Creating Value: 20 Years as a Public Company

TRIBUNE

2003 Annual Report
**TRIBUNE COMPANY** is a media industry leader with operations in 25 major markets nationwide, including 10 of the top 12. Through newspapers, television, radio and the Internet, we reach more than 80 percent of U.S. households. Revenues in 2003 totaled $5.6 billion.

**Broadcasting**

**TELEVISION**
- WBDC (WB50)
- Washington
  - wbdc.com
- WATL (WB36)
- Atlanta
  - wb36.com
- KWHB (WB39)
- Houston
  - kwhb39.com
- KCQ (FOX13)
- Seattle
  - q13.com
- KTWB (WB22)
- Seattle
  - ktwbtv.com
- WBZL (WB39)
- Miami
  - wb39.com
- KWGN (WB2)
- Denver
  - wb2.com
- KTXL (FOX40)
- Sacramento, Calif.
  - fox40.com
- KPLR (WB11)
- St. Louis
  - wb11tv.com
- KWBP (WB32)
- Portland, Ore.
  - wb32tv.com
- WXIN (FOX59)
- Indianapolis
  - fox59.com
- WTTV (WB4)
- Indianapolis
  - wb4.com
- KSWB (WB5/69)
- San Diego
  - kswbtv.com
- WTIC (FOX61)
- Hartford, Conn.
  - fox61.com
- WTXX (WB20)
- Hartford, Conn.
  - wttx.com
- WNGO (ABC26)
- Washington
  - wngocom
- WNOH (WB38)
- New Orleans
  - wb38.com
- WPMT (FOX43)
- Harrisburg, Pa.
  - fox43.com
- WEWB (WB45)
- Albany, N.Y.
  - wb45.com

**NATIONAL CABLE**
- Superstation WGN
  - superstationwgn.com

**RADIO**
- WGN (720 AM)
  - Chicago
  - wgnradio.com
- WTIC (FOX61)
  - Hartford, Conn.
  - fox61.com
- WTXX (WB20)
  - Hartford, Conn.
  - wttx.com
- WNGO (ABC26)
  - New Orleans
  - wngocom
- WPMT (FOX43)
  - Harrisburg, Pa.
  - fox43.com
- WEWB (WB45)
  - Albany, N.Y.
  - wb45.com

**BASEBALL**
- Chicago Cubs
  - Chicago
  - cubs.com
- The WB Television Network (22% owned)
- TV Food Network (31%)

**PUBLISHING**

**DAILY NEWSPAPERS**
- Los Angeles Times
  - Los Angeles
  - latimes.com
- Chicago Tribune
  - Chicago
  - chicagotribune.com
- Newsday
  - Long Island, N.Y.
  - newsday.com
- The Sun
  - Baltimore
  - baltimoresun.com
- South Florida Sun-Sentinel
  - Fort Lauderdale, Fla.
  - sun-sentinel.com
- Orlando Sentinel
  - Orlando, Fla.
  - orlandosentinel.com
- Hartford Courant
  - Hartford, Conn.
  - ctnow.com
- The Advocate
  - Stamford, Conn.
  - stamfordadvocate.com
- Greenwich Time
  - Greenwich, Conn.
  - greenwichtime.com
- Hoy
  - New York
  - holahoy.com
- El Sentinel
  - Orlando, Fla.
  - elsentinel.com
- The Morning Call
  - Allentown, Pa.
  - mcall.com
- Daily Press
  - dailypress.com

**SPANISH-LANGUAGE NEWSPAPERS**
- Hoy
  - New York
  - holahoy.com
- El Sentinel
  - Orlando, Fla.
  - elsentinel.com

**ENTERTAINMENT LISTINGS AND CONTENT SYNDICATION**
- Tribune Media Services
  - tms.tribune.com

**CABLE PROGRAMMING**
- CLTV
  - Chicago
  - cltv.com
- ONLINE NEWS AND INFORMATION
  - Tribune Interactive

**INVESTMENTS**
- CareerBuilder
  - (33% owned)
- Classified Ventures (29%)
20 Years of Creating Value

Tribune’s history dates back to 1847, but it was just 20 years ago that we became a public company. And as long-term shareholders know, our stock has been a solid investment.

Since the initial public offering on October 13, 1983, Tribune shares have generated annualized total returns—change in stock price plus dividends—of 16 percent, compared with 12 percent for the S&P 500 Stock Index. We’ve had three two-for-one stock splits, most recently in 1999. In 2003, TRB’s total return was 14.6 percent.

Our stock performance measures up very well with the shares of other major corporations. Tribune’s 16 percent annualized total return ranks 47th out of the 242 companies in the S&P 500 that have traded publicly for the last 20 years.

Creating shareholder value is our top priority, and we plan to build on our excellent track record. Tribune’s strong local brands, major-market focus, national scale and financial strength are a powerful combination that will fuel our continued growth. As always, the exceptional commitment and talent of Tribune employees around the country will drive our success.
Value creation continued at Tribune in 2003, our 20th year as a public company. We registered excellent growth in earnings per share, improved profit margins in both newspapers and television, generated $1.6 billion in operating cash flow and reduced debt by about $750 million. We achieved these results in a difficult advertising market, demonstrating the value and strength of our local media assets.

With the U.S. economy gaining strength, we expect 2004 to be another successful year. Yet as the range of media options for consumers grows, so does the challenge of reaching an increasingly fragmented audience. Every day, we are mindful that Tribune newspapers, television stations and websites compete against all other media for people's time and attention.

Our blueprint for growth is straightforward. We have aggressive strategies in place to build audience and grow local advertising share, and our emphasis on high-quality content has never been greater. One of our objectives is to add scale by acquiring television and publishing businesses in the top 30 markets. In addition, we're maximizing content-sharing across our business units and increasing their cross-selling and cross-promotion activities. We're launching new products and building on successful franchises to answer the changing needs of consumers. Finally, we're keeping a tight lid on expenses and making our operations more efficient.

In 2003, we:

- acquired television stations in St. Louis and Portland, Ore., the nation's 21st and 24th largest markets, respectively;
- launched Hoy in Chicago, extending the newspaper beyond New York, where it's the No. 1 Spanish-language daily. Hoy expands to the Los Angeles market this spring;
- increased CareerBuilder's online revenue share and surpassed Monster as the leader in total job postings;
- accelerated growth for Superstation WGN via new agreements with cable and direct broadcast satellite distributors. The channel expects to add 7 million subscriber households over the next four years;

To Our Shareholders and Employee Owners

Quality local news programming helps Tribune stations connect with their communities. Morning shows in New York, Los Angeles (above) and Chicago are especially popular with viewers and advertisers.
• achieved an important labor agreement at The Baltimore Sun, which more closely aligns pay with performance and increases operational flexibility; and

• invested in amNewYork, a free newspaper targeting young Manhattan commuters. Daily circulation is 170,000, just five months after its launch.

These and other initiatives build on a unique Tribune strength—scale on the national level and localism in our individual markets. The combination produces benefits on many levels. For example, the scope of our media resources enables our local businesses to offer readers and viewers broader and deeper news coverage. During the war in Iraq, our Washington news bureau produced nearly 700 live shots from the Middle East for our television stations. The bureau also coordinated live television access to newspaper reporters from the Los Angeles Times and Chicago Tribune who were on the scene. Team efforts like these, routine throughout the company, greatly enhance our local newscasts.

Scale is good for advertisers as well. With our multi-media depth in the country’s major markets, we can offer customized solutions that deliver large local audiences quickly and efficiently. Tribune Media Net, our national advertising unit, produced $70 million in incremental revenue in 2003. Half of those dollars were from “bundled” ad packages combining print, broadcast and online media.

In television, scale pays dividends in the programming area. As the largest television group not owned by a network, we enjoy access to the best syndicated and off-network programming. Our scale also supports a mutually rewarding partnership with The WB Television Network, which provides quality prime-time programming and a national brand to 19 of our 26 stations. Prime-time ratings on Tribune’s WB affiliates are significantly higher than the network’s national ratings. This is due largely to the popular off-network programming we offer before and after the nightly WB line-up—shows like “Friends” and “Everybody Loves Raymond,” as well as strong local news.

In 2003, Tribune Broadcasting developed another valuable relationship, this time with Comcast Corporation. Tribune will be a partner in a new regional sports network, launching this September in Chicago. We will receive rights fees for the 72 Cubs games airing on the channel, plus equity in the network. And as part of a multi-level agreement, Comcast will greatly extend the national reach of Superstation WGN on its cable systems throughout the country. Comcast also purchased our 8.6 percent interest in The Golf Channel for $100 million.

QUALITY JOURNALISM While accelerating revenue growth is our leading business objective, journalism...
JOHN W. MADIGAN

John Madigan retired from the company and from our board of directors at the end of 2003, completing a 28-year career at Tribune. He served as chairman from 1996 until his retirement and as president and CEO from 1995 to 2002.

As chief financial officer more than 20 years ago, John was instrumental in transitioning Tribune to a public company. He engineered our successful IPO and later led the company through a period of unprecedented growth and progress.

Tribune and its shareholders prospered under John’s watch. When he took office as CEO in 1995, the company’s market capitalization—stock price times the number of common shares outstanding—was approximately $4.3 billion. When John retired, our market cap was more than $17 billion.

Of course, John will always be remembered for leading the acquisition of Times Mirror Company in 2000—still the largest merger in newspaper industry history. In one transaction, Tribune gained the national scale and scope that is so vital for success in today’s consolidating media marketplace.

But John’s legacy at Tribune reaches beyond the numbers. His leadership style combined great personal integrity with the belief that strong values are essential to our business. These qualities set a valuable example for all Tribune employees and elevated Tribune’s stature in the community.

Corporate governance is another area where John left his mark, and his ability to attract a highly talented and diverse board of directors was particularly valuable. He furthered the company’s reputation for strong management by building a terrific team of broadcasting and publishing executives, and then worked closely with the board to ensure a seamless leadership transition.

We are deeply grateful for all of John’s efforts on behalf of Tribune and wish him well in his retirement.

PREPRINT REVENUE ON A ROLL

New facilities at the Los Angeles Times and Chicago Tribune are helping each newspaper gain market share in preprinted inserts, a fast-growing advertising segment. Similar investments are paying off in South Florida, Hartford, Orlando and Newport News.

FAST, FUN AND RELEVANT

Reaching new audiences is a key part of Tribune Publishing’s efforts to grow readership. Commuter tabloids RedEye and amNewYork target young adults who may not read a traditional newspaper.
is the foundation for all that we do. Tribune’s commitment to journalistic excellence was rewarded with five Pulitzer Prizes in 2003—the most ever for our newspapers in a single year and more than any other media organization. This year we are initiating two companywide journalism awards to further recognize the talent and contributions of our employees. They will honor specific achievements in local, public interest journalism in print and broadcasting. Winners will be announced at the Tribune annual meeting in May.

Another new prize will recognize innovative ways of improving readership at our newspapers. As one of the key challenges facing the newspaper industry, we must actively seek new readers and turn occasional readers into everyday customers. One of our readership strategies is to extend successful franchises. This is what’s behind the expansion of Hoy to Chicago and Los Angeles; the extension of metromix.com (the Chicago Tribune’s popular online city guide) to the pages of RedEye; and the recent Southern California rollout of Distinction magazine. The latter takes its name and business model from Newsday’s lifestyle publication for affluent Long Islanders.

Innovations like RedEye, a daily edition of the Chicago Tribune for young adults, underscore our belief that “one size doesn’t fit all” when it comes to newspaper readers. RedEye’s average daily readership in 2003 surpassed 200,000, and the newspaper continues to attract new advertisers.

Another area of focus is classified advertising. While the automotive and real estate segments were solid performers in 2003, help wanted is still recovering from the recent economic downturn. We view help wanted as an area with great upside potential, given our concentration in major markets where job creation usually rebounds first. As the economy strengthens, we are well positioned with an integrated print and online strategy anchored by CareerBuilder, our recruitment partnership with Gannett and Knight Ridder.

MEDIA DEREGULATION Some of the big industry news in 2003 came from Washington. In June, the Federal Communications Commission approved new rules on media ownership that we believe favor the American public, as well as Tribune. The FCC’s reforms were based on evidence showing that today’s media marketplace is more competitive than ever, and that consumers have an unprecedented number of news and entertainment choices. The rulemaking triggered an intense public debate, and some aspects of the matter are still not fully resolved. We expect the remaining issues to be settled in 2004, which will bring much-needed clarity to the competitive landscape.

26 STATIONS AND COUNTING

Tribune extended its reach in the top 30 markets in 2003 by acquiring WB affiliates KPLR-TV in St. Louis and KWBP-TV in Portland, Ore. Further television acquisitions, in new and existing markets, are likely.

The Chicago Cubs captured the National League Central crown and won their first postseason series in 95 years. Ratings soared on WGN-TV, WGN-AM and Superstation WGN, setting up strong ad sales for the 2004 season.
Operating television/newspaper combinations in major markets plays an important role in how we build our brands and create value for consumers, advertisers and shareholders. The FCC’s decision to relax restrictions on television/newspaper cross-ownership was therefore great news for our company. During the rulemaking process, we delivered testimony highlighting Tribune’s culture of high-quality multimedia news coverage in New York, Los Angeles, Chicago, Hartford and South Florida—the markets where we operate both print and broadcast media. The FCC cited Tribune in its rationale for changing the rule. We remain confident that legal challenges to the revised rule will fail, and that a more level media playing field will result.

In our view, the need for clarity and consistency in local media ownership rules grows more urgent as the industry consolidates. Comcast’s attempt to acquire Walt Disney Company illustrates the unfairness of existing rules. Under current regulations, a newspaper company would be prohibited from such a transaction.

OUTLOOK Tribune’s goal is to accelerate revenue growth in our newspaper and television businesses. We have many opportunities given the strength of our brands and, in our view, the growing value of local mass media in a fragmented marketplace. Consumers depend on us for news, information and entertainment, and advertisers value the reach we offer in the markets that are critical to their success.

Our cash generation has never been better. We expect operating cash flow this year to reach nearly $1.7 billion, providing the financial flexibility to further reduce debt, repurchase stock and make acquisitions. Aggressive cost management and efficient operations will continue to be top priorities. Newsprint prices are increasing and, like most companies, we face rising retirement and medical plan expenses.

Our company’s managers look to meet challenges head-on, applying innovation and teamwork to achieve success. We will do so again in 2004. The qualities that have made Tribune an industry leader—award-winning journalism, outstanding major-market media assets and talented people—will make this another rewarding year for our shareholders.

Sincerely,

Dennis J. FitzSimons
Chairman, President and Chief Executive Officer
February 27, 2004

OUR COMMUNITY SUPPORT

In 2003, natural disasters struck two of Tribune’s service areas. Our local businesses, in partnership with the McCormick Tribune Foundation, were there to help.

In Southern California, the Los Angeles Times, KTLA-TV and KSWB-TV in San Diego assisted wildfire victims through foundation-administered relief campaigns. Likewise, when Hurricane Isabel hit the East Coast, the Daily Press, Newport News, Va., reached out with a relief campaign of its own. These efforts resulted in McCormick Tribune Foundation grants of more than $1 million to nonprofit organizations providing aid. Separately, The Baltimore Sun assisted Isabel victims with $30,000 in cash donations.

Responding in times of crisis is just one of the ways we give back. Every day, through fundraising, volunteering and targeted donations, Tribune and its employees make a positive difference. Cash contributions to United Way and other nonprofit organizations totaled more than $15 million in 2003. In-kind giving, primarily advertising space and time, exceeded $29 million.

Most Tribune business units participate in the communities program of the McCormick Tribune Foundation, which administers charitable funds in their names and provides matching dollars in their fundraising efforts. In 2003, foundation grants in association with Tribune businesses totaled $33 million. Dollars are channeled to agencies focusing on issues such as homelessness, hunger, health care and literacy, with an overall emphasis on helping children in need.

The Los Angeles Times’ first-ever KidCity event, a free two-day celebration of learning and literacy, attracted 45,000 people last summer. Nine children, pictured above, received the newspaper’s Above & Beyond Award for classroom achievement, community service and cultural contributions.
OUR VALUES

Strong values are an important part of the culture at Tribune. Eight fundamental principles guide our actions every day:

- Citizenship
- Customer Satisfaction
- Diversity
- Employee Involvement
- Financial Strength
- Innovation
- Integrity
- Teamwork

Examples of these values in action were plentiful in 2003. In particular, it was a year of great teamwork among and within Tribune business units. From content sharing and cross-market editorial projects to innovative cross-media advertising sales, the level of cooperation reached new highs. These activities go a long way toward increasing our top-line revenues, building audience share and achieving new cost efficiencies.

Our “one company” approach to business—and finding even more ways of working together across media and across markets—is vitally important to our future. Innovation and teamwork are not buzzwords around Tribune. They are sources of competitive advantage that we aim to maximize.

We believe strong values make a strong company. Without question, they are essential for achieving success on every level—in our communities, and in our relationships with customers, employees and shareholders.

Members of corporate management responsible for guiding Tribune’s business operations, its financial strategy and the company’s relationships with investors and employees are pictured above. From left: Luis Lewin, senior vice president, human resources; Ruthellyn Musil, senior vice president, corporate relations; Jack Fuller, president, Tribune Publishing; Don Grenesko, senior vice president, finance and administration; and Pat Mullen, president, Tribune Broadcasting.
### Financial Highlights

#### Tribune Company and Subsidiaries

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED (IN THOUSANDS, EXCEPT PER SHARE DATA)</th>
<th>DEC. 28, 2003</th>
<th>DEC. 29, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td>$5,594,829</td>
<td>$5,384,428</td>
</tr>
<tr>
<td><strong>Operating profit before restructuring charges</strong></td>
<td>$1,360,474</td>
<td>$1,275,785</td>
</tr>
<tr>
<td><strong>Restructuring charges</strong></td>
<td>—</td>
<td>27,253</td>
</tr>
<tr>
<td><strong>Operating profit including restructuring charges</strong></td>
<td>$1,360,474</td>
<td>$1,248,532</td>
</tr>
</tbody>
</table>

**Net Income**

| Before cumulative effect of accounting change | $891,379 | $608,579 |
| Cumulative effect of accounting change, net   | —        | (165,587) |
| **Total**                                     | $891,379 | $442,992 |

**Diluted earnings per share**

| Before cumulative effect of accounting change | $2.61   | $1.80   |
| Cumulative effect of accounting change, net   | —       | (0.50)  |
| **Total**                                     | $2.61   | $1.30   |

**Common dividends per share**

| $0.44   | $0.44   |

**Common stock price per share**

| high | $50.55 | $49.49 |
| low  | $41.60 | $35.66 |
| close | $50.45 | $44.47 |

**AT YEAR END**

| Total assets | $14,280,152 | $13,974,048 |
| Total debt (excluding PHONES) | $2,008,162 | $2,749,630 |
| Shareholders’ equity | $7,047,454 | $6,140,100 |

---

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Operating Cash Flow*</th>
<th>Total Debt**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in billions of dollars</td>
<td>in billions of dollars</td>
</tr>
<tr>
<td>$6</td>
<td>$2</td>
<td>$3.5</td>
</tr>
<tr>
<td>5</td>
<td>1.5</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>3</td>
<td>0.5</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>0.5</td>
<td></td>
<td>0.5</td>
</tr>
</tbody>
</table>

---

*Operating cash flow is not a measure of financial performance under generally accepted accounting principles ("GAAP"). A reconciliation of operating cash flow to operating profit is included on www.tribune.com.

**Excludes PHONES
FORM 10-K
Shareholder Information

CORPORATE HEADQUARTERS
Tribune Company
435 North Michigan Ave.
Chicago, Illinois 60611
312/222-9100

INTERNET ADDRESS
www.tribune.com

INVESTOR INFORMATION
Current and prospective Tribune investors can receive the annual report, proxy statement, earnings announcements and other reports and publications at no cost by calling 800/757-1694. The annual report, proxy and related financial information also are available on Tribune's website. The contact for securities analysts, portfolio managers and individual investors is Ruthellyn Musil, Senior Vice President/Corporate Relations. Call 312/222-3787 or e-mail rmusil@tribune.com.

STOCK INFORMATION
Tribune common stock is listed on the New York, Chicago and Pacific stock exchanges under the ticker symbol TRB. The current dividend rate is $.12 per share per quarter.

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP, Chicago

TRANSFER AGENT AND REGISTRAR
EquiServe Trust Company maintains shareholder records. For assistance on matters such as lost shares, name changes on shares or transfers of ownership, please contact:
EquiServe Trust Company
P.O. Box 43069
Providence, Rhode Island 02940
800/446-2617
www.equiserve.com

DIRECT STOCK PURCHASE PLAN
Tribune’s DirectSERVICE Investment Program enables both registered shareholders and new investors to buy and sell shares of Tribune common stock directly through EquiServe. Please contact EquiServe for more information.

ANNUAL MEETING
Tribune’s 2004 Annual Meeting of Shareholders will be held in Chicago on Wednesday, May 12, at the Swissôtel, 323 East Wacker Drive. The meeting will begin at 11 a.m. CST and a live Webcast will be available at www.tribune.com.

EQUAL OPPORTUNITY EMPLOYER
Tribune believes in equal employment opportunity. Tribune’s policy is to hire and promote the most qualified applicants and to comply with all federal, state and local equal employment opportunity laws.

FORWARD-LOOKING STATEMENTS
This report contains comments and forward-looking statements that are based largely on Tribune’s current expectations and are subject to certain risks, trends and uncertainties. Such comments and statements should be understood in the context of Tribune’s publicly available reports filed with the Securities and Exchange Commission, including the most recent 10-K and 10-Q, which discuss various factors that may affect the company’s business. These factors could cause actual future performance to differ materially from current expectations. Tribune is not responsible for updating the information contained in this report.

CREDITS
Photography:
Alan Braus, p. 2 (KTLA)
Ringo H.W. Chiu, p. 6
Glenn Kaupert, Chicago Tribune, p. 2 (top), p. 5 (Cubs) and p. 7
Chris Walker, Chicago Tribune, p. 4 (top)

Design:
Smith Design Co.
Evanston, Illinois

Printing:
The Hennegan Company
Florence, Kentucky
Merrill Corporation (10-K)
Chicago, Illinois