

September 18, 2006

*Via Various Facsimile
Federal Express Mail to Mr. George Kieffer*

Mr. George Kieffer
Mr. Edward J. Avila
The Honorable Warren Christopher
Ms. Maria Elena Durazo
Ms. Elise Buik
Mr. Geoffrey Cowan
Mr. David Fleming
Mr. Ronald Gastelum
Ms. Irene Hirano
Mr. John Mack

Mr. Robert Simonds
Mr. Blair H. Taylor
Ms. Liza White
Ms. Antonia Hernandez
Mr. Brendan Huffman
Mr. Stewart Kwoh
Robert K. Ross, M.D.
Mr. Steven L. Soboroff
Mr. Gary Toebben
Mr. Matt Toledo

Ladies and Gentlemen,

Thank you for your letter of September 12 regarding the *Los Angeles Times*. We appreciate your deep interest in the *Times*, and are in total agreement with your view of the vital role it plays in serving Southern California. We also absolutely agree that the *Times* is a great newspaper and that it is important it remain so. We are also confident you understand that in order to continue succeeding, great newspapers must constantly evolve based on changes in the media environment and the communities they serve.

Tribune's own evolution in the newspaper industry began in 1847, when the first 400 copies of the *Chicago Tribune* were printed on a hand press in a one-room plant. Joseph Medill, the legendary publisher, shaped the newspaper in its early years and instilled a sense of journalistic integrity that remains intact today. We feel strongly that great journalism is the foundation for everything that we do—it has been for 160 years. And, during its history, Tribune newspapers frequently have been honored with journalism's highest recognition—winning the Pulitzer Prize 100 times. The *Times* itself has won 13 Pulitzers since being acquired by Tribune in 2000—five more than it won in the *ten* years prior to our ownership.

Importantly, we also believe that outstanding journalism is vital to our business success.

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Your letter addresses staffing and the management of financial resources necessary to make a reasonable profit at the *Los Angeles Times*. To provide context, the *Times*' revenues today are actually below where they were at the time of our acquisition in 2000, due to structural changes in the media industry, as well as the industries of our largest advertiser categories – automotive, movies and retailing.

In terms of editorial expense, the portion of the *Times*' total revenues dedicated to news coverage is currently almost double what it was during what many refer to as the “golden age” of the newspaper, under publisher Otis Chandler. It is also higher than in 1999, prior to our acquisition of Times Mirror. In fact, the *Los Angeles Times* has the largest editorial staff and budget of any metropolitan newspaper in America without nationwide circulation.

Over the past six years, the *Times*' leadership team, with Tribune's encouragement and support, has taken a number of significant steps to improve the newspaper, placing more emphasis on coverage of Southern California news, outstanding investigative reporting and expanded coverage of the entertainment industry. We expect additional emphasis on Southern California news in the future.

To cite just a few improvements:

- Many reader-focused section improvements have been completed. These include *Calendar, California, Food, Health, Home* and *West* magazine.
- In 2003, the *Times* launched its fifth regional edition, *The Inland Empire*, featuring expanded coverage of local and regional news/issues in Riverside and San Bernardino counties.
- There has been significant expansion of the staff of *latimes.com*. Research shows that *latimes.com* traffic is growing, and we expect further growth from this talented team that has been supported with significant budget increases.

Tribune has also made over \$250 million in capital investments in the *Times*, designed to further improve quality of the newspaper, enhance revenue growth needed to finance great journalism and improve efficiency through upgraded technology.

Some examples:

- Increased color printing capacity at the *Times* by 33% to give readers and advertisers a more engaging newspaper.

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- A new production facility in Irwindale to automate insertion of preprinted advertising.
- State-of-the-art technology to enhance advertising, circulation, and editorial efficiency.
- State-of-the-art space for the *Times* in Tribune's Washington, D.C. multimedia news bureau.

We will continue to make major investments to better and more efficiently serve customers of the *Times* and all our other newspapers. We believe the collective scale of our company and the ability to collaborate across markets enhances our ability to do so.

Tribune and the *Times* are deeply committed to effectively serving our communities, readers, advertisers and shareholders in this rapidly changing media environment. This requires that decisions at the newspaper be made on a dynamic, forward-looking basis to deploy our very talented people and other resources to where they are most needed to achieve these goals.

We are committed to a company-wide expense control program to offset inflationary cost increases and better deploy our resources to where they create the most value for customers. As our largest business unit, the *Times* will participate appropriately in these initiatives, all in the context of our customer and community focus.

The issue of local versus corporate ownership has received much attention in recent months. Neither is inherently better, but one only needs to look east to Dallas, New York or Washington to realize that outstanding, locally-controlled newspapers are not insulated from the competitive realities of today's media marketplace. And looking north to Santa Barbara highlights other issues that can develop under local ownership.

We would ask you to remember the *L. A. Times* as it was prior to being acquired by Tribune. Ownership was local, but as you may recall, the newsroom was in an uproar over a breach of journalistic ethics related to publication of a special advertising section. The publisher and editor were under fire from the newsroom, as was Times Mirror's chief executive officer. The editorial integrity of the newspaper was in question.

Tribune changed that by returning the newspaper's focus to the practice of great journalism. We appointed a talented publisher and editor, set parameters, and then stepped aside and let them do their jobs. The new team improved the quality of the paper and we have been very proud of the many journalistic achievements and awards earned by the *Times* during our ownership.

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In summary, we hope you will evaluate the *Los Angeles Times* and its related websites, not on the ownership structure or the size of their editorial staff or budget, but on how well they serve the community's needs. We're confident that by that measure—or any other—the *Times* is, and under Tribune ownership will continue to be, a truly great newspaper.

Thank you again for your letter. I hope to be seeing many of you in Los Angeles soon.

Sincerely,

Dennis FitzSimons