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## Warring Factions in Tribune Bankruptcy Plan

Two warring factions are filing motions in relation to Tribune Co's application for approval of its reorganization plan. Firstly, the unsecured lenders of the media conglomerate who supplied \$1.6 billion in financing for its 2007 leveraged buyout (LBO) are making claims related to the LBO. Secondly, Tribune Co. themselves who have submitted their reorganization plan to bankruptcy court judge Kevin Carey for confirmation.

The unsecured lenders have filed a motion to ask Judge Carey to decide Tribune's objections to their LBO related claims as part of the confirmation process. Their rationale for this was that having a separate hearing on their claims after confirmation would be a waste of time and money.

On the other hand, Tribune Co's lawyers filed an opposing motion seeking to limit the motion on whether to confirm its reorganization plan to just 5 days. They Tribune lawyers argued that the unsecured lenders were only trying to sabotage the plan confirmation process with their own long-drawn hearing on LBO claims which other parties are keen to avoid. All other parties have entered into Tribune's proposed "global settlement", which is the basis of the reorganization plan.

Judge Carey declined to make any ruling on the opposing motions but said that he expects to look into the matter at an August 9 hearing. The judge conceded that there is no way to fully avoid bringing up arguments over the potential claims related

to the leveraged buyout in 2007 organized by real estate mogul Sam Zell but indicated that he would not hold a full trial over the matter at the confirmation hearing scheduled to begin August 30. The LBO took Tribune private but left it laden with debt.

Junior bondholders have alleged that the banks that supplied the funds for the LBO, JPMorgan, Bank of America and other banks, committed fraud because they knew the LBO would lead to Tribune's insolvency. Tribune's committee of unsecured creditors initially took up claims against the banks but later withdrew it as part of the settlement that allowed Tribune to go ahead with filing its reorganization plan.

If Tribune's reorganization plan is confirmed, JPMorgan and distressed-debt specialist Angelo, Gordon & Co. would be among the new owners of Tribune's media arms, including the Los Angeles Times, the Chicago Tribune, other daily newspapers and broadcast stations. In addition, Centerbridge Partners, which leads a group that owns outstanding senior bond debt, would own 7.4% of the Tribune. In return, Centerbridge would forego all its claims related to the 2007 buyout.

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