

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re	)	Chapter 11
	)	
TRIBUNE COMPANY, <u>et al.</u> , <sup>1</sup>	)	Case No. 08-13141 (KJC)
	)	
Debtors.	)	Jointly Administered
	)	

**AMENDED SPECIFIC DISCLOSURE STATEMENT FOR JOINT PLAN OF  
REORGANIZATION FOR TRIBUNE COMPANY AND ITS SUBSIDIARIES  
PROPOSED BY KING STREET ACQUISITION COMPANY, L.L.C., KING  
STREET CAPITAL, L.P. AND MARATHON ASSET MANAGEMENT, L.P.**

Dated: ~~November~~December [•], 2010

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**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE  
BRIDGE LENDER PLAN. THIS BRIDGE LENDER SPECIFIC DISCLOSURE  
STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN  
APPROVED BY THE BANKRUPTCY COURT. SOLICITATION OF ACCEPTANCE  
OR REJECTION OF THE BRIDGE LENDER PLAN MAY OCCUR ONLY AFTER THE  
BANKRUPTCY COURT APPROVES THIS BRIDGE LENDER SPECIFIC  
DISCLOSURE STATEMENT.**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are listed on the following page.

## A. Parties Entitled to Vote on the Bridge Lender Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are not impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Creditors or equity interest holders whose claims or interests are impaired by a plan, but who will receive no distribution under the plan, are also not entitled to vote because they are deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code.

The following summary chart sets forth the Classes that are entitled to vote on the Bridge Lender Plan:

Class	Description
1C	Step One Senior Loan Claims
1D	Step Two Senior Loan Claims
1E	Bridge Loan Claims
1F	Senior Noteholder Claims
1G	Other Parent Claims
1H	EGI-TRB LLC Notes Claims
1I	PHONES Notes Claims
1K <sup>3</sup>	Subordinated Securities Claims
50C-111C	Step One Senior Loan Guaranty Claims
50D-111D	Step Two Senior Loan Guaranty Claims
50E-111E	Bridge Loan Guaranty Claims
50F-111F	Other Guarantor Debtor Claims

Please refer to Article III of the Bridge Lender Plan for a detailed description of the classification of Claims against and Interests in the Debtors under the Bridge Lender Plan. A list of the Debtors and the number corresponding to each Debtor for classification purposes is included as Appendix A to the Bridge Lender Plan.

Detailed instructions for completing the ballot included in the package containing this Bridge Lender Specific Disclosure Statement are set forth in Article IX of the General Disclosure Statement.

<sup>3</sup> [Under the Bridge Lender Plan, any Claims against the Debtors by or on behalf of the ESOP or any present or form participants in the ESOP \(in their capacity as such\) is treated as a Subordinated Securities Claim against Tribune \(Class 1K\); provided, however, that, in the event the Bankruptcy Court determines that the ESOP or any present or former participants in the ESOP \(in their capacity as such\) has an Allowed Claim against a Guarantor Debtor or Non-Guarantor Debtor, such Allowed Claim shall constitute an Other Guarantor Debtor Claim or an Other Non-Guarantor Debtor Claim, as applicable, against each Filed Subsidiary Debtor.](#)

settlements, but the Proponents encourage them to accept what the Proponents believe to be fair resolutions of the LBO-Related Causes of Action. The Bridge Lender Plan provides the opportunity for a consensual resolution of several critical and fact-intensive litigation issues, but confirmation and effectiveness of the Bridge Lender Plan are not conditioned upon such resolution. Thus, the Bridge Lender Plan provides the opportunity for a truly consensual settlement of the LBO-Related Causes of Action against the LBO Lenders, while allowing any or all unresolved Litigation Trust Causes of Action, as well as State Law Avoidance Claims and D&O Claims, to proceed post-Confirmation. The proposed Plan Settlements are described in Section 5.15 of the Bridge Lender Plan.

If one or more Plan Settlements are not accepted by the applicable LBO Lender constituencies and approved by the Bankruptcy Court, the Bridge Lender Plan provides that the associated litigation related to the Leveraged ESOP Transaction will be preserved and, following the Effective Date, will be prosecuted by a multi-trust structure comprised of the Litigation Trust and the Creditors' Trust,<sup>34</sup> while still providing a substantial distribution of the Debtors' total DEV upon the Debtors' emergence from chapter 11.

The Proponents believe that the alternative Plan Settlement/Trust structure is preferable to the other reorganization structures proposed in the various competing plans filed in the Debtors' Chapter 11 Cases. First, it is far preferable to the one-sided "settlement" in the Debtor/Committee/Lender Plan, which is proposed by the Debtors (who are admittedly conflicted in bringing the LBO-Related Causes of Action) and various defendants of those claims. It appears that no holders of Pre-LBO Debt have agreed to the so-called settlement in the Debtor/Committee/Lender Plan. Moreover, the Proponents believe the Debtor/Committee/Lender Plan selectively and intentionally ignores legal issues and potential litigation outcomes which would be beneficial to the Bridge Loan Lenders, is otherwise unfair in critical respects and is unconfirmable.

<sup>34</sup> The causes of action that may be prosecuted by the Trusts include, among other things, litigation regarding (i) the avoidability of the indebtedness incurred by the Debtors in connection with the Leveraged ESOP Transaction, (ii) whether recipients of pre-Effective Date payments in respect of the debt incurred pursuant to the Leveraged ESOP Transaction will be required to disgorge such payments, (iii) whether the shareholders that had their stock redeemed in connection with the Leveraged ESOP Transaction will be required to disgorge such payments, (iv) claims against the Debtors' officers and directors, (v) claims against Sam Zell and his Affiliates, (vi) to the extent not determined prior to the Effective Date, the enforceability of the Bridge Loan Subordination Provision, (vii) to the extent not determined prior to the Effective Date, the enforceability of the Intercompany Claims Subordination Provision and the allocation of value between Tribune, on the one hand, and the Guarantor Subsidiaries, on the other hand, (viii) to the extent not determined prior to the Effective Date, the PHONES Notes Claims Resolution, (ix) to the extent not determined prior to the Effective Date, the Senior Loan Claim Sharing Resolution, (x) to the extent not determined prior to the Effective Date, the appropriate treatment of Intercompany Claims, (xi) the Morgan Stanley Claims, which arise from, among other things, the Debtors' retention of MSCS, a certain swap transaction and the disposition of certain notes, bonds and other indebtedness held by MSCS; (xii) Intercompany Claims Avoidance Actions; (xiii) all claims and Estate causes of action under chapter 5 of the Bankruptcy Code that are not Abandoned Claims (the foregoing, together with any other causes of action that may be prosecuted by the Litigation Trust and the Creditors' Trust, are referred to as the "Trust Causes of Action"). To the extent any Trust Causes of Action are commenced prior to the Effective Date, control over the prosecution of such causes of action will be transferred to the Litigation Trust or the Creditors' Trust, as applicable, on the Effective Date pursuant to the terms of the Bridge Lender Plan.

Further, the Plan Settlements provide the opportunity for constituencies to more fairly resolve the LBO-Related Causes of Action against them and avoid extensive post-Confirmation litigation. However, in either case, the Bridge Lender Plan will be able to go effective expeditiously and with fewer conditions than other plans of reorganization that have been proposed in the Debtors' Chapter 11 Cases.

The Plan Settlements are, to varying extents, predicated on the Debtors having total DEV of \$6.75 billion (with \$5.825 billion, or 86.3%, allocated to the Filed Subsidiary Debtors and the remaining \$925 million, or 13.7%, allocated to Tribune).<sup>45</sup> Under the Trust structure, total DEV and allocation of DEV among the Debtors will be determined at Confirmation.

Finally, under either the Plan Settlements or the Trust structure, all Allowed Administrative Expense Claims, Allowed DIP Facility Claims, and Allowed Priority Tax Claims against Tribune will be paid in full; all Allowed Priority Non-Tax Claims, Allowed Other Secured Claims, and Interests in the Guarantor Debtors and Non-Guarantor Debtors will be Reinstated; all Intercompany Claims will be Allowed (subject to the resolution thereof outlined in Section II.A.1.d.ii.(7)); and there will be no recovery on account of the Tribune Interests.

#### **A. Proposed Bridge Lender Plan Treatment and Estimated Recoveries<sup>56</sup>**

Set forth below, in respect of both the Plan Settlement and Trust structures, are summary charts of the treatment of and the recovery estimates for Holders of Allowed Claims and Interests under the Bridge Lender Plan. Also set forth below is a more detailed explanation of each Bridge Lender Plan structure's terms, elements and conditions.

##### **1. Proposed Plan Settlements**

The Bridge Lender Plan provides that the LBO Lender constituencies (Step One Lenders, Step Two Lenders and Bridge Loan Lenders) may accept certain Plan Settlements, thus giving

<sup>45</sup> This allocation is premised upon, among other things, the Allowance of all Intercompany Claims and the enforcement of the Intercompany Claims Subordination Provision. If the Intercompany Claims Subordination Provision is not enforced, then the Proponents reserve the right to challenge Intercompany Claims at Confirmation. The Proponents further reserve their rights to assert that the DEV should be different than \$6.75 billion or that the allocation of the DEV among Tribune and the Subsidiaries should be different than the allocation set forth in the Debtor/Committee/Lender Plan. The Trust structure allows for the determination of total DEV and allocation thereof to be made at Confirmation.

<sup>56</sup> The projections of estimated recoveries are only estimates and may be subject to a number of variables, including, without limitation, the amount of allowed claims in any particular Class. Any estimates of Claims or Interests in this Bridge Lender Specific Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. As a result of the foregoing and other uncertainties which are inherent in the estimates, the estimated recoveries in this Bridge Lender Specific Disclosure Statement may vary from the actual recoveries received. In addition, the ability to receive distributions under the Bridge Lender Plan depends upon the ability of the Proponents to obtain confirmation of the Bridge Lender Plan and meet the conditions to confirmation and effectiveness of the Bridge Lender Plan, as discussed in this Bridge Lender Specific Disclosure Statement. Accordingly, the recoveries set forth below are projected recoveries only and may change based upon changes in the amount of Allowed Claims and Interests as well as other factors related to the Debtors' business operations and general economic conditions. Reference should be made to the entire Bridge Lender Specific Disclosure Statement and the Bridge Lender Plan for a complete description of the classification and treatment of Allowed Claims against and Interests under the Bridge Lender Plan.

a) Summary Chart of Plan Settlement Recoveries

	<b>Step One Lenders</b>	<b>Step Two Lenders</b>	<b>Senior Noteholders</b>	<b>PHONES Noteholders</b>	<b>Other Parent Claims</b>	<b>Other Guarantor Debtor Claims</b>
<b>Step One Lender Settlement</b>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 66.3% (71.0% if the Step Two Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$4.389 billion of DEV                      . 25% of the Trust Interests (to be shared pro rata with the Step Two Lenders if the Step Two Lender Settlement is approved)</p> <p><u>See Section 5.15(a)(i) of the Bridge Lender Plan.</u></p>	<p>See Step Two Lender Settlement.</p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 46.8% (58.5% if Step Two Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$600 million in Cash                      . 50% of the Trust Interests</p> <p><u>See Section 5.15(a)(ii)(C) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 5.3% (9.9% if the Step Two Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$40 million in Cash                      . 20% of the Trust Interests</p> <p><u>See Section 5.15(a)(ii)(D) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 48.2% (58.8% if the Step Two Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$55 million in Cash                      . 5% of the Trust Interests</p> <p><u>See Section 5.15(a)(ii)(A) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: 100%</p> <p><u>Form of Recovery</u>: Paid in full in Cash (approximately \$85 million).</p> <p><u>See Section 5.15(a)(ii)(B) of the Bridge Lender Plan.</u></p>
<b>Step Two Lender Settlement</b>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 4.7% (71.0% if the Step One Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$309 million of DEV</p> <p><u>See Section 5.15(b)(ii) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 45.1%</p> <p><u>Form of Recovery</u>:                      . \$950 million of DEV                      . 25% of the Trust Interests (if the Step One Lender Settlement is also approved and in such case to be shared pro rata with the Step One Lenders)</p> <p><u>See Section 5.15(b)(i) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 11.7% (58.5% if Step One Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$150 million in Cash</p> <p><u>See Section 5.15(b)(ii) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 4.6% (9.9% if the Step One Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$35 million in Cash</p> <p><u>See Section 5.15(b)(ii) of the Bridge Lender Plan.</u></p>	<p><u>Estimated Recovery Percentage on Effective Date</u>: At least 10.5% (58.8% if the Step One Lender Settlement is also approved)</p> <p><u>Form of Recovery</u>:                      . \$12 million in Cash</p> <p><u>See Section 5.15(b)(ii) of the Bridge Lender Plan.</u></p>	No additional recovery.
<b>Bridge Loan Lender Settlement</b>	<p><u>If the Step One Lender Settlement is approved</u>: the Bridge Loan Lenders will receive an estimated recovery percentage on the Effective Date of 7.7% in the form of \$125 million in Cash.</p> <p><u>If the Step One Lender Settlement is not approved and the Bridge Loan Lender Settlement is approved on a standalone basis</u>: the Bridge Loan Lenders will receive an estimated recovery percentage on the Effective Date of at least 7.7% in the form of \$125 million in Cash, and 5% of the Creditors' Trust Interests.</p> <p>In either case, the Original Bridge Loan Lenders will forgo Cash and Trust recoveries in exchange for releases.<sup>67</sup></p>					

This settlement chart indicates the Effective Date recoveries only if the applicable Plan Settlements described therein are approved. In the event any or all Plan Settlements are not accepted by the applicable Creditor classes and approved by the Bankruptcy Court, the Trust structure will take effect with respect to such Creditor classes, who will receive Initial Distributions on the Effective Date consistent with the Noteholder Plan (as defined in the Bridge

<sup>67</sup> This percentage recovery estimate does not take into account Claims held by Original Bridge Loan Lenders. The percentage recovery for the Bridge Loan Lenders increases to the extent cash distributions are not made in respect of the Claims of the Original Bridge Lenders.

The range of recoveries for each constituency in the Examiner’s Report is as follows:

Constituency	Range of Recoveries <sup>78</sup>
Senior Loan Claims	\$4.671 billion (case 6) – \$7.013 billion (case 5)
Bridge Loan Lender Claims	\$0 (cases 7 & 8) – \$278.61 million (case 6)
Senior Noteholder Claims	\$95.1 million (case 2) – \$1.306 billion (case 6)
PHONES Notes Claims	\$0 (cases 2-5, 7) – \$772.36 million (case 6)
EGI-TRB LLC Notes Claims	\$0 (all cases but 6) – \$59.87 million (case 6)
General Unsecured Claims	\$10.29 million (case 2) – \$202.33 million (case 6)

While all parties certainly may take issue with various findings or conclusions in the Examiner’s Report, at the very least, it is clear from the Examiner’s Report that there is a wide range of potential outcomes of the LBO-Related Causes of Action. These include complete failure of the claims seeking to avoid both step one and step two of the Leveraged ESOP Transaction (“Step One” and “Step Two”, respectively), resulting in the Senior Loan Claims and the Bridge Loan Claims being allowed in full and a complete victory for the plaintiffs that would result in both steps being found to be fraudulent transfers with respect to both Tribune and the Guarantor Subsidiaries. There are numerous other potential permutations and variables that could affect the range that the Examiner did not explore.

ii) Bases for Plan Settlement Treatments

(1) Bridge Loan Lenders

The Bridge Lender Plan provides that, if the Bridge Loan Lender Settlement and the Step One Lender Settlement are approved, the Holders of Bridge Loan Lender Claims (other than the Original Bridge Loan Lenders) will receive \$125 million, which is approximately 7.7%<sup>89</sup> of their Claims. If the Bridge Loan Lender Settlement is approved on a standalone basis (i.e., without approval of the Step One Lender Settlement), the Holders of Bridge Loan Lender Claims (other than the Original Bridge Loan Lenders) will receive \$125 million, which is an estimated 7.7% of their Claims, and 5% of Creditors’ Trust Interests.

The proposed Bridge Loan Lender recovery is fair for a number of reasons. First, the Bridge Loan Lenders are uniquely situated in that they are the only LBO Lender defendants to LBO-Related Causes of Action for whom recoveries in a scenario where Step One is avoided (up

<sup>78</sup> These estimated recoveries are based on the Debtors’ previous total enterprise value for the Debtors of \$6.1 billion. Since the Examiner’s Report was issued, the Debtors have increased the total enterprise value for the Debtors to \$6.75 billion. All such additional value is allocated by the Debtors to the Guarantor Subsidiaries. If accepted, this only impacts the range of recovery for the Senior Loan Claims.

<sup>89</sup> See note 6.

DEV was strategic, and specifically designed to favor the Guarantor Debtors so as to enhance the recovery of the Senior Lenders in these Chapter 11 Cases.

At this juncture, the Proponents believe an appropriate resolution would be to simply Allow all Intercompany Claims. The Intercompany Claims Subordination Provision in the Bridge Loan Guaranty Agreement states that “any indebtedness of [Tribune] now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full in cash of the Guaranteed Obligations . . .” The Proponents believe that this provision indisputably requires that no payments may be made by Tribune to any of the Guarantor Subsidiaries on account of Intercompany Claims until the Bridge Loan Claims are repaid in full in Cash. Thus, if all Intercompany Claims are Allowed, the Guarantor Debtors are indebted to Tribune on account of aggregate Intercompany Claims in excess of \$1.4 billion. Further, Guarantor Debtors are indebted to Non-Guarantor Debtors, including Tribune Finance Service Center LLC, on account of aggregate Intercompany Claims in excess of \$17 billion. Once the foregoing is taken into account (and subject to further information and analysis obtained in connection with discovery), without remitting value from Tribune to the Guarantor Debtors on account of Intercompany Claims owed by Tribune (because it is prohibited by the Intercompany Claims Subordination Provision), the value distributed by Tribune to Allowed Claims, other than Intercompany Claims, increases from \$564 million to \$1.041 billion. This would result in a materially higher recovery for the Holders of Bridge Loan Lender Claims because such claims are *pari passu* at Tribune. In such case, the baseline recovery for the Bridge Loan Lenders (*i.e.*, if the Leveraged ESOP Transaction is not avoided) would be approximately \$144 million. Notably, the Plan Settlements require only \$925 million of DEV to be attributed to Tribune.

**If the Intercompany Claims Subordination Provision is not enforced, then the Proponents reserve the right to challenge Intercompany Claims at Confirmation.**

2. Description of Trust Structure<sup>910</sup>

If one or more Plan Settlements are not accepted by the applicable creditor constituencies and approved by the Bankruptcy Court, the Trust structure will take effect with respect to such constituencies, who will receive Initial Distributions on the Effective Date consistent with the Noteholder Plan, adjusted based on the allocation of value as between Tribune and the Guarantor Subsidiaries determined by the Bankruptcy Court at Confirmation.

Under the Bridge Lender Plan, three distinct trusts will be created on the Effective Date: (i) a Litigation Trust; (ii) a Distribution Trust; and (iii) a Creditors’ Trust. The Trusts are structured such that the Litigation Trust is a sub-trust of the Distribution Trust, while the Creditors’ Trust is an unrelated entity.

The Litigation Trust will be created in order to prosecute the Litigation Trust Causes of Action, which will be transferred from the Debtors’ Estates to the Litigation Trust on the Effective Date of the Bridge Lender Plan, along with all of the rights of the Debtors and the Creditors’ Committee with respect to the Litigation Trust Causes of Action necessary to protect, conserve, and liquidate all Litigation Trust Causes of Action as quickly as reasonably

<sup>910</sup> In all respects, the Trust structure is subject to acceptance and approval by the Bankruptcy Court of one or more Plan Settlements.

from its assets and obtain from other sources additional financing, if necessary, in each case as set forth in the applicable trust agreement.

a) Initial Distributions under the Trust Structure

Except for certain initial Cash distributions, subject to approval of any Plan Settlements, Initial Distributions to all Classes of Impaired Claims entitled to an Initial Distribution will be comprised of a “strip” of consideration consisting of a Pro Rata share of: (i) New Common Stock and/or New Warrants; (ii) the New Senior Secured Term Loan; and (iii) Cash.

After Initial Distributions are made, the remaining DEV will be placed into the Distribution Trust and reserved for distribution to Creditors pending the determination of the Litigation Trust Causes of Action and, if not determined in connection with Confirmation, the Senior Loan Claim Sharing Resolution and the PHONES Notes Claims Resolution. In addition to providing for a substantial portion of the Debtors’ DEV to be distributed to Creditors on the Effective Date, or as soon thereafter as practicable, subject to any Plan Settlements, the Trust structure also avoids any possibility that Initial Distributions will be subject to disgorgement based on the outcome of the Litigation Trust Causes of Action or, to the extent not determined prior to the Effective Date, the Senior Loan Claim Sharing Resolution, since Initial Distributions are generally based upon the minimum distribution each Class would be entitled to receive regardless of the outcome of the Trust Causes of Action and the allocation of the DEV among Tribune and the Subsidiaries as set forth in the Debtor/Committee/Lender Plan.<sup>+011</sup>

To calculate the Initial Distributions and potential future distributions under the Trust structure, the Bridge Lender Plan provides that the Bankruptcy Court will determine the total DEV for the Tribune Entities in connection with the Confirmation Hearing. The Bankruptcy Court will also determine, in connection with the Confirmation Hearing, the allocation of the DEV among Tribune and the Subsidiaries (on a consolidated basis), which may include allocations based on the value of Intercompany Claims. The Proponents believe that the DEV and the ultimate allocation of DEV determined by the Bankruptcy Court may differ from the total DEV contained in the Debtor/Committee/Lender Plan and the allocation of value contained in the Debtor/Committee/Lender Plan and accordingly, Initial Distributions shall be based on such DEV and the allocation of such DEV among Tribune and the Subsidiaries (on a consolidated basis) as is determined by the Bankruptcy Court in connection with Confirmation.<sup>+12</sup>

Under the Bridge Lender Plan, subject to any Plan Settlement approved by the Bankruptcy Court, the following Holders of Impaired Claims will receive Initial Distributions: (i) Step One Lenders; (ii) Senior Noteholders; (iii) Holders of Other Parent Claims; (iv) Holders

<sup>+011</sup> Notwithstanding anything contained in the Bridge Lender Plan, subject to any Plan Settlements, under the Trust structure all current and former Holders of Loan Claims and all Loan Agents and advisors that received payments in respect of such Claims or in connection with the incurrence of obligations of the Debtors prior to the Effective Date (whether on account of principal, interest, fees, expenses or otherwise) may be required to disgorge such amounts based on the final resolution of the Litigation Trust Causes of Action.

<sup>+12</sup> The Proponents reserve their rights, in connection with Initial Distributions under the Trust structure, to assert that the DEV should be different than \$6.75 billion or that the allocation of the DEV among Tribune and the Subsidiaries should be different than the allocation set forth in the Debtor/Committee/Lender Plan. The determination of total DEV and allocation thereof will be addressed at Confirmation.



of Other Guarantor Debtor Claims; and (v) Holders of Other Non-Guarantor Debtor Claims. Additionally, Step Two Lenders may receive Initial Distributions, but only in the event that the Bankruptcy Court determines that the sharing provisions of the Senior Loan Agreement are enforceable regardless of whether Step Two Senior Loan Claims or Step Two Senior Loan Guaranty Claims are avoided. Furthermore, the Bridge Loan Lenders may receive Initial Distributions, but only in the event that the Bankruptcy Court determines that the Bridge Loan Subordination Provision is unenforceable. Certain Creditors, including Bridge Loan Lenders, PHONES Noteholders, EGI-TRB LLC Noteholders and Holders of Subordinated Securities Claims will not receive an Initial Distribution under the Bridge Lender Plan.

For the purpose of calculating the Initial Distributions at Tribune, subject to any Plan Settlement approved by the Bankruptcy Court, the Parent Consideration will, in the first instance, be divided Pro Rata among all Impaired Classes of Claims at Tribune ~~(other than Interecompany Claims)~~. For the avoidance of doubt, all such Classes (i.e., Step One Senior Loan Claims, Step Two Senior Loan Claims, Bridge Loan Claims, Senior Noteholder Claims, PHONES Notes Claims, EGI-TRB LLC Notes Claims, Other Parent Claims and Subordinated Securities Claims) will be treated *pari passu* for purposes of allocating the Initial Distributions, without regard to any subordination provisions in the applicable credit documents or under applicable law or any potential claims for, among other things, avoidance or subordination.

Each Holder of an Allowed Other Non-Guarantor Debtor Claim will receive under the Trust structure payment in full in Cash on account of its Allowed Claim at the same time as all other Initial Distributions.

After the Initial Distributions on account of Senior Noteholder Claims (including a Pro Rata share of the distributions that would be allocable in respect of the PHONES Notes Claims and EGI-TRB LLC Notes Claims but for the subordination provisions contained in the applicable credit documents), Other Parent Claims, Other Guarantor Debtor Claims and Other Non-Guarantor Debtor Claims are accounted for, and subject to any Plan Settlement approved by the Bankruptcy Court, and in order to ensure that DEV sufficient to satisfy all remaining Pre-LBO Debt Claims in full will be available for distribution in the event the LBO Debt is avoided, all remaining DEV will be deemed consolidated into one pool of DEV (the “Remaining Consideration Pool”). From the Remaining Consideration Pool, an amount of DEV sufficient to compensate all Pre-LBO Debt Claims (i.e., all Senior Noteholder Claims, PHONES Notes Claims (including PHONES Notes Exchange Claims that are classified as PHONES Notes Claims), Other Parent Claims, Other Guarantor Debtor Claims and Subordinated Securities Claims arising from Pre-LBO Debt, if any, in full, after giving effect to the Initial Distributions discussed above, will be placed into the Distribution Trust Reserve (such amount referred to herein as the “Non-LBO Debt Reserve DEV”). After reservation of the Non-LBO Debt Reserve DEV, all remaining DEV in the Remaining Consideration Pool (the “LBO Debt Reserve DEV”) will be allocated, on a Pro Rata basis, and without regard to the subordination provisions in the applicable credit documents or any potential claims for, among others, avoidance or subordination, among the Step One Lender Claims, the Step Two Lender Claims and the Bridge Loan Lender Claims.

Holders of Step One Lender Claims will receive under the Trust structure an Initial Distribution equal to their Pro Rata share of the LBO Debt Reserve DEV (i.e., their own worst-

case recovery if all LBO-Related Causes of Action were successful). Additionally, in the event that the Senior Loan Claim Sharing Resolution enforces the sharing provisions of the Senior Loan Agreement, Holders of Step Two Lender Claims will also receive under the Trust structure their Pro Rata share of the LBO Debt Reserve DEV. The Pro Rata share of the LBO Debt Reserve DEV in respect of (i) the Bridge Loan Lender Claims and (ii) if the sharing provisions of the Senior Loan Agreement are found not to apply (or the Court defers consideration of the Senior Loan Claim Sharing Resolution), the Step Two Lender Claims, will be transferred to the Distribution Trust Reserve, in each case for ultimate distribution in accordance with the Litigation Distribution Orders.

For the avoidance of doubt, Initial Distributions to LBO Lenders, to the extent applicable, will be on account of their Senior Loan Claims against both Tribune and the Guarantor Debtors, with the ultimate allocation of such distribution among Tribune and the Guarantor Debtors determined in connection with the Litigation Distribution Orders and will not be subject to disgorgement.

b) Distributions of Distribution Trust Interests and Creditors' Trust Interests

In addition to the Initial Distributions set forth above, the Trust structure provides that most Creditors will also receive interests in the Distribution Trust and, in some circumstances, interests in the Creditors' Trust. Each type of Trust Interest provides the Holder thereof with separate and distinct rights, and future distributions (if any) to all Creditors will be based upon their Trust Interests. Whether a Class receives distributions on account of its Trust Interests will depend, among other things, on the final resolution of the Trust Causes of Action, as well as upon the Senior Loan Claim Sharing Resolution.

The Distribution Trust Interests shall, subject to the approval of any Plan Settlements, determine the future distributions of the Distribution Trust Reserve, as well as the proceeds of the Litigation Trust Causes of Action, in accordance with the Litigation Distribution Orders, the Senior Loan Claim Sharing Resolution and the PHONES Notes Claim Resolution. All Classes of Impaired Claims, ~~other than Interecompany Claims~~, shall, subject to the approval of any Plan Settlements, be eligible to receive Distribution Trust Interests; provided, however, that, to the extent applicable, subject to the Claims Purchase Price Caps, Holders of Other Parent Claims and Other Guarantor Debtor Claims that elect the Other Parent Claims Put Option or Other Guarantor Debtor Claims Put Option, respectively (and if applicable), shall not be entitled to receive Distribution Trust Interests as such Distribution Trust Interests will, instead, be distributed to the Claims Purchaser.

Under the Bridge Lender Plan, Aurelius or its designee has the option to act as Claims Purchaser. If Aurelius does not act as Claims Purchaser, or designate a party to act as Claims Purchaser, the Put Option will not be available.

Similarly, subject to the approval of any Plan Settlements, the Creditors' Trust Interests will determine the future distributions of the proceeds of the State Law Avoidance Claims and claims and causes of action against the Debtors' officers and directors (the "D&O Claims"), in accordance with the Creditors' Trust Distribution Orders, the Senior Loan Claim Sharing

**VII. CONCLUSION AND RECOMMENDATION**

The Proponents believe that confirmation of the Bridge Lender Plan is preferable to the alternatives because the Proponents believe it is fairest, most confirmable and provides the greatest opportunity for Holders of Claims against and Interests in any of the Debtors to resolve all issues and avoid extensive delays and increased administrative expenses.

**Accordingly, the Proponents urge all Holders of Claims entitled to vote on the Bridge Lender Plan to vote to accept the Bridge Lender Plan and to evidence such acceptance by returning their Ballots so that they are received no later than \_\_\_\_\_ (prevailing Eastern Time) on \_\_\_\_\_.**

Dated: ~~November~~December [•], 2010

KING STREET ACQUISITION COMPANY, L.L.C.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

KING STREET CAPITAL, L.P.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MARATHON ASSET MANAGEMENT, L.P.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_