

# Sinclair to buy WGN owner Tribune Media for \$3.9 billion plus debt



In this Monday, May 1, 2017, file photo, the WGN Radio sign appears on the side of Tribune Tower, in downtown Chicago. Sinclair Broadcast Group, one of the nation's largest local TV station operators, announced Monday, May 8, 2017, that it will pay about \$3.9 billion for Tribune Media, adding more than 40 stations including KTLA in Los Angeles, WPIX in New York and WGN in Chicago. (Kiichiro Sato / AP)

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**S**inclair Broadcast Group has agreed to buy [Tribune Media](#) in a cash and stock deal valued at \$3.9 billion that would end local ownership of [WGN](#), the iconic Chicago TV and radio stations.

Sinclair's acquisition of Chicago-based Tribune Media's 42 television stations and other assets would make the largest station owner in the country even bigger, pending approval from the Federal Communications Commission and federal antitrust regulators.

In addition to WGN-Ch. 9 and [WGN-AM 720](#), changes also would be in store for national cable channel WGN America as the broadcasting company moves under suburban Baltimore-based Sinclair, with the deal expected to close by the fourth quarter of 2017. What becomes of the Tribune name and the company's Chicago headquarters also remains an open question.

"This is really a historic event for Sinclair," Chris Ripley, the company's president and CEO, said in an investor call Monday. "We're very excited about the transaction and what it means for the company and the industry and all the consumers that we service."

Ripley outlined a vision for the combined company that included station- and corporate-level expense reductions, the sale of remaining Tribune Media real estate properties, and the scaling back of "high-cost" original programming on WGN America, undoing a signature initiative under former CEO Peter Liguori.

"We're going to be repositioning WGNA for profitable growth," Ripley said.

Under the terms of the deal, Sinclair, which didn't respond Monday to requests for comment, will pay \$43.50 a share for Tribune Media and will assume approximately \$2.7 billion in net debt.

The combined company would become a TV broadcasting behemoth, owning and operating 233 television stations in 108 markets, pending any required divestitures by the FCC.

The acquisition, which has been approved by both companies' boards, would result in 14 overlapping markets where both Tribune and Sinclair own and operate TV stations. Ripley said Monday he was hopeful regulators would allow the combined company to remain intact.

"We don't think we need to sell any of them," Ripley said. "When you take a look at all the overlaps, they really have no impact on overall competition, and we hope the regulators will agree with us."

Founded in 1986, publicly traded Sinclair has been growing rapidly in recent years, completing nearly \$4 billion in acquisitions since 2012. Sinclair owns and operates stations in 81 markets, including Washington, D.C.; Seattle; St. Louis; Minneapolis; Pittsburgh; and Milwaukee. Its holdings include 54 Fox affiliates, the most of any station group owner.

Ripley said the most likely markets for FCC-mandated divestitures, if necessary, would be St. Louis, Salt Lake City and Wilkes-Barre, Pa.

A Chicago broadcasting pioneer, Tribune Media owns WGN-Ch. 9 in Chicago, KTLA-TV in Los Angeles and WPIX-TV in New York, a portfolio that was bolstered by the December 2013 acquisition of Local TV's 19-station group for \$2.73 billion.

Tribune Media also owns a 31 percent stake in the Food Network cable channel, which Sinclair valued at between \$1.6 billion and \$1.8 billion.

The deal would add WGN-AM 720 to the four radio stations already under Sinclair's ownership. Chicago Tribune publisher Col. Robert McCormick put WGN Radio on the air in March 1924, with the call letters standing for "World's Greatest Newspaper."

WGN-TV, which has been a Chicago institution since it first hit the airwaves in 1948, could see some familiar faces exit under Sinclair, said Ben Bogardus, an assistant professor of journalism at Quinnipiac University.

Bogardus said Sinclair has a reputation for shedding high-priced talent after buying TV stations, such as its 2014 acquisition of WJLA-TV in Washington, D.C., part of its \$985 million purchase of [Allbritton Communications](#).

"When they bought, they started changing things up," said Bogardus, who worked as a producer at WJLA but left before the Sinclair acquisition. "Most of the main anchors left within a two-year period; their contracts weren't renewed."

The Sinclair-Tribune deal was facilitated by an easing of TV station ownership restrictions under President [Donald Trump](#) and new FCC Chairman Ajit Pai. The FCC voted in April to reinstate the so-called UHF discount, which will help the combined Sinclair-Tribune entity get under an ownership cap limiting coverage to 39 percent of the TV households nationwide.

The UHF discount, a 30-year-old regulation meant to reflect the weaker coverage of UHF stations in the pre-digital era, had been eliminated by the FCC under the Obama administration in August, making it harder for TV station owners to acquire more properties.

Sinclair has been known for its politically conservative ideology, which manifests itself in everything from on-air commentary to providing Trump with a friendly TV interview platform during the presidential campaign.

In 2014, Tribune spun off its publishing division, including the Chicago Tribune, Los Angeles Times and other major daily newspapers, retaining its broadcast and real estate assets. The spinoff saddled [Tribune Publishing](#), now Tronc, with \$275 million in debt in order to pay a cash dividend to the parent company. Tribune Media began trading on the New York Stock Exchange in December 2014.

The company has been selling off noncore assets as traditional broadcast media face stiffer digital competition.

In September, Tribune Media sold Tribune Tower for \$240 million to Los Angeles-based developer CIM Group, which plans to turn the historic North Michigan Avenue site into a mixed-use redevelopment.

Tribune Media sold [Gracenote](#), its digital entertainment and data business, to Nielsen in February for \$560 million.

Liguori stepped down as CEO of Tribune Media in March.

Peter Kern, Tribune Media CEO, emailed a memo to staffers Monday, thanking them for their "hard work and support" during a 15-month strategic review, which culminated in the sale to Sinclair.

"This transaction will take some time to get through the regulatory process, though we are confident that the benefits of this business combination will be as clear in Washington as they are on Wall Street," Kern said. "In

the meantime, it is business as usual for us."

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