Tribune Company announces 700 layoffs

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On Wednesday, November 20, the Tribune Co. announced plans to eliminate nearly 700 jobs among the *Chicago Tribune*, *Los Angeles Times* and its six other daily newspapers that the Chicago-based media company owns. Publishing staff positions, accounting for about 6 percent of Tribune Company's workforce, were announced to be eliminated beginning Wednesday.

In conjunction with the layoff announcement, Tribune Co. has announced a coinciding plan to restructure its publishing business toward an expanded focus on its digital media and "streamlining operations."

"Unfortunately, organizing around functional lines rather than maintain what we're doing locally, there is going to be some staff reductions," Tribune president and CEO Peter Liguori remarked on the layoff announcement. "We are not going to be reducing any of our frontline reporters. Over time there will be some small reductions on the editorial side, but we want to maintain our best-in-class local journalism."

Wednesday's announcement of mass layoffs was one in a long series of job eliminations the company has undertaken over the last five years. Tribune Co.'s publishing division has reduced its expenses by 13 percent through the first nine months of 2013, much of which came from lowering employee compensation. In the same period, according to Tribune financial statements, about 360 publishing jobs were eliminated, the vast majority of which occurred in the company's third quarter.

Tribune management eliminated another 800 jobs in publishing in 2012. Between 2008 and 2009, the *Chicago Tribune* cut nearly 250 jobs. This included the layoff of 53 newsroom employee positions on April 22, 2009, the same day Tribune Co. requested approval from the bankruptcy court to pay $13 million in 2008 incentive bonuses to some 700 management positions.

Tribune Co. presently employs more than 12,000 people at its newspapers, television stations and other media outlets. As of June 30, the company had some 8,500 employees in its publishing division and 2,598 employees in its broadcast division. The third-quarter cuts represented 2.7 percent of its publishing division, respectively.

In addition to its eight daily newspapers, the Tribune Company owns 23 television stations including WGN-Ch. 9, national cable channel WGN America and WGN-AM 720.

The company initially went into federal bankruptcy protection in December 2008 as a result of the immense decline in newspaper sales and advertising revenue resulting from the economic recession and the growing trend toward digital news media over traditional printed new publications.

The company reported that its advertising revenues had dropped by $84 million in 2012, and is expected to continue that rate of decline. Publishing ad revenues were reported to be down by $62 million or 8 percent, through the first nine months of 2013. For that same period, the publishing unit still managed to generate an operating profit of $151 million.

Since Tribune Co. emerged from a four-year stay in Chapter 11 bankruptcy on December 31, 2012, the company has been exploring possible means of divesting its newspaper publications. To this end, in February 2013, the company hired Evercore and JPMorgan Chase to assess the possibilities of selling off its eight newspapers, which also include the *Baltimore Sun*, the *Orlando Sentinel* and the *Morning Call*.

Beginning next year, the company plans to "invest more concertedly" in digital growth, according to Liguori. He announced that Tribune Publishing's digital unit will be headed up by Bill Adee, who currently serves as senior vice president of digital

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development and operations at the *Chicago Tribune*.

In conjunction with these plans, the company announced its intention in July to transform its publishing division into a separate company. According to executives, the formation of a separate publishing company is set to happen three to six months after a Form 10 registration report is filed with the Securities and Exchange Commission by the end of 2013. The new separate publishing company has yet to be named, according to Tribune executives.

Tribune Co. is continuing to struggle with a bankruptcy reorganization plan that will satisfy its creditors. With the strong decline in revenue, the company has yet been unable to repay the debt incurred from the disastrous $8.2 billion buyout concocted last year by real estate mogul Sam Zell.

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