

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

In the Matter of)	
)	
Application of Shareholders of)	File Nos. on Attachment A
Tribune Company (Transferor) and)	MB Docket No. 07-119
Samuel Zell (Transferee))	
)	
For Consent to Transfer of)	
Control)	

COMMENTS 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 transfer control of the Tribune Company ("Tribune") and Tribune subsidiaries that are the licensees of multiple broadcast stations. Under the proposed transaction, a Tribune Employee Stock Ownership Plan (the "Tribune ESOP Plan") would become the 100 percent owner of the Tribune. The company will take on a large amount of additional debt to fund the transaction.¹ In connection with the Application, the parties have requested waivers of the Commission's multiple ownership rules relating principally to the newspaper-broadcast cross-ownership rule.²

¹ See "Tribune Co.'s Climb To Going Private Gets Steeper," Wall Street Journal (May 25, 2007) at http://online.wsj.com/article_email/SB118009184877914601-1MyQjAxMDE3ODEwMTAxOTExWj.html (Tribune has taken on more than \$7 billion in debt, at a higher interest rate and for a shorter term than had been anticipated, to fund the first stage of the buyout, and must raise \$4 billion in loans and bonds later this year to help pay for the second stage).

² See 47 C.F.R. § 73.3555.

The International Brotherhood of Teamsters (the "IBT") hereby comments on the Application. For reasons that are discussed below, the IBT is concerned with the fact that the employees of the Tribune apparently would have no voice in the governance of the Tribune, notwithstanding the fact that the employees would be the nominal owners of the Tribune ESOP Plan that would own the Tribune. The voice of Tribune employees in governance has important implications for the Commission's goals of diversity and localism.

The IBT asks that the Commission, in its evaluation of the Application and associated waiver requests under the public interest standard, take these factors into account. The proposed transaction is complex; all of its implications need to be understood fully before an informed decision can be made. Therefore, the Commission should not act on the Application until there has been a satisfactory demonstration that diversity and localism concerns have been adequately addressed or minimized.

II. INTEREST OF THE IBT

The IBT has a strong interest in this proceeding. Its 1.4 million members include approximately 2,000 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 their access to a diversity of news and opinions on public events depend on the outcome of the proposed venture.

The IBT is one of the largest labor unions in the world and its members understand well the importance of diversity and localism. The IBT is the most diverse

union in the United States; it represents workers in virtually every occupation and industry. Localism is a hallmark of the IBT, which is structured to promote strong local unions and strong local leaders. The members of each local elect their own officers, devise their own structure, and vote on their own bylaws, compatible with the International Constitution and Bylaws. The locals negotiate most Teamsters contracts and provide most of the services to the members. It is this devotion to diversity and localism, as well as the union's mission to protect the interests of working people, that prompts the IBT to urge the Commission to weigh the governance structure that the transferee proposes to put into place and to determine whether the public interest benefits of giving the Tribune ESOP Plan owners a meaningful voice in the governance of the licensee are needed to support a grant of the Application and the associated waiver requests.

III. DISCUSSION

A. Diversity and Localism Advance the Public Interest.

Diversity is a key element of the public interest standard. "In setting its licensing policies, the Commission has long acted on the theory that diversification of mass media ownership serves the public interest by promoting diversity of program and service viewpoints, as well as by preventing undue concentration of economic power."³ The Supreme Court has approved these licensing policies, holding that the Commission

³ *FCC v. Nat'l Citizens Comm. for Broad.*, 436 U.S. 775, 780, 56 L. Ed. 2d 697, 98 S. Ct. 2096 (1978).

“acted rationally in finding that diversification of ownership would enhance the possibility of achieving greater diversity of viewpoints.”⁴

Localism also is a bedrock principle underlying the Commission’s media ownership policies. It is one of the Commission’s “longstanding goals” and remains a “core agency objective[.]”⁵ “Localism is rooted in Congressional directives to ... [the] Commission and has been affirmed as a valid regulatory objective many times by the courts.”⁶ “The Commission ensures that license transfers serve public goals of diversity, competition, and localism.”⁷

B. The Tribune’s Employees Apparently Would Have No Voice in the Governance of the Tribune.

Despite the incontrovertible benefits of diversity and localism in broadcast ownership, there does not appear to be any inclination to rely on the inherent diversity and localism enhancements presented by having ownership of the Tribune’s broadcast stations reside in the Tribune ESOP Plan.

The transfer of control application forms (FCC Form 315) that were filed as part of the Application and the public notice accepting the Application for filing identify the transferee as “Samuel Zell.”⁸ There has been no indication to date that Mr. Zell represents the interests of the Tribune’s employees, and as an individual he cannot possibly represent the views and interests of the public in the various communities

⁴ *Id.* at 796.

⁵ 2002 *Biennial Regulatory Review*, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd. 13620 (July 2, 2003) at ¶17, *rev’d on other grounds, Prometheus Radio Project v. FCC*, 373 F.3d 372 (3d Cir. 2004) (“*Prometheus*”).

⁶ *Id.* ¶ 73.

⁷ *Prometheus*, 373 F.3d at 414.

⁸ Public Notice, Report No. 26483 (May 10, 2007).

served by the Tribune's broadcast stations. In the exhibits accompanying the application forms, the parties propose that, through a series of transactions, the Tribune become a wholly-owned subsidiary of the Tribune ESOP Plan. In addition, the Tribune would issue a subordinated note and warrants for up to 40 percent of new stock of the Tribune to EGI-TRB, L.L.C. ("EGI-TRB"), a company owned by a trust established by Mr. Zell for the benefit of members of his family.

Based on the information provided, it appears that the Tribune's employees would have no voice in the governance of the company. The trustee of the Tribune ESOP Plan, which would be the Tribune's sole shareholder, would vote the plan's Tribune stock. Although the Tribune's employees are the beneficiaries of the plan, they would have no opportunity or ability to vote for the trustee, which already has been selected.⁹ Moreover, the members of the Tribune's ESOP Plan Committee who are identified in Exhibit 14 of the Application all have Illinois addresses, despite the fact that the Tribune's stations and employees are based throughout the country.

The Board of the Tribune would consist of up to nine members.¹⁰ Pursuant to Article II of an Investor Rights Agreement that was filed with the Application, EGI-TRB would designate two members of the board. One of those members would be Mr. Zell, who would serve as Chairman of the Board.¹¹ As the company's sole shareholder, the

⁹ The Tribune Employee Stock Ownership Trust, which was filed with the Application, makes GreatBanc Trust Company the trustee of the plan. Section 5.2 of the Tribune Employee Stock Ownership Trust vests the power to replace the trustee in the Tribune. Since (for reasons that are stated in the discussion that follows) the Tribune's employees have no role in selecting the Tribune's directors, those employees also have no role in replacing the trustee, either.

¹⁰ See Application, Exhibit 14, n. 1.

¹¹ See Application, Exhibit 14, n. 2.

Tribune ESOP Plan would designate the remaining members of the board and, as discussed above, the Tribune's employees do not vote for the trustee of the plan. It appears, therefore, that the Tribune's employees would not have the ability, either directly or through their interest in the Tribune ESOP Plan, to have any voice in the governance of the licensee.

C. Giving Tribune Employees a Voice in Governance Would Enhance Localism and Diversity.

If given a chance, the Tribune's employees could play a crucial role in enhancing localism and diversity at the company. These enhancements would support Commission findings that the proposed transaction is in the public interest and that there is good cause for granting the waivers the parties have requested.

Giving the Tribune's employees a voice in governance would be the essence of localism. The employees operate the company's broadcast properties and live and work in the areas that the broadcast properties serve. They are intimately familiar with the needs and interests of the areas served; satisfying those needs and interests is their job. If the Tribune's employees are given a role in company governance, they will serve as advocates for the local perspective.

The employees also have a role to play in diversity. They consist of more than 21,000 individuals spread across the country¹² who occupy a multitude of media positions.¹³ A broad mix of minorities undoubtedly is included in the Tribune's

¹² See <http://www.tribune.com/employment/index.html>.

¹³ The company offers "opportunities in reporting, publishing, broadcast, operations and television entertainment and production, and the emerging field of new media."
<http://www.tribune.com/employment/index.html>.

employee base.¹⁴ If the employees are permitted to participate in Tribune management, they can diversify the viewpoints within the company and contribute to more diverse programming.

CONCLUSION

Accordingly, and for the foregoing reasons, the IBT urges the Commission to take a close look at the proposed ownership structure of the transferee and to determine if the core goals of diversity and localism could be fostered. The Commission should not act on the Application until there has been a satisfactory demonstration that diversity and localism concerns have been adequately addressed or minimized.

Respectfully submitted,

INTERNATIONAL BROTHERHOOD OF
TEAMSTERS

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June 11, 2007

¹⁴ The Tribune "focuses on recruiting, developing, retaining and advancing employees of diverse backgrounds to enhance ... market performance and remain competitive."
<http://www.tribune.com/employment/diversity.html>.

Attachment A

BTC-20070501AGF

BTCCT-20070501AEY

BTCCT-20070501AEZ

BTCCT-20070501AFC

BTCCT-20070501AFD

BTCCT-20070501AFE

BTCCT-20070501AFF

BTCCT-20070501AFG

BTCCT-20070501AFJ

BTCCT-20070501AFK

BTCCT-20070501AFL

BTCCT-20070501AFM

BTCCT-20070501AFN

BTCCT-20070501AFR

BTCCT-20070501AFS

BTCCT-20070501AFT

BTCCT-20070501AFZ

BTCCT-20070501AGB

BTCCT-20070501AGC

BTCCT-20070501AGE

BTCCT-20070501AGG

BTCCT-20070501AGL

BTCCT-20070501AGM

BTCCT-20070501AGO

BTCCT-20070501AGP

BTCTTL-20070501AFO

BTCTTL-20070501AFP

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BTCTVL-20070501AFU

BTCTT-20070501AFV

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BTCTT-20070501AFX

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Comments was sent by first class mail, this 11th day of June, 2007, to each of the following:

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