorganization.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Wilmington, Delaware
September 1, 2010



The Honorable Kevin J. Carey
Chief United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

TRIBUNE COMPANY, et al.,¹

Debtors.

Chapter 11

Case No. 08-13141 (KJC)

Jointly Administered

**NOTICE OF ADJOURNMENT OF DEADLINES RELATED TO AMENDED JOINT PLAN OF
REORGANIZATION FOR TRIBUNE COMPANY AND ITS SUBSIDIARIES**

IMPORTANT NOTICE:

All deadlines related to the Amended Joint Plan of Reorganization for Tribune Company and its Subsidiaries (the "Plan") have been adjourned. You are not required to vote to accept or reject the Plan or file objections to the Plan at this time.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Tribune Company (0355); 435 Production Company (8865); 5800 Sunset Productions Inc. (5510); Baltimore Newspaper Networks, Inc. (8258); California Community News Corporation (5306); Candle Holdings Corporation (5626); Channel 20, Inc. (7399); Channel 39, Inc. (5256); Channel 40, Inc. (3844); Chicago Avenue Construction Company (8634); Chicago River Production Company (5434); Chicago Tribune Company (3437); Chicago Tribune Newspapers, Inc. (0439); Chicago Tribune Press Service, Inc. (3167); ChicagoLand Microwave Licensee, Inc. (1579); Chicagoland Publishing Company (3237); Chicagoland Television News, Inc. (1352); Courant Specialty Products, Inc. (9221); Direct Mail Associates, Inc. (6121); Distribution Systems of America, Inc. (3811); Eagle New Media Investments, LLC (6661); Eagle Publishing Investments, LLC (6327); forsalebyowner.com corp. (0219); ForSaleByOwner.com Referral Services, LLC (9205); Fortify Holdings Corporation (5628); Forum Publishing Group, Inc. (2940); Gold Coast Publications, Inc. (5505); GreenCo, Inc. (7416); Heart & Crown Advertising, Inc. (9808); Homeowners Realty, Inc. (1507); Homestead Publishing Co. (4903); Hoy, LLC (8033); Hoy Publications, LLC (2352); InsertCo, Inc. (2663); Internet Foreclosure Service, Inc. (6550); JuliusAir Company, LLC (9479); JuliusAir Company II, LLC; KIAH Inc. (4014); KPLR, Inc. (7943); KSWB Inc. (7035); KTLA Inc. (3404); KWGN Inc. (5347); Los Angeles Times Communications LLC (1324); Los Angeles Times International, Ltd. (6079); Los Angeles Times Newspapers, Inc. (0416); Magic T Music Publishing Company (6522); NBBF, LLC (0893); Neocomm, Inc. (7208); New Mass. Media, Inc. (9553); Newscom Services, Inc. (4817); Newspaper Readers Agency, Inc. (7335); North Michigan Production Company (5466); North Orange Avenue Properties, Inc. (4056); Oak Brook Productions, Inc. (2598); Orlando Sentinel Communications Company (3775); Patuxent Publishing Company (4223); Publishers Forest Products Co. of Washington (4750); Sentinel Communications News Ventures, Inc. (2027); Shepard's Inc. (7931); Signs of Distinction, Inc. (3603); Southern Connecticut Newspapers, Inc. (1455); Star Community Publishing Group, LLC (5612); Stemweb, Inc. (4276); Sun-Sentinel Company (2684); The Baltimore Sun Company (6880); The Daily Press, Inc. (9368); The Hartford Courant Company (3490); The Morning Call, Inc. (7560); The Other Company LLC (5337); Times Mirror Land and Timber Company (7088); Times Mirror Payroll Processing Company, Inc. (4227); Times Mirror Services Company, Inc. (1326); TMLH 2, Inc. (0720); TMLS I, Inc. (0719); TMS Entertainment Guides, Inc. (6325); Tower Distribution Company (9066); Towering T Music Publishing Company (2470); Tribune Broadcast Holdings, Inc. (4438); Tribune Broadcasting Company (2569); Tribune Broadcasting Holdeo, LLC (2534); Tribune Broadcasting News Network, Inc., n/k/a Tribune Washington Bureau Inc. (1088); Tribune California Properties, Inc. (1629); Tribune CNLBC, LLC, f/k/a Chicago National League Ball Club, LLC (0347); Tribune Direct Marketing, Inc. (1479); Tribune Entertainment Company (6232); Tribune Entertainment Production Company (5393); Tribune Finance, LLC (2537); Tribune Finance Service Center, Inc. (7844); Tribune License, Inc. (1035); Tribune Los Angeles, Inc. (4522); Tribune Manhattan Newspaper Holdings, Inc. (7279); Tribune Media Net, Inc. (7847); Tribune Media Services, Inc. (1080); Tribune Network Holdings Company (9936); Tribune New York Newspaper Holdings, LLC (7278); Tribune NM, Inc. (9939); Tribune Publishing Company (9720); Tribune Television Company (1634); Tribune Television Holdings, Inc. (1630); Tribune Television New Orleans, Inc. (4055); Tribune Television Northwest, Inc. (2975); ValuMail, Inc. (9512); Virginia Community Shoppers, LLC (4025); Virginia Gazette Companies, LLC (9587); WATL, LLC (7384); WCCT, Inc., f/k/a WTXS Inc. (1268); WCWN LLC (5982); WDCW Broadcasting, Inc. (8300); WGN Continental Broadcasting Company (9530); WLVI Inc. (8074); and WPIX, Inc. (0191). The Debtors' corporate headquarters and the mailing address for each Debtor is 435 North Michigan Avenue, Chicago, Illinois 60611.

PLEASE TAKE NOTICE THAT on June 4, 2010, the debtors and debtors in possession in the above-captioned chapter 11 cases (each a "Debtor" and collectively, the "Debtors"), filed the Plan and the Disclosure Statement related to the Plan (as may be amended from time to time, the "Disclosure Statement").

PLEASE TAKE FURTHER NOTICE THAT on June 7, 2010, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order (the "Solicitation Order") approving the Disclosure Statement and the Debtors' procedures for soliciting votes on the Plan. Capitalized terms not defined in this Notice have the meanings given to them in the Plan or the Solicitation Order.

PLEASE TAKE FURTHER NOTICE THAT on August 17, 2010, the Court entered an order (the "Third Amended Deadline Order"), extending, among other things, the deadlines by which all properly executed Ballots and Master Ballots must be received by the Voting Agent (the "Voting Deadline") and by which all objections to confirmation of the Plan must be received (the "Objection Deadline") to dates to be further announced by the Court. By order dated September 1, 2010, the Court appointed the Honorable Kevin Gross as mediator in these cases to conduct a non-binding mediation concerning the terms of a plan of reorganization, including the appropriate resolution of the LBO-Related Causes of Action (as defined in the Plan).

PLEASE TAKE FURTHER NOTICE THAT the Voting Deadline and Objection Deadline have not been rescheduled by the Court at this time. The Debtors will provide further notice of a rescheduled Voting Deadline and Objection Deadline.

Dated: September 2, 2010

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
) Chapter 11
TRIBUNE COMPANY, et al.,)
) Case No. 08-13141(KJC)
)
Debtors.) Jointly Administered
)
) Hearing Date: October 22, 2010 at 2:00 p.m. (ET)
) Objections Due: October 1, 2010 at 4:00 p.m. (ET)
)

MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR ENTRY OF AN ORDER GRANTING LEAVE, STANDING
AND AUTHORITY TO COMMENCE, PROSECUTE AND SETTLE
CERTAIN CLAIMS OF THE DEBTORS' ESTATES

The Official Committee of Unsecured Creditors (the "Committee") of Tribune Company ("Tribune") and its various debtor-subidiaries (collectively, the "Debtors"), by and through its undersigned counsel, hereby files this motion (the "Standing Motion") for entry of an order pursuant to 11 U.S.C. §§ 105, 1103 and 1109 granting the Committee leave, standing and authority to commence, prosecute and settle certain claims and/or causes of action against the D&O Defendants, the Subsidiary Defendants, the Large Shareholders, the Zell Defendants, the Tower Defendants, Valuation Research Corporation, the Additional Parties, and the Shareholder Defendants (each as defined below) (collectively, the "Defendants") on behalf of the Debtors' estates. In support of this Standing Motion, the Committee respectfully submits as follows:

PRELIMINARY STATEMENT

1. By this Standing Motion, the Committee seeks entry of an order authorizing it to pursue certain claims and causes of action against the Defendants that may substantially benefit the Debtors' estates. The claims arise from a leveraged buyout transaction consummated by the Debtors, beginning in April of 2007 and concluding in December of 2007, which resulted in the transfer of the ownership of Tribune and its subsidiaries (the "LBO Transaction") to the newly formed Tribune Employee Stock Ownership Plan (the "ESOP").
2. From the day it was appointed, the Committee has sought to determine whether the LBO Transaction and the obligations the Debtors incurred in connection with the LBO Transaction caused and precipitated the Debtors' spiral into bankruptcy only a year after the LBO Transaction was completed.
3. Because very serious and significant questions exist regarding issues of solvency, due diligence and the exercise of fiduciary duties with respect to the LBO Transaction, the Committee has conducted an investigation into the Defendants' actions. That investigation included the review of millions of pages of documents obtained from the relevant parties and other discovery. As a result of its investigation, and on the basis of additional information adduced through this bankruptcy proceeding, the Committee has concluded that the LBO Transaction gave rise to significant claims on behalf of the Debtors and is prepared to commence an action against the Defendants.
4. In addition to its own investigation, the Committee has had the benefit of extensive factual findings reflected in the report of Kenneth N. Klee, Esq., appointed as

Examiner in this proceeding pursuant to court order entered on May 11, 2010 (the "Examiner Report"). The Examiner Report, along with numerous exhibits and interview transcripts, was filed under seal on July 26, 2010, and thereafter made available to the public in unredacted form.

5. By their own admission in court testimony, the Debtors have not investigated or otherwise pursued these claims. Because several of the claims are against certain of their current and former directors and officers, the Debtors will not pursue, and effectively could never pursue, those claims. The Committee should therefore be granted authority to step into the Debtors' shoes in order to pursue these claims for the benefit of the Debtors' estates.

6. All of the legal requirements for granting the Committee derivative standing to pursue the claims on behalf of the Debtors' estates are satisfied. Prosecution of the claims is essential in these chapter 11 cases because it will, among other things, potentially produce a substantial source of recovery for unsecured creditors. Given the Debtors' inability and unwillingness to prosecute the claims, the Committee is the only party-in-interest qualified to pursue them. Accordingly, the Committee seeks authority to pursue the claims against the Defendants on behalf of the Debtors' estates.

7. The Debtors' recent application to retain Jones Day as special counsel to a newly constituted special committee of the Tribune board, *nunc pro tunc* to August 22, 2010, in no way alters the analysis. The special committee was formed more than 20 months after the Debtors' filing for relief under chapter 11, and only in the wake of the issuance of the Examiner Report, which highlighted claims that the Committee had been investigating almost since the bankruptcy filing. The Debtors' belated effort to retain counsel to a newly minted committee

that may or may not investigate claims that now already have been thoroughly and comprehensively canvassed by both the Committee and the Examiner (and that arguably fall outside the mandate of this special committee), is clearly too little and too late.

8. On September 1, 2010, the Court entered its "Order Appointing Mediator" (Docket No. 5591). Pursuant to that Order, the Honorable Kevin Gross, United States Bankruptcy Judge, has been appointed "to mediate disputes . . . concerning the appropriate terms of a [plan of reorganization], including the appropriate resolution of the LBO-Related Causes of Action" (as defined therein). The Committee wholeheartedly supports the mediation process and the efforts of Judge Gross and the parties to achieve a consensual plan. The Standing Motion is not filed with the intent to thwart or interfere with the mediation, and Court approval of the Standing Motion will not have that effect. However, as Committee counsel noted on the record of the hearing held on August 20, 2010, the December 8, 2010 statutory deadline imposed by 11 U.S.C. § 546(a)(2) is looming. *See* Transcript of Record at 56-57, *In re Tribune Co.*, No. 08-13141 (Bankr. D. Del. Aug. 20, 2010) (KJC). Because the Committee cannot risk that valuable estate claims will be forever lost by the passage of the filing deadline, it is filing the Standing Motion so the Court and parties in interest have sufficient time to address the issue of standing. In that way, complaints can be finalized and filed in advance of the statutory deadline, to the extent it becomes necessary to preserve the causes of action. Apart from obtaining standing, however, it is the Committee's intention to stand down from further prosecution of the claims while the mediation is pending before Judge Gross. This is the process specifically contemplated

by paragraph 10 of the Order Appointing Mediator, and the Committee submits that it is appropriate given the circumstances of the case and timing of the mediation.

JURISDICTION AND VENUE

9. This Court has jurisdiction to consider this Standing Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Standing Motion is a core proceeding under 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105(a), 1103 (c) and 1109(b) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

PROCEDURAL BACKGROUND

10. On December 8, 2008 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

11. On December 18, 2008, the United States Trustee for the District of Delaware, pursuant to section 1102 of the Bankruptcy Code, appointed the Committee to represent the interests of all unsecured creditors in the Debtors' cases. The current members of the Committee are: JPMorgan Chase Bank, N.A.,¹ in its capacity as lender; Deutsche Bank Trust

¹ In accordance with the Committee's Bylaws, JPMorgan Chase Bank, N.A. has at all times been recused from any participation of any kind in the Committee's review or deliberations concerning any aspect of the LBO, and they have been carefully screened from access to any Committee professional analysis or other non-public information that relates to the LBO investigation. Further, under those bylaws, JPMorgan Chase Bank, N.A. acknowledged its

(Cont'd on following page)

Company Americas, as successor Indenture Trustee; Wilmington Trust Company, as successor Indenture Trustee; Warner Brothers Television; Buena Vista Television;² William Niese; Pension Benefit Guaranty Corporation; and Washington-Baltimore Newspaper Guild, Local 32035.³ See Second Amended Notice of Appointment of Committee of Unsecured Creditors (May 26, 2009) (Docket No. 1238).

12. On February 1, 2010, the Committee (through Zuckerman Spaeder LLP as special counsel to the Committee) filed the Motion for Entry of an Order Granting Leave, Standing and Authority to Commence, Prosecute and Settle Claims and Counterclaims of the Debtors' Estates (Docket No. 3281) (the "First Standing Motion"). Pursuant to the First Standing Motion, the Committee requested standing to assert certain objections and pursue certain fraudulent transfer and related claims on behalf of the Debtors' estates. The Committee also indicated that it reserved its rights to seek further derivative standing to commence and/or prosecute other claims and/or causes of action on behalf of the Debtors' estates. See First Standing Motion at 11. The Committee has now determined that it is appropriate to pursue

(Cont'd from preceding page)

inability under the Committee's Bylaws to participate in Committee deliberations (or to see Committee work product) related to the LBO and cooperated in the screening and recusal process described above.

² Buena Vista Television replaced Vertis, Inc. when the latter entity resigned in April of 2009. Both are trade creditors of the Debtors.

³ Merrill Lynch Capital Corporation ("Merrill") was a member of the Committee but resigned from the Committee on September 9, 2009. The vacancy created by Merrill's resignation was not filled.

certain claims of the Debtors' estates against the Defendants and thus files this Standing Motion seeking derivative standing and the authority to do so.

THE COMMITTEE'S INVESTIGATION OF POTENTIAL CLAIMS

13. In its capacity as a fiduciary for unsecured creditors of the Debtors' estates, the Committee has undertaken a comprehensive investigation into potential claims of the Debtors' estates against various third parties and has identified certain meritorious claims that the Debtors hold against third parties. The Committee has discovered sufficient facts to support the Standing Motion to pursue those claims.⁴

14. This Standing Motion is based on the Committee's ongoing investigation to date, as well as on certain factual findings reflected in the Examiner Report, and seeks an order granting the Committee derivative standing to pursue the claims against the Defendants and any other persons or entities that discovery may show participated in the apparent misconduct, which are more fully described in the Committee's proposed Adversary Complaint (the "Complaint"), substantially in the form attached hereto as Exhibit A.

15. The claims against the Defendants are premised upon causes of action including, but not limited to, the following: (1) breach of fiduciary duty; (2) aiding and abetting breach of fiduciary duty; (3) professional malpractice; (4) violation of Delaware General

⁴ Because the Committee's investigation of potential claims continues, the Committee expressly reserves its rights to assert additional claims on behalf of the Debtors' estates, as and when circumstances warrant, and to add additional parties or identify Does 1-1000 as such identifications are made.

Corporation Law sections 160 and/or 173; (5) unjust enrichment; (6) constructive and/or intentional fraudulent transfer; (7) mandatory subordination; and (8) equitable subordination and/or disallowance. As these causes of action are based on facts gathered to date, this list may not be exhaustive. Additional causes of action may be identified as the Committee's investigation continues.

SUMMARY OF CLAIMS

16. The Committee seeks authority to bring an adversary proceeding to remedy the wrongs committed by eight groups of defendants in connection with the LBO Transaction: (a) Tribune's board of directors (the "Director Defendants") and its officers at the time of the LBO Transaction (the "Officer Defendants", collectively the "D&O Defendants"); (b) the boards of directors and officers of those Tribune subsidiaries that guaranteed certain indebtedness incurred by Tribune during the transaction (the "Subsidiary Defendants"); (c) several entities, as more fully described in the Complaint, which were among Tribune's largest shareholders during the relevant time period and effectively controlled the D&O Defendants' actions in approving the ruinous LBO Transaction (the "Large Shareholders"); (d) Samuel Zell ("Zell"), a billionaire investor who orchestrated the takeover of Tribune, and his affiliated entities Equity Group Investments, L.L.C. ("EGI"), EGI-TRB, L.L.C. ("EGI-TRB"), and Sam Investment Trust (collectively, the "Zell Defendants"); (e) assignees of EGI-TRB's interests in a certain subordinated promissory note (the "Tower Defendants"); (f) Valuation Research Corporation ("VRC"), one of Tribune's financial advisors, which provided solvency opinions in connection with the LBO Transaction; (g) certain persons and legal entities who

before the consummation of the LBO Transaction. As a director, Zell owed fiduciary duties to Tribune and ultimately to all of Tribune's stakeholders, including its creditors. Zell breached his fiduciary duties by, among other actions, advocating for and facilitating consummation of the LBO Transaction when he knew or should have known that it was imprudent and would render the company insolvent. Zell acted in the pursuit of his own personal interests and ignored the foreseeable catastrophic consequences of the LBO Transaction.

- c) Third, the Subsidiary Defendants approved the subsidiaries' guarantees of the indebtedness incurred in connection with the LBO Transaction. As directors and officers of the subsidiaries, the Subsidiary Defendants owed fiduciary duties to Tribune and/or its subsidiaries, and ultimately to all stakeholders of Tribune and/or its subsidiaries including creditors. The Subsidiary Defendants breached their fiduciary duties, by, among other actions, agreeing to guarantee the indebtedness incurred in connection with the LBO Transaction without making any independent investigation of the transaction. Moreover, most of the Subsidiary Defendants received financial incentives in connection with the consummation of the LBO Transaction.
- d) Fourth, the Subsidiary Defendants knowingly participated in and aided and abetted the breaches of fiduciary duties of the D&O Defendants, by, among other actions, agreeing to guarantee the indebtedness incurred in connection

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with the LBO Transaction without making any independent investigation of the transaction.

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e) Fifth, the Large Shareholders functioned as controlling shareholders with respect to the LBO Transaction and, among other actions, made clear to the Tribune board that it had to comply with their demands and advance their objectives. As controlling shareholders, the Large Shareholders owed fiduciary duties to Tribune and ultimately to all of Tribune's stakeholders, including its creditors. The Large Shareholders breached their fiduciary duties by, among other actions, intentionally steering the D&O Defendants toward a corporate strategy aimed at enhancing exclusively the interests of the Large Shareholders at the expense of Tribune and its other stakeholders.
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f) Sixth, the Large Shareholders, along with three of Tribune's directors who represented the interests on the Tribune board of the Chandler Trusts (Tribune's largest shareholders at the time), knowingly participated in and aided and abetted the D&O Defendants' breaches of fiduciary duty by, among other actions, instigating the auction process that led to the LBO Transaction, intentionally steering the D&O Defendants toward a corporate strategy aimed at enhancing exclusively the interests of the Large Shareholders at the expense of Tribune and its other stakeholders, and exerting undue influence over the D&O Defendants in connection with the LBO Transaction.

- g) Seventh, the Zell Defendants knowingly participated in and aided and abetted the breaches of fiduciary duties of the D&O Defendants by, among other actions, proposing and orchestrating the imprudent and inevitably ruinous LBO Transaction, and exerting undue influence over the decision-making of the D&O Defendants by enticing and inducing them to enter into the LBO Transaction through payment of substantial financial incentives.
- h) Eighth, VRC knowingly participated in and aided and abetted the breaches of fiduciary duties of the D&O Defendants by, among other actions, ignoring or failing to give effect to information known by or made known or available to VRC that should have been considered under reasonable valuation and financial practices, and being induced to provide solvency opinions that cannot be justified in light of applicable professional standards.
- i) Ninth, VRC committed professional malpractice by, among other actions, failing to use reasonable professional judgment in reaching its solvency determinations, failing to use appropriate valuation and financial practices in its solvency determinations, and ignoring or failing to give effect to information known by or made known or available to VRC that should have been considered under reasonable valuation and financial practices.
- j) Tenth, the Director Defendants and Zell violated sections 160 and/or 173 of the Delaware General Corporation Law (the "DGCL") by providing cash and/or property to Tribune's shareholders in connection with the LBO

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Transaction. Those payments were, in substance, unlawful dividends and/or stock purchases in violation of the DGCL.

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k) Eleventh, through their wrongful acts and omissions, and through the wrongful receipt of proceeds and other benefits from the LBO Transaction, the Defendants have unjustly retained benefits that belong to Tribune, and Defendants' unjust enrichment violates fundamental principles of justice, equity and good conscience.
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l) Twelfth, the Shareholder Transfers were made within two years of the Petition Date, and Tribune received less than reasonably equivalent value in exchange for the Shareholder Transfers. Tribune, by and through certain of its officers and directors acting in knowing and willful violation of their fiduciary duties, made the Shareholder Transfers with the actual intent to hinder, delay and defraud Tribune's creditors. Accordingly, the Shareholder Transfers constitute intentional fraudulent transfers and should be avoided and recovered pursuant to Bankruptcy Code sections 548(a)(1)(A) & 550(a) and applicable non-bankruptcy law.
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m) Thirteenth, the D&O Defendants received cash bonuses, phantom stock awards, and other non-salary payments and transfers from Tribune in connection with the LBO Transaction (the "D&O Transfers"). The D&O Transfers were made within two years of the Petition Date, and Tribune received less than reasonably equivalent value in exchange for the D&O

Transfers. Tribune, by and through certain of its officers and directors acting in knowing and willful violation of their fiduciary duties, made the D&O Transfers with the actual intent to hinder, delay and defraud Tribune's creditors. Accordingly, the D&O Transfers constitute constructive and/or intentional fraudulent transfers and should be avoided and recovered pursuant to Bankruptcy Code sections 548(a)(1)(A)-(B) & 550(a) and applicable non-bankruptcy law.

- n) Fourteenth, Tribune made payments to VRC for certain fees and expenses in connection with the LBO Transaction (the "VRC Transfers"). The VRC Transfers were made within two years of the Petition Date, and Tribune received less than reasonably equivalent value in exchange for the VRC Transfers. Tribune, by and through certain of its officers and directors acting in knowing and willful violation of their fiduciary duties, made the VRC Transfers with the actual intent to hinder, delay and defraud Tribune's creditors. Accordingly, the VRC Transfers constitute constructive and/or intentional fraudulent transfers and should be avoided and recovered pursuant to Bankruptcy Code sections 548(a)(1)(A)-(B) & 550(a) and applicable non-bankruptcy law.
- o) Fifteenth, Tribune made payments to EGI-TRB as reimbursement for legal fees and other expenses in connection with the LBO Transaction (the "EGI-TRB Transfers"). The EGI-TRB Transfers were made within two years

RELIEF REQUESTED

18. By this Standing Motion, and pursuant to sections 105, 1103 and 1109 of the Bankruptcy Code, the Committee requests that the Court enter an order authorizing and appointing the Committee to commence, prosecute and, if appropriate, settle the Claims against the Defendants. The Committee requires the requested relief to fulfill its fiduciary responsibilities, as mandated by Congress pursuant to sections 1103(c) and 1109 of the Bankruptcy Code.

19. The Bankruptcy Code authorizes the trustee or the debtor-in-possession to pursue causes of action on behalf of the estate and obligates such estate representative to maximize the estate's value for the benefit of creditors. *See, e.g., Commodity Futures Trading Comm'n v. Weintraub*, 471 U.S. 343, 352 (1985) ("the trustee is accountable for all property received, and has the duty to maximize the value of the estate") (internal citations and quotation omitted); *see also, In re Commodore Int'l Ltd.*, 262 F.3d 96, 99 (2d Cir. 2001) ("the [debtor in possession] has an obligation to pursue all actions that are in the best interests of creditors and the estate") (citation omitted).

20. Nevertheless, it has long been acknowledged that the "debtor-in-possession often acts under the influence of conflicts of interest" which prevents it from pursuing potentially viable claims that would result in a benefit to unsecured creditors. *See, e.g., Canadian Pac. Forest Prods. Ltd. v. J.D. Irving Ltd. (In re Gibson Group, Inc.)*, 66 F.3d 1436, 1441 (6th Cir. 1995). In order to address the problem that arises where a debtor is unwilling or unable to fulfill its obligation to maximize the value of the estate, "[t]he practice of authorizing

the prosecution of actions on behalf of an estate by committees . . . upon a showing that such is in the interests of the estate, is one of long standing, and nearly universally recognized.” *In re Adelpia Commc’ns Corp.*, 330 B.R. 364, 373 (Bankr. S.D.N.Y. 2005) (citations omitted).

Granting a creditors’ committee standing to prosecute actions on behalf of a debtor’s estate

provides creditors and other stakeholders with the comfort that potentially valuable (and sometimes critical) claims on behalf of the estate will be prosecuted- without requiring bankruptcy judges to . . . resort[] to much more draconian or ineffective mechanisms to ensure the prosecution of those claims, with the destruction to going concern value and creditor recoveries that would frequently be the result. *Id.*

In fact, it has been noted by courts in this circuit that the primary purpose of official unsecured creditor committees “is to represent the interests of unsecured creditors and to strive to maximize the bankruptcy dividend paid to that class of creditors.” *See, e.g., In re Nationwide Sports Distribs., Inc.*, 227 B.R. 455, 463 (Bankr. E.D. Pa. 1998).

21. It is well settled within this and other circuits that bankruptcy courts may allow a creditors’ committee to pursue litigation on behalf of the estate under appropriate circumstances. *See Official Comm. of Unsecured Creditors of Cybergenics Corp. v. Chinery*, 330 F.3d 548, 575 (3d Cir. 2003); *Official Comm. of Unsecured Creditors v. Barron (In re Polaroid Corp.)*, No. 03-56404, 2004 WL 1397582 (Bankr. D. Del. June 22, 2004); *Official Comm. of Unsecured Creditors v. Cablevision Sys. Corp. (In re Valley Media, Inc.)*, No. 01-11353, 2003 WL 21956410 (Bankr. D. Del. Aug. 14, 2003); *Official Comm. of Unsecured Creditors v. Clark (In re Nat’l Forge Co.)*, 304 B.R. 214 (Bankr. W.D. Pa. 2004), *aff’d* 326 B.R. 532 (W.D. Pa. 2005); *Liberty Mut. Ins. Co. v. Official Unsecured Creditors Comm. (In re*

Spaulding Composites Co.), 207 B.R. 899, 904 (B.A.P. 9th Cir. 1997); *La. World Exposition v. Fed. Ins. Co.*, 858 F.2d 233, 247 (5th Cir. 1988); *Unsecured Creditors Comm. v. Noyes (In re STN Enters.)*, 779 F.2d 901, 904 (2d Cir. 1985).

22. Indeed, creditors' committees have an "implied, but qualified, right . . . to initiate adversary proceedings in the name of the debtor in possession under 11 U.S.C. §§ 1103(c)(5) and 1109(b)." *In re STN Enters.*, 779 F.2d at 904; *see also Cybergenics*, 330 F.3d at 568 (a bankruptcy court may, in appropriate circumstances, utilize its equitable powers to authorize derivative standing). As the Third Circuit has explained, the statutory language of the Bankruptcy Code suggests that:

[C]ongress intended for creditors' committees to perform services on behalf of the estate, and that Congress consciously built a measure of flexibility into the scope of those services. As the question before us today is whether a bankruptcy court can authorize a creditors' committee to represent the estate when the usual representative is delinquent, the "flexible representation" role evidenced in § 1103(c)(5) militates in the affirmative. *Cybergenics*, 330 F.3d at 563.

Bankruptcy courts in this district have consistently found that Congress intended to allow them to authorize derivative suits prosecuted by creditors' committees. *Id.* at 565. Indeed, the Third Circuit has recognized that granting derivative standing to a creditors committee "[p]rovides a critical safeguard to prevent against lax pursuit" of claims "that would amount to reputational self-immolation" for a debtor or its managers. *Id.* at 573.

23. Furthermore, courts have held that breach of fiduciary duty claims against a debtor's board of directors are appropriate causes of action for a creditors' committee to pursue on behalf of the debtor's estate. *See La. World Exposition*, 858 F.2d at 252-53; *Official Comm.*

of *Asbestos Claimants of G-I Holding, Inc. v. Heyman*, 277 B.R. 20, 28 (S.D.N.Y. 2002);
Aluminum Mills Corp. v. Citicorp N. Am., Inc. (In re Aluminum Mills Corp.), 132 B.R. 869, 891-
92 (Bankr. N.D. Ill. 1991).

24. Accordingly, this Court has the authority to grant permission to the Committee to prosecute the Claims, and the Court should grant such permission here. The Debtors, who have actual and potential conflicts of interest, have not prosecuted and cannot prosecute the Claims. The Committee, in contrast, stands ready to protect the interests of the estates and to seek to hold responsible the accountable parties. A failure to grant the Committee authority to prosecute the Claims would result in a loss to the estates and their creditors, and would unjustly allow the Defendants to benefit from their misconduct.

BASIS FOR RELIEF

A. Standard for Derivative Standing

25. Generally, the prerequisites for derivative standing are: (i) whether a colorable claim exists that would affect distributions to unsecured creditors; (ii) whether the debtor has unjustifiably refused to bring the claim itself; and (iii) whether the committee sought permission from the bankruptcy court to initiate the action. *See Infinity Investors Ltd. v. Kingsborough (In re Yes! Entm't Corp.)*, 316 B.R. 141, 145 (D. Del. 2004). Numerous courts in this and other circuits have applied these same or similar standards. *See, e.g., Fogel v. Zell*, 221 F.3d 955, 965 (7th Cir. 2000); *In re Gibson Group, Inc.*, 66 F.3d at 1438; *La. World Exposition*, 858 F.2d at 247; *In re STN Enters.*, 779 F.2d at 904-05. Here, all requirements for derivative standing have been met.

B. The Committee Clearly Satisfies the Test for Derivative Standing

(a) The Claims Are Colorable And Would Benefit The Estates

26. The first element of the derivative standing test is that the Committee must assert “a colorable claim or claims for relief that on appropriate proof would support a recovery.” *In re STN Enters.*, 779 F.2d at 905. The requisite “colorable” claim showing is a relatively low standard to satisfy. *See, e.g., In re Adelpia Commc’ns Corp.*, 330 B.R. at 369 (noting that the Court need only be satisfied that there is “some factual support” for the claims); *Official Comm. of Unsecured Creditors v. Fishbein & Co., P.C. (In re Corell Steel)*, No. 91-4919, 1992 WL 196768, at *2 n.3 (E.D. Pa. Aug. 10, 1992) (creditors’ committee seeking to prosecute estate causes of action need only demonstrate that its proposed claims are “potentially meritorious”); *Official Comm. of Unsecured Creditors v. Hudson United Bank (In re Am.’s Hobby Ctr., Inc.)*, 223 B.R. 275, 288 (Bankr. S.D.N.Y. 1998) (noting that standing to sue should be denied where claims are “facially defective”).

27. In determining whether a claim is colorable, the Court is not required to conduct a mini-trial. Instead, the Court may “weigh the ‘probability of success and financial recovery’, as well as the anticipated costs of litigation, as part of a cost/benefit analysis” to determine whether the prosecution of claims is likely to benefit the estate. *In re iPCS, Inc.*, 297 B.R. 283, 291 (Bankr. N.D. Ga. 2003) (citing *In re Am.’s Hobby Ctr.*, 223 B.R. at 282). Thus, the Committee need only establish the existence of a plausible claim -- which it has easily done. *See Exhibit A.* Moreover, if nothing else, the Examiner Report provides line and verse of all

manner of colorable claims arising out of the LBO Transaction, including those contained in the Complaint.

28. Recently in a case in this District, Judge Shannon expounded on the colorability standard in granting a creditors' committee's motion for derivative standing. *In re Fedders N. Am., Inc.*, Case No. 07-11176 (BLS) (Bankr. D. Del. Mar. 24, 2008). Judge Shannon rejected a line-by-line or claim-by-claim analysis of a proposed complaint under a Rule 12(b)(6) legal standard, noting:

I cannot believe that that is the appropriate analysis. Rather I think when we consider colorability, [] the threshold consideration the Court has is that this is at a stage prior to the commencement of litigation So the allegations, the sufficiency of the allegations simply cannot be to a Rule 12(b)(6) standard, because we haven't even filed the complaint yet.

Id., Transcript of Hearing at 97 (relevant pages attached hereto as Exhibit B). Thus, in determining colorability, rather than examining whether a claim would overcome a summary judgment motion, the court should instead look to the import of what had been alleged. *Id.* at 98.

29. Here, prosecution of the Claims is likely to substantially augment the Debtors' resources, and could yield significant value to the unsecured creditors. In addition, the costs of the proposed litigation are dwarfed by the potential recoveries that the Claims could achieve for the Debtors' estates. Even if a contentious litigation were to ensue, "the cost of prosecution will be relatively modest (by the standards of the amount at stake)." *In re Adelphia Commc'ns Corp.*, 330 B.R. at 384. Under such circumstances, the determination of whether the pursuit of litigation by the creditors' committee would benefit the estates is, "[t]o be blunt about it, an easy one." *Id.*

(b) **Demand Is Excused Under The Circumstances**

30. Derivative standing is generally granted where a debtor unjustifiably or unreasonably refuses to pursue claims that the Bankruptcy Court finds would benefit the estate. *See, e.g., Cybergenics*, 330 F.3d at 561 (citing *Fogel*, 221 F.2d at 965-66). Moreover, a committee may be excused from making a demand that a debtor pursue claims if the demand would be futile. *See, e.g., In re G-I Holdings, Inc.*, 313 B.R. 612, 630 (Bankr. D.N.J. 2004) (“[I]t cannot be said that a formal request, in order to obtain a formal refusal, a request which would surely be refused, should be required.”) (citation omitted).

31. Here, the Committee has not formally demanded that the Debtors prosecute the Claims because such a demand would plainly be futile given the deep and acknowledged conflicts of interest facing the Debtors. First, the Debtors themselves approved the LBO Transaction and thus would not want to pursue an action that attacks their own decision to enter into the LBO Transaction. Second, the Debtors have displayed no interest in litigating the Claims against the Defendants and in fact have indicated no intent to litigate. Finally, the Debtors are still managed by certain of the Defendants and therefore are hopelessly conflicted from making an independent determination regarding the Claims. The testimony of the Debtors’ own witness, David Kurtz (“Kurtz”) of Lazard Freres & Co. LLC, the Debtors’ Investment Banker and Financial Advisor,⁵ at the hearing held before the Court on February 18, 2010,

⁵ Order Authorizing Debtors to Employ and Retain Lazard Freres & Co. LLC (March 13, 2009) (Docket No. 524).

starkly delineates and demonstrates these conflicts. Kurtz's testimony conclusively shows that a demand would be futile.

32. Kurtz testified that the Debtors at that time had no intention of filing litigation to seek a resolution of potential claims against third parties such as current and former directors and officers of the company. *See* Transcript of Hearing at 51-53, *In re Tribune Co.*, No. 08-13141 (KJC) (Bankr. D. Del. Feb. 18, 2010) (relevant pages attached hereto as Exhibit C). Coupled with this unwillingness to pursue the Claims is the apparent inability to do so, as the Debtors' bankruptcy counsel is conflicted from pursuing the Claims. *Id.* at 59. This alone is sufficient to grant the Committee the authority to pursue the Claims. *See In re Valley Media, Inc.*, 2003 WL 21956410, at *2 (noting that where a debtor's counsel suffers from "a conflict of interest in pursuing an estate claim so that it is effectively disqualified from pursuing an action which is otherwise a colorable claim, the debtor . . . can be viewed as delinquent and the creditors committee should be authorized to pursue the cause of action.").⁶

33. Finally, Kurtz's testimony confirms the practical impossibility that the Debtors will pursue the Claims. For example, Kurtz testified that the principal person he reports to with respect to matters arising from the LBO Transaction was, at the time, the Debtors' general counsel, Donald J. Liebentritt. Exhibit C at 56. Mr. Liebentritt has just recently been

⁶ The Debtors' belated application to retain Jones Day as special counsel to the newly constituted special committee has been submitted too late to cure this infirmity. The timing and circumstances of this application raise serious questions concerning the proposed special counsel's role, authority and familiarity with the facts at a time when, due to statute of limitations issues, time is of the essence.

named as Tribune's chief restructuring officer.⁷ Besides holding a decision-making position with respect to potential claims concerning the LBO Transaction, Mr. Liebentritt is a current employee of EGI, the former president of EGI,⁸ and a long-time business associate of Zell, *id.* at 57; EGI and Zell are both parties against whom the Committee believes the Claims could successfully be asserted. *See* Exhibit A. Kurtz's testimony therefore reveals explicitly that not only have the Debtors failed to take any meaningful steps towards prosecuting the Claims, but also that at least one of the Debtors' principals in charge of claims concerning the LBO is hopelessly conflicted from making an independent decision on their merits.

34. "[I]t is difficult objectively to determine whether a potential action is meritorious when one would be a defendant in that action." *Cybergenics*, 330 F.3d at 575. Here, the likelihood that the Debtors could maintain such objectivity is slim, because the Claims stem from transactions negotiated and implemented by the Debtors' current and former officers and directors, who are implicated in the misconduct that would be the subject of any suit. In fact, many of the D&O Defendants are still serving in various managerial capacities. *See* Exhibit A. For example, proposed defendants Zell, Betsy D. Holden and William A. Osborn are, as of the

⁷ *See* Press Release, Tribune, Tribune Appoints David Eldersveld as General Counsel (Sept. 8, 2010), <http://www.prnewswire.com/news-releases/tribune-appoints-david-eldersveld-as-general-counsel-102438209.html> (last visited Sept. 8, 2010).

⁸ According to Mr. Liebentritt's biography, available on Tribune's website, he served as President of EGI from 2000-2005. *See* About Tribune: Executive Management - Donald J. Liebentritt, <http://www.tribune.com/about/bios/liebentritt.html> (last visited Sept. 8, 2010).

date of this Standing Motion, currently serving on Tribune's board of directors.⁹ This is exactly the situation contemplated by the Third Circuit in *Cybergenics*, where it noted:

[t]his situation immediately gives rise to the proverbial problem of the fox guarding the henhouse. . . . One suspects that if managers can devise any opportunity to avoid bringing a claim that would amount to reputational self-immolation, they will seize it. *Cybergenics*, 330 F.3d at 573.

Given all of these facts, it is clear that in this case the Committee should be excused from making a formal demand that the Debtors take action. See *In re Nat'l Forge Co.*, 326 B.R. 532, 545 (Bankr. W.D. Pa. 2005) (affirming bankruptcy court's excusal of the committee's failure to petition the debtor when the record is plain that a formal request to file suit would have been futile).

35. Policy considerations similarly support excusing the Committee from making a formal demand that the Debtors themselves pursue the Claims. As stated by the court in *National Forge*:

The policy concerns underlying the general requirement of a formal demand are to ensure that the debtor is (i) informed of the committee's intent to assert the subject claims and (ii) afforded an opportunity to explain its reasons, if any, for declining to pursue the claims itself. *In re Nat'l Forge Co.*, 326 B.R. at 544.

Here, both of the foregoing concerns have been satisfied. The Debtors have been advised repeatedly through discussions among counsel that the Committee intended to pursue the Claims set forth in the attached Complaint. Those discussions also afforded the Debtors an opportunity

⁹ See About Tribune: Board of Directors, http://www.tribune.com/about/bios/board_index.html (last visited Sept. 8, 2010).

to explain their reasons for declining to pursue the Claims. As such, there is no prejudice to the Debtors arising from the Committee's decision not to formally request that the Debtors file suit. The Committee therefore respectfully submits that a formal demand that the Debtors prosecute the Claims would have been futile and, given the circumstances here and the case law supporting such determination, that the Committee be excused from making such formal demand.

(c) **The Committee Is Seeking Prior Court Approval to Prosecute the Claims**

36. The third factor this Court considers when deciding whether to grant a Committee derivative standing is whether the Committee has sought Court approval prior to asserting claims on behalf of the estate. That factor is satisfied by the relief sought herein.

37. Therefore, pursuant to Bankruptcy Code sections 1103 and 1109 and relevant Third Circuit case law, the Committee should be granted standing to commence and prosecute causes of action on behalf of the Debtors' estates against the Defendants.

C. **An Action Brought by the Committee Could Potentially Enhance Insurance Recoveries**

38. Finally, there is an additional, practical reason why the Committee here should be granted standing to pursue the Claims. Under one of Tribune's executive liability insurance policies, certain exceptions to coverage that may be available to Tribune's insurer would not be applicable for claims brought by a creditors' committee. Therefore, an action brought by the Committee could increase the potential recoveries to the Debtors' unsecured creditors.

RESERVATION OF RIGHTS

39. The Committee reserves its rights to seek authority to commence and prosecute other claims and/or causes of action on behalf of the Debtors' estates against the Defendants or any other participant in or beneficiary of the LBO Transaction.

NO PRIOR REQUEST

40. No prior request for the relief sought herein has been made to this or any other court.

NOTICE

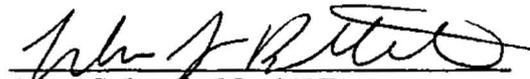
41. Notice of this motion has been given to (a) the Debtors; (b) counsel to the Debtors; (c) the Office of the United States Trustee for the District of Delaware; and (d) all other parties that have filed a notice of appearance in these cases. The Committee submits that such notice is sufficient and that no further notice of the relief requested in the Standing Motion is required.

CONCLUSION

42. This Court can and should authorize the Committee to bring the Claims on behalf of the Debtors' estates to recover damages caused by the Defendants' misconduct in connection with the ruinous LBO Transaction. The Committee therefore respectfully requests that the Court: (i) grant standing and authority to the Committee to commence, prosecute and, if necessary, settle the Claims on behalf of the Debtors' estates; and (ii) grant such other and further relief as the Court deems just and proper.

Dated: September 13, 2010
Wilmington, Delaware

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