

What does the Tribune sale mean for Chicago's media?



Chicago real estate billionaire Sam Zell is taking control of the Tribune Company in a complex \$8.2 billion sale. The sale of the Tribune Company, which controls vast media holdings including the *Chicago Tribune*, WGN and dozens of other outlets has significant implications for the public. The Federal Communications Commission (FCC) should ensure that certain public interest rules are in place as a condition of the sale.

For Sale: A media empire

The Tribune sale will include the *Chicago Tribune*; 25 other newspapers including the *Los Angeles Times*, WGN-TV Channel 9 in Chicago as well as 22 other TV broadcast stations; one radio station; 10 magazines, and several publishing companies, among other holdings including cable channel Superstation WGN and interests in America Online. The Tribune's holdings reach 80% of US households.



Tribune's special "cross-ownership" deal should come to an end

Currently, Tribune has the privilege of owning both newspapers and television stations in Chicago, Los Angeles, New York, Hartford (CT) and Fort Lauderdale because many years ago the FCC granted an exception to the rules that typically bar such "cross-ownership." According to FCC rules, this privilege is not transferable to a new owner. These rules are in place to prevent one company from controlling too much of what the public hears, sees and reads in a particular city.

Zell and Tribune are seeking 5 open-ended waivers in each of these cities, which would effectively gut the cross-ownership rule. The rule has been considered and affirmed by the U.S Supreme Court. Tribune has not offered any compelling public interest benefit to granting the waivers.

Why the Tribune sale impacts the public

The cross-ownership rule is one of the last standing FCC protections of media diversity and localism. It helps prevent one company from controlling too much of what the public hears, sees and reads in the media, sorely needed as the FCC has already allowed for unprecedented media consolidation.

The sale will result in \$13 billion debt load, generating economic pressures that may result in layoffs. The media industry has established a pattern of targeting news departments for downsizing when they restructure, making it ever more difficult for news departments to thoroughly and accurately cover the stories that matters to local communities. In fact, shortly after announcing the sale, Tribune announced 250 job cuts in Chicago and Los

Angeles. Allowing the waivers will further jeopardize the Tribune's ability to deliver quality news and information.

The sale represents a complex corporate restructuring that would allow Tribune to eliminate most of its corporate taxes. If a similar structure had been in place in 2006, Tribune would have avoided \$348 million in taxes.

Tribune will not have employee representation on the board of directors. According to Teamsters President, "If given a chance, Tribune employee-owners could play a crucial role in enhancing localism and diversity for the benefit of the public served by the Tribune."

According to the Chicago Tribune, Zell has "little background in media and none in journalism," which could negatively impact how the media empire is run.

The Federal Communications Commission must protect the public

The FCC should not grant the requested waivers. As long as the cross-ownership rule stands, Tribune should not get special treatment.

Upon transfer of ownership, the FCC *must ensure that the Tribune breaks up its holdings in cities* where it is in violation of the cross-ownership rules. Requiring the break up of these combinations will promote diverse views by allowing new owners.

The FCC should not further weaken media ownership rules. This issue brings attention to the question of whether media ownership rules are delivering diverse, local voices to Chicago. The FCC should recognize that by weakening these rules and allowing for ownership of the media to become more concentrated in fewer hands, the FCC would do a disservice to the quality of news and information the public receives. Weakening media ownership rules would also make it even harder for minorities and women to own media outlets, in turn silencing diverse points of view.

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