July 19, 2018

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Dear Tribune Media Board Members,

Fourteen months after you and your shareholders approved the acquisition of Tribune Media ("Tribune") by Sinclair Broadcast Group ("Sinclair"), Federal Communications Commission ("FCC") Chairman Ajit Pai announced on July 16, 2018 that he had "serious concerns about the Sinclair/Tribune transaction" and circulated to the three other sitting commissioners a hearing designation order ("HDO"), under which an administrative law judge would review the proposed merger.[1] The next day, Tribune stated that it "expects to work with the FCC to explore ways to

[1] Federal Communications Commission, Statement of Chairman Ajit Pai On Sinclair/Tribune Transaction (FCC) (2018), https://docs.fcc.gov/public/attachments/DOC-352619A1.pdf (last visited Jul. 16, 2018) "Based on a thorough review of the record, I have serious concerns about the Sinclair/Tribune transaction. The evidence we've received suggests that certain station divestitures that have been proposed to the FCC would allow Sinclair to control those stations in practice, even if not in name, in violation of the law. When the FCC confronts disputed issues like these, the Communications Act does not allow it to approve a transaction. Instead, the law requires the FCC to designate the transaction for a hearing in order to get to the bottom of those disputed issues. For these reasons, I have shared with my colleagues a draft order that would designate issues involving certain proposed divestitures for a hearing in front of an administrative law judge."

address the concerns identified."[2] Yesterday, July 18, 2018, the Commission unanimously adopted the HDO.[3]

We believe that the only reasonable and prudent action under your fiduciary duty as Tribune directors is to abandon the proposed sale to Sinclair Broadcast Group and focus entirely on the responsible management of your company. Tribune now appears to have the contractual right under the merger agreement to terminate and withdraw from the agreement.[4] Tribune's obligation to consummate the merger is conditioned on Sinclair's representations and warranties being true and correct in all respects.[5] In addition, Tribune may terminate the agreement if Sinclair failed to perform any of its representations and warranties.[6] Sinclair committed in the agreement that it would provide the FCC with applications, reports, or informational filings required under the Communications Act and FCC rules.[7] The FCC has unanimously determined that Sinclair may have "engaged in misrepresentation and/or lack of candor in its applications with the Commission," [8] in possible violation of the Communications Act and FCC rules.[9] Thus, because Sinclair failed to satisfy its commitments under the merger agreement, Tribune can and should invoke its termination right under the merger agreement.[10] Such termination would not trigger the liquidated damages provisions of the merger agreement.[11]

Even if Sinclair and Tribune make further attempts to amend their application, the parties' agreement terminates on August 18, 2018.[12] The FCC's unanimous adoption of the HDO makes it highly unlikely that the adjudication will end by that date. Tribune should not agree to any extension of that termination date.

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[2] Tribune Media Company Responds to Recent Regulatory Developments, (July 17, 2018) TribuneMedia.Com, http://www.tribunemedia.com/tribune-media-company-responds-to-recent-regulatory-developments/ (last visited Jul 17, 2018) "Tribune Media was disappointed to learn that the Chairman had circulated an order designating certain issues for consideration by an Administrative Law Judge. It will review the FCC's hearing designation order when released and expects to work with the FCC to explore ways to address the concerns identified. Until we have reviewed the order it is difficult to explain the potential issues it might create for the transaction. Fortunately, Tribune's operations have been strong in 2018 and our team has done a terrific job of maximizing the value of the business through this extended regulatory approval process."

[3] Federal Communications Commission, Press Release, "FCC Votes Sinclair/Tribune HDO" (FCC) (2018), https://docs.fcc.gov/public/attachments/DOC-352723A1.pdf (last visited Jul. 18, 2018).

[4] Agreement and Plan of Merger, May 8, 2017 ("Agreement") (available at https://licensing.fcc.gov/cdbs/CDBS_Attachment/getattachment.jsp?appn=101783830&qnum=5140&copynum=1&exhcnum=1). Regulatory approval by the FCC is a condition to closing the merger (Sec. 8.1(b)(ii)).

[5] Agreement at Sec. 8.3(a).

[6] Agreement at Sec. 9.1(d)(i)(A). Tribune also may terminate if there has been issued a final, non-appealable government order prohibiting the merger, and Tribune has used reasonable best efforts to have that order lifted (Sec. 9.1(b)(ii))

[7] Agreement at Sec. 4.3(e).

[8] FCC, Hearing Designation Order, In the Matter of Applications of Tribune Media Company and Sinclair Broadcast Group, Inc., MB Docket 17-179 For Transfer of Control of Tribune Media Company and Certain Subsidiaries, WDCW(TV)) et al., and For Assignment of Certain Licenses from Tribune Media Company and Certain Subsidiaries, File No. BTCCDT-20170626AGW, et al., (Federal Communications Commission) (2018), https://docs.fcc.gov/public/attachments/FCC-18-100A1.pdf (last visited Jul 19, 2018) at para. ¶28 p. 11 ("We note that Sinclair represented to the Commission that it would comply with our broadcast ownership rules by seeking approval of its application—in part based on the proposed divestitures to Cunningham and Fader—and did not fully disclose facts such as the pre-existing business relationships between Fader, Smith, and Sinclair nor the full entanglements between Cunningham, Smith, and Sinclair. As such there is a substantial and material question of fact as to whether Sinclair affirmatively misrepresented or omitted material facts with the intent to consummate this transaction without fully complying with our broadcast ownership rules").

[9] *See Id*. at 10 ¶ 28, 47 C.F.R. § 1.17(a)(1)-(2)

[10] Agreement at Sec. 9.1(d)(1)(A)

[11] Agreement at Sec. 9.2 (effect of termination)

[12] Agreement at Sec. 9.1(b)(i) (if no regulatory approvals by May 8, 2018, then an automatic extension until August 18, 2018).

As demonstrated by the abandoned Comcast/Time Warner Cable, AT&T/T-Mobile, DISH/DIRECTV, and other would-be mergers designated for hearing by the FCC, an HDO is a material impediment to closing a transaction. It is, most often, a fatal blow. This case is no different. The likelihood that you will "work with the FCC" to resolve the myriad regulatory problems raised by this transaction and ultimately close your transaction with Sinclair appears to be de minimus at best. Even if, as Sinclair stated on July 18, 2018, it will restructure its proposed divestitures to comply with the law,[13] that does not address possible misrepresentations made by Sinclair during the merger review process.

Moreover, terminating the merger agreement would best serve the interests of Tribune's shareholders, employees, and viewers. Tribune Media shares decreased from a high of $42.20 on July 24, 2017, to $32.79 on July 16, 2018, representing hundreds of millions of dollars in lost market capitalization.[14] Nothing in the FCC's recent action suggests a reversal of this downward trend. Pursuing the sale to Sinclair at this point only serves to further degrade the value of your -- indeed, our -- assets. Furthermore, every additional day of uncertainty harms personnel and capital investment, undermining the company's ability to serve the public with quality news and information. This is an abdication of your duty to uphold the public interest, which remains a basic tenet of your FCC broadcast licenses.

We believe that you therefore have only two options: either take immediate action to terminate your agreements for the sale of your company to Sinclair Broadcast Group, or resign as directors of Tribune Media.

Sincerely,

Gene Kimmelman, President
Public Knowledge

Brian Hess, Executive Director
Sports Fans Coalition, Inc.

Gigi Sohn, Distinguished Fellow
Institute for Technology Law and Policy
Georgetown University Law Center

Andrew Schwartzman, Benton Senior Counselor
Institute for Public Representation
Georgetown University Law Center

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[13] Sinclair Broadcast Group, Inc., *Sinclair Amends Certain Divestitures*, PR Newswire, Jul. 18, 2018, https://www.prnewswire.com/news-releases/sinclair-amends-certain-divestitures-300682896.html (last visited Jul 18, 2018)

[14] Yahoo Finance Finance.Yahoo.Com, www.finance.yahoo.com (last visited Jul 18, 2018)

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