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June 11, 2007, 5:13PM

Tribune Deal Challenged With FCC

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CHICAGO — A group opposed to media consolidation sought Monday to block the sale of Tribune Co., saying the \$8.2 billion deal shouldn't be allowed to go through unless the conglomerate breaks up its joint newspaper and broadcast ownership in five cities.

Media Access Project, a public interest law firm, urged the Federal Communications Commission to deny Tribune's request for waivers from rules banning same-market ownership of television and newspapers.

The comment came as an FCC deadline expired for public input on the \$8.2 billion Tribune deal.

Led by real estate billionaire Sam Zell, the transaction to take Tribune private hinges on the company being able to transfer broadcast licenses to the new owner, an employee stock option plan.

The Chicago company, which owns 11 daily newspapers and 23 TV stations, has temporary waivers to operate broadcast and newspaper outlets in the same cities despite the ban. With a sale, it would no longer have a grandfathered exemption from cross-ownership rules in Chicago, Los Angeles, New York, Hartford, Conn., and Fort Lauderdale-Miami.

Washington-based Media Access Project said the waivers Tribune seeks in the wake of the proposed deal are designed solely to "facilitate a mind-boggling and complex tax-efficient restructuring" and are not in the public's best interest.

Andy Schwartzman, the group's president, noted that Tribune had several opportunities to sell its broadcast and newspaper properties separately.

"The underlying concern that drives this is that media concentration is bad for the public and diversification of media promotes democracy," he said. "Tribune seems to think that one set of rules should apply to it and another set of rules should apply to everyone else. The FCC's rules clearly contemplate divestiture of this cross-ownership whenever a sale takes place."

Tribune spokesman Gary Weitman said the company had no comment on any of the public input. "We intend to study the comments made today and respond at the appropriate time as part of the process moves forward," he said.

The only public comment posted on the FCC's Web site by late Monday, aside from Tribune's, came from the Georgetown University Law Center's Institute for Public Representation. In tandem with the Media Access Project, the institute voiced opposition to allowing a transfer of Tribune's licenses.

FCC spokesman David Fiske said the agency declined comment on the public statements and also would not say when a ruling is likely.

Tribune, which also needs shareholder approval of the deal, has said it expects the transaction to close in the fourth quarter.

Tribune shares fell 28 cents to \$31.30 in Monday trading.

Online:

<http://www.fcc.gov>