

Tribune agrees to sale of Chicago Cubs

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Tribune agreed to sell a 95 per cent stake in the Chicago Cubs baseball team and related assets to the Ricketts family for \$845m, ending a two-year process that was nearly derailed by the publisher's bankruptcy proceedings.

After several declarations of triumph over rival bidders in recent months, Tribune said on Friday that it had signed a definitive agreement to sell the sports franchise to the Ricketts family and halt discussions with a rival party.

"We look forward to closing the transaction so that we can begin leading the Cubs to a World Series title," said Joseph Ricketts. The bidding was spearheaded by Tom Ricketts, chief executive of Incapital, a Chicago investment bank.

The sale requires approval from the court overseeing Tribune's bankruptcy proceedings and from the Major League Baseball commission, which has monitored the progress of the sale.

Tribune, which publishes the Chicago Tribune and the Los Angeles Times, put the Cubs assets, which include Wrigley Field and a stake in a regional sports cable network up for sale in April 2007 when it agreed to the leveraged buy-out by Sam Zell, a real estate tycoon.

The company filed for bankruptcy in December after a \$8.2bn leveraged buy-out unravelled amid a severe decline in newspaper print advertising.

"While the ownership structure of the company is likely to change, current operating management is committed, and intends to remain in place during and after the restructuring," Randy Michaels, chief operating officer of Tribune, wrote in a company memorandum.

The memo stoked speculation that the company would be likely to end up in the hands of its creditors after emerging from bankruptcy.

Mr Michaels said in the memo that it would be "absurd" to think that the company planned to liquidate the assets. "We believe the whole of Tribune is greater than its sum of parts," Mr Michaels wrote.

The Cubs sale proceeded outside of the bankruptcy proceedings. But as part of the sale of the assets, the Tribune division holding the Cubs properties will voluntarily file for bankruptcy protection to emerge from the process free of Tribune's financial obligations.

The bankruptcy court will rule on the approval of the deal by the fourth quarter this year.

Financial Times, London, Aug. 22nd 2009, Companies, online.