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**Tribune Company**  
2010 MIP & Relative Compensation

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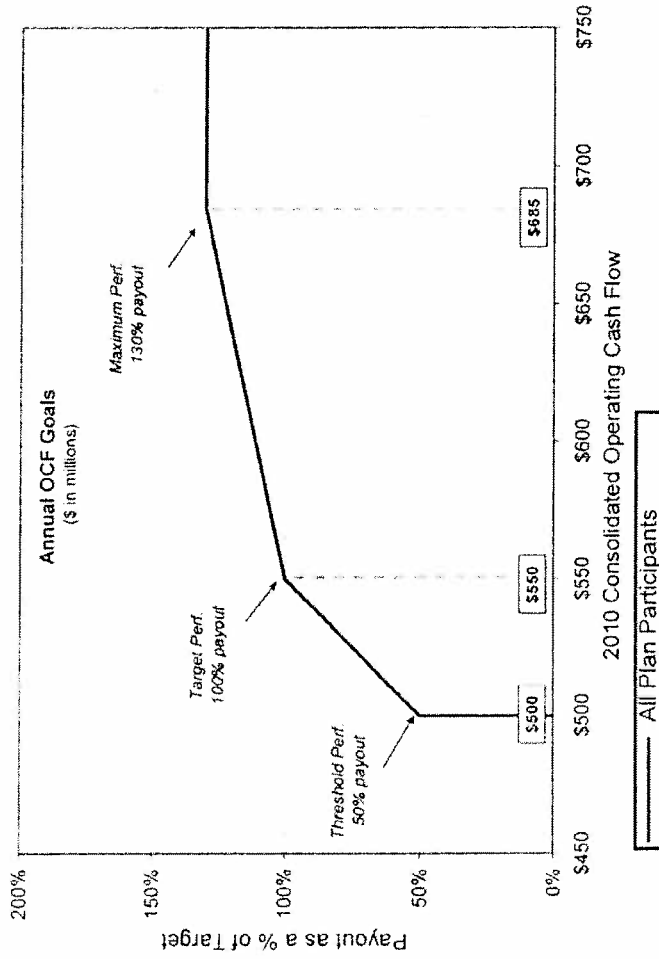
## Introduction and Background

- Mercer was retained to assist with the development and evaluation of the Management Incentive Plan (“MIP”) for 2010
- Tribune strives to deliver competitive compensation in order to motivate its key managers and attract top level executives
  - Consistent with historic practice, the MIP supports Tribune’s performance-oriented culture and provides opportunities for key managers across the organization to earn incentive awards
  - The program is similar to the ordinary course 2009 MIP, which was approved by the Bankruptcy Court on January 27, 2010, as well as prior years’ MIP programs, and is funded based on consolidated operating cash flow (“OCF”) and allocated based on a blend of financial, operational and strategic metrics
- Tribune filed the Company’s 2010 Management Incentive Plan motion and accompanying Mercer report on May 26, 2010, in which Mercer benchmarked Tribune’s 2010 MIP compensation opportunities (plan, stretch, and max) against market, to assess the appropriate level of awards under the proposed MIP
  - Unless otherwise described herein, the 2010 MIP terms and payouts are generally described in the 2010 Management Incentive Plan motion filed May 26, 2010
- On July 19, 2010, following continued discussions with the Official Committee of Unsecured Creditors, the Company and the Committee reached an agreement on revised terms of the 2010 MIP
  - The 2010 MIP, as modified, increases OCF performance targets at each payout level, decreases payout percentages for many participants at certain performance levels, and uses a single payout curve for all participants
- The purpose of this report is to provide a summary of the revised 2010 MIP (threshold, target, and max) and update Mercer’s previous assessment of Tribune’s 2010 compensation opportunities against market and the appropriate level of awards under the revised MIP proposal

# Introduction and Background Summary of 2010 MIP

## Performance Goals and Payouts

- OCF goals include the impact of payouts, making the plan "self-funding"
- For all plan participants, awards are earned as follows:
  - Threshold - \$500M results in funding at 50% of target
    - Threshold performance is approximately \$75M greater than Tribune's 2010 planned performance (\$425M)
  - Target - \$550M set at 110% of threshold results in funding at 100% of target
  - Maximum - \$685M set at 137% of threshold results in funding at 130% of target
- Payouts will be interpolated based on actual results



## Conclusions

- Mercer's analysis indicates that the incentive opportunities provided by the 2010 MIP continue to be competitive at threshold, target and maximum performance levels for participants at all levels in the organization
- The overall plan structure of the 2010 MIP, including the relationship between target and maximum incentive payouts, is consistent with competitive practice, with proposed maximum opportunities falling below median peer group maximum of 200% of target

(\$ Millions)	Threshold	Target	Max
Operating Cash Flow	\$500	\$550	\$685
Payout as % of Target All Plan Participants	50%	100%	130%
Total Payout	\$16.5	\$33.0	\$42.9
Payout as % of OCF	3%	6%	6%

**Relative Compensation – 2010 MIP**

## Gap To Market – Impact of 2010 MIP

- Overall, implementing the 2010 MIP closes the gap to market TCC<sup>1</sup>
  - At Threshold, the 2010 MIP brings TCC for all participants in the study, including top management, to market competitive levels, falling at 93% of market median TCC overall
  - At Target, TCC for all participants in the study, including top management, is competitive, falling at 111% market median TCC overall
  - At Maximum, TCC for all participants in the study, including top management, is competitive, falling at 97% of market median maximum
- The MIP also helps close the gap to market median TDC<sup>1</sup> created primarily by a current lack of long-term incentive opportunities for plan participants (i.e., equity compensation); however, TDC remains below market for all participants in the market study, at all levels of performance

	Market Index							
	Without 2010 MIP <sup>1</sup>		At Threshold <sup>2</sup>		At Target <sup>3</sup>		At Max <sup>4</sup>	
	TCC	TDC	TCC	TDC	TCC	TDC	TCC	TDC
Top Management	56%	28%	82%	40%	107%	53%	87%	35%
Other Key Executives	74%	42%	93%	53%	113%	64%	97%	45%
Other Participants in Market Study	82%	62%	96%	74%	111%	85%	102%	67%
<b>Aggregate - All Participants in Market Study</b>	<b>75%</b>	<b>49%</b>	<b>93%</b>	<b>60%</b>	<b>111%</b>	<b>72%</b>	<b>97%</b>	<b>52%</b>

<sup>1</sup> Base salary compared to market TCC and TDC

<sup>2</sup> All plan participants earn 50% of target incentive opportunity, compared to market target TCC and TDC

<sup>3</sup> All plan participants earn 100% of target incentive opportunity, compared to market target TCC and TDC

<sup>4</sup> All participants earn 130% of target incentive opportunity, assumes achievement of OCF of \$685M, compared to market maximum TCC and TDC

<sup>1</sup> Mercer considers total compensation to be competitive if it falls within 15% of market median, as competitive pay is generally defined as a range, not a point, due to inherent variations in market data. It is typical for actual pay to vary from incumbent to incumbent, and at times may exceed the 15% range, based on multiple factors including pay required to initially attract the candidate to the organization, prior pay and individual performance potential

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**Top Management Compared to Market – at 2010 MIP Threshold**

- Assuming the 2010 MIP is approved, TDC for all Tribune participants covered in the market comparison falls at 60% of market median TDC, due primarily to a lack of long-term incentive opportunities
  - TCC for top management is below market overall, at 82% of the market median TCC
  - TDC for top management falls at 40% of market median TDC
- In the absence of an annual incentive plan, TDC for all participants in the market comparison, including top management, would fall at 49% of market median TDC

Position	2010 Total Compensation at Threshold				Market Data			
	Base	MIP Target	MIP \$ at Threshold	Threshold	TCC 50th	TDC 50th	TCC 50th	TDC 50th
Chief Executive Officer	\$4,930	\$2,212	\$7,142	\$7,142	\$8,755	\$17,688	82%	40%
Chief Operating Officer	\$8,907	\$2,359	\$11,266	\$11,266	\$12,098	\$21,171	93%	53%
EVP/Chief Legal Officer								
President/Tribune Broadcasting								
SVP/Chief Financial Officer								
EVP/Chief Investment Officer								
Publisher & CEO/LA Times								
President/Tribune Interactive								
EVP/Tribune Publishing								
<b>Total - Top Management</b>								
<b>Total - Other Key Executives*</b>								
<b>Total - Other Participants in Market Comparison</b>								
<b>Aggregate - All Participants in Market Comparison</b>								

1 MIP at threshold reflects a 50% payout for all participants in the market study  
 2 Threshold TCC and TDC for all participants in the study equals base plus 50% of target MIP  
 \* Other Key Executives compared to market (at threshold) are listed on the following page

participated in the 2009 MIP as the President, Tribune Broadcasting and per a pre-petition agreement, had a guaranteed bonus of and base salary of agreement with effective 4/30/2010, he has transitioned to a different role outside of the top management team, and his MIP target has been reduced to no guaranteed minimum payment. His base salary remains the same for the remainder of 2010.

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Other Key Executives Compared to Market – at 2010 MIP Threshold

Position	2010 Total Compensation at Threshold				Market Data			
	Base	Target MIP	MIP \$ at Threshold	Threshold TDC <sup>2</sup>	TCC 50th	TDC 50th	Index to TCC 50th	Index to TDC 50th
EVP/Chief Technology Officer								
SVP/Development								
SVP/Deputy Gnl Csl & Corp Secy								
SVP/Financial Operations								
VP/Tax								
VP/Human Resources								
VP/Controller								
SVP/Administration & CFO								
VP/Treasurer								
SVP/Strategy								
SVP/Corporate Relations								
President, Publisher & CEO - Chicago Tribune								
Pres.Pub.CEO, GM-FL Properties								
CEO, President & Publisher - Hartford Courant								
Publisher & CEO/Baltimore Sun								
President & CEO/TMS								
President & CEO/Daily Press								
VP/General Manager, KTLA-TV								
President/GM, WPIX-TV								
EVP - Broadcasting - KSWB TV								
VP/General Manager, WGN-TV								
VP/General Manager, KDAF-TV								
SVP/GM, KCPQ/KMYO/KRCW								
VP/General Manager, WPHL-TV								
VP/General Manager, WDCW-TV								
VP/General Manager, KIAH-TV								
<b>Total - Top Management</b>	\$4,930	\$2,212	\$7,142	\$7,142	\$8,755	\$17,688	82%	40%
<b>Total - Other Key Executives</b>	\$8,907	\$2,359	\$11,266	\$11,266	\$12,098	\$21,171	93%	53%
<b>Total - Other Participants in Market Comparison</b>	\$23,225	\$4,159	\$27,384	\$27,384	\$28,412	\$37,215	96%	74%
<b>Aggregate - All Participants in Market Comparison</b>	\$37,062	\$8,730	\$45,792	\$45,792	\$49,264	\$76,074	93%	60%

1 MIP at threshold reflects a 50% payout for all participants in the market study

2 Threshold TCC and TDC for all participants in the study equals base plus 50% of target MIP

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**Top Management Compared to Market – at 2010 MIP Target**

- Assuming the 2010 MIP is approved, Target TDC for all Tribune participants covered in the market comparison falls at 72% of market median TDC, due primarily to a lack of long-term incentive opportunities
  - TCC for top management is competitive overall, at 107% of the market median TCC
  - TDC for top management falls at 53% of market median TDC
- In the absence of an annual incentive plan, TDC for all participants in the market comparison, including top management, would fall at 49% of market median TDC

Position	2010 Total Compensation at Target				Market Data			
	Base	Target MIP	Target TCC <sup>1</sup>	Target TDC <sup>2</sup>	TCC 50th	TDC 50th	Index to TCC 50th	Index to TDC 50th
Chief Executive Officer	\$4,930	\$4,424	\$9,354	\$9,354	\$8,755	\$17,688	107%	53%
Chief Operating Officer								
EVP/Chief Legal Officer								
President/Tribune Broadcasting								
SVP/Chief Financial Officer								
EVP/Chief Investment Officer								
Publisher & CEO/LA Times								
President/Tribune Interactive								
EVP/Tribune Publishing								
<b>Total - Top Management</b>	<b>\$4,930</b>	<b>\$4,424</b>	<b>\$9,354</b>	<b>\$9,354</b>	<b>\$8,755</b>	<b>\$17,688</b>	<b>107%</b>	<b>53%</b>
<b>Total - Other Key Executives*</b>	<b>\$8,907</b>	<b>\$4,719</b>	<b>\$13,626</b>	<b>\$13,626</b>	<b>\$12,098</b>	<b>\$21,171</b>	<b>113%</b>	<b>64%</b>
<b>Total - Other Participants in Market Comparison</b>	<b>\$23,225</b>	<b>\$8,318</b>	<b>\$31,542</b>	<b>\$31,542</b>	<b>\$28,412</b>	<b>\$37,215</b>	<b>111%</b>	<b>85%</b>
<b>Aggregate - All Participants in Market Comparison</b>	<b>\$37,062</b>	<b>\$17,460</b>	<b>\$54,522</b>	<b>\$54,522</b>	<b>\$49,264</b>	<b>\$76,074</b>	<b>111%</b>	<b>72%</b>

1 MIP at target reflects a 100% payout for all participants in the study

2 Target TCC and TDC for all participants in the study equals base plus 100% of target MIP

\* Other Key Executives compared to market (at target) are listed on the following page

participated in the 2009 MIP as the President, Tribune Broadcasting and per a pre-negotiation agreement with effective 4/30/2010, he has transitioned to a different role outside of the top management team, and his MIP target has been reduced to no guaranteed minimum payment. His base salary remains the same for the remainder of 2010 and there is



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**Other Key Executives Compared to Market – at 2010 MIP Target**

Position	2010 Total Compensation at Target				Market Data		
	Base	Target MIP	Target TCC <sup>2</sup>	Target TDC <sup>2</sup>	TCC 50th	TDC 50th	Index to TCG 50th TDC 50th
EVP/Chief Technology Officer		\$4,424	\$9,354	\$9,354	\$8,755	\$17,688	107%
SVP/Development		\$4,719	\$13,626	\$13,626	\$12,098	\$21,171	113%
SVP/Deputy Genl Csl & Corp Secy		\$8,318	\$31,542	\$31,542	\$28,412	\$37,215	111%
SVP/Financial Operations		\$17,460	\$54,522	\$54,522	\$49,264	\$76,074	111%
VP/Tax		\$23,225					85%
VP/Human Resources		\$37,062					72%
VP/Controller							
SVP/Administration & CFO							
VP/Treasurer							
SVP/Strategy							
SVP/Corporate Relations							
President, Publisher & CEO - Chicago Tribune							
Pres, Pub, CEO, GM-FL Properties							
CEO, President & Publisher - Hartford Courant							
Publisher & CEO/Baltimore Sun							
President & CEO/TMS							
President & CEO/Daily Press							
VP/General Manager, KTLA-TV							
President/GM, WPIX-TV							
EVP - Broadcasting - KSWB TV							
VP/General Manager, WGN-TV							
VP/General Manager, KDAF-TV							
SVP/GM, KPQ/KMYQ/KRCW							
VP/General Manager, WPHL-TV							
VP/General Manager, WDCW-TV							
VP/General Manager, KIAH-TV							
<b>Total - Top Management</b>	<b>\$4,930</b>	<b>\$4,424</b>	<b>\$9,354</b>	<b>\$9,354</b>	<b>\$8,755</b>	<b>\$17,688</b>	<b>107%</b>
<b>Total - Other Key Executives</b>	<b>\$8,907</b>	<b>\$4,719</b>	<b>\$13,626</b>	<b>\$13,626</b>	<b>\$12,098</b>	<b>\$21,171</b>	<b>113%</b>
<b>Total --Other Participants in Market Comparison</b>							
<b>Aggregate - All Participants in Market Comparison</b>							

1 MIP at target reflects a 100% payout for all participants in the study  
 2 Target TCC and TDC for all participants in the study equals base plus 100% of target MIP

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## Top Management Compared to Market – at 2010 MIP Max

- Overall, at plan maximum (130% of target, which remains unchanged from the 5/26/2010 report), TCC for all of the market comparison participants, including top management, falls at 97% of market median maximum TCC
  - Maximum TDC for all of the market comparison participants, including top management, falls at 52% of market median maximum TDC
- Mercer considers the relationship between Tribune's maximum TDC to market maximum TDC to be the most appropriate comparison; however, we also compared Tribune maximum TDC to market target TDC (i.e., median base salary plus target annual incentives and 2009 LTI) which is akin to comparing very strong performance by Tribune to plan performance at other companies
  - Overall, Tribune maximum TDC for all of the market comparison participants, including top management, falls below market, at 79% of market median target TDC

Position	2010 Maximum Compensation			Market Target Data <sup>2</sup>			Market Maximum Data <sup>3</sup>		
	Base	MIP	Max	TDC 50th	Index to TDC 50th	Max TCC	50th	Index to TDC 50th	Max TCC
Chief Executive Officer	\$4,930	\$5,751	\$10,681	\$17,688	60%	\$12,790	\$30,156	87%	35%
Chief Operating Officer	\$8,907	\$6,135	\$15,041	\$21,171	71%	\$15,581	\$33,726	97%	45%
EVP/Chief Legal Officer									
President/Tribune Broadcasting									
SVP/Chief Financial Officer									
EVP/Chief Investment Officer									
Publisher & CEO/ALA Times									
President/Tribune Interactive									
EVP/Tribune Publishing									
<b>Total - Top Management</b>									
<b>Total - Other Key Executives*</b>									
<b>Total - Other Participants in Market Comparison</b>									
<b>Aggregate - All Participants in Market Comparison</b>									

\* Other Key Executives compared to market (at max) are listed on the following page

1 Max TCC/TDC reflects 130% payouts under the MIP for all participants in the study. assumes achievement of maximum OCF of \$68.5M. Max TCC/TDC remains unchanged from the report filed 5/26/2010

2 Market target data reflects target TCC plus 2009 LTI

3 Market maximum TCC and TDC data is calculated as base plus two-times target annual and long-term incentives, respectively

Corresponds to page 19 of 5/26/2010 report

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Other Key Executives Compared to Market – at 2010 MIP Max

Position	2010 Maximum Compensation			Market Target Data <sup>2</sup>			Market Maximum Data <sup>3</sup>			
	Base	Target MIP %	MIP \$ at Max	TDC 50th	Index to TDC 50th	Max TCC	50th	Index to TDC 50th	Max TDC	
EVP/Chief Technology Officer										
SVP/Investments										
SVP/Deputy Genl Cst & Corp Secy										
SVP/Financial Operations										
VP/Tax										
VP/Human Resources										
VP/Controller										
SVP/Administration & CFO										
VP/Treasurer										
SVP/Strategy										
SVP/Corporate Relations										
President, Publisher & CEO - Chicago Tribune										
Pres, Pub, CEO, GM-FL Properties										
CEO, President & Publisher - Hartford Courant										
Publisher & CEO/Baltimore Sun										
President & CEO/TMS										
President & CEO/Daily Press										
VP/General Manager, KTLA-TV										
President/GM, WPIX-TV										
EVP - Broadcasting - KSWB TV										
VP/General Manager, WGN-TV										
VP/General Manager, KDAF-TV										
SVP/GM, KPQ/KMYQ/KRCW										
VP/General Manager, WPHL-TV										
VP/General Manager, WDCW-TV										
VP/General Manager, KIAH-TV										
<b>Total - Top Management</b>	\$4,930		\$5,751	\$10,681	\$17,688	60%	\$12,290	\$30,156	87%	35%
<b>Total - Other Key Executives</b>	\$8,907		\$6,135	\$15,041	\$21,171	71%	\$15,581	\$33,726	97%	45%
<b>Total - Other Participants in Market Comparison</b>	\$23,225		\$10,813	\$34,038	\$37,215	91%	\$33,424	\$51,161	102%	67%
<b>Aggregate - All Participants in Market Comparison</b>	\$37,062		\$22,698	\$59,760	\$76,074	79%	\$61,296	\$115,044	97%	52%

1 Max TCC/TDC reflects 130% payouts under the MIP for all participants in the study, assumes achievement of maximum OCF of \$688.5M. Max TCC/TDC remains unchanged from the report filed 5/26/2010

2 Market target data reflects target TCC plus 2009 LTI

3 Market maximum TCC and TDC data is calculated as two-times target annual and long-term incentives<sup>11</sup>

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