

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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:
In re: :
: **Chapter 11 Case No.**
:
STAR TRIBUNE HOLDINGS : **09-10244 (___)**
CORPORATION, et al., :
: **(Jointly Administered)**
:
Debtors.¹ :
----- X

**AFFIDAVIT OF DAVID W. MONTGOMERY
PURSUANT TO RULE 1007-2 OF THE LOCAL
BANKRUPTCY RULES OF THE SOUTHERN DISTRICT OF NEW YORK**

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

I, David W. Montgomery, being duly sworn, depose and say that the following is true to the best of my knowledge, information and belief:

1. I am the Chief Financial Officer of The Star Tribune Company (“**Star Tribune**” and, together with Star Tribune Holdings Corporation (“**Holdings**”), the “**Debtors**”), a debtor and debtor in possession in these chapter 11 cases. In that capacity, I am familiar with the Debtors’ day-to-day operations, business, financial affairs and books and records.

2. On the date hereof (the “**Petition Date**”), each Debtor filed a voluntary

¹ The Debtors are Star Tribune Holdings Corporation and The Star Tribune Company. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. I submit this affidavit pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the “**Local Bankruptcy Rules**”) in support of the Debtors’ petitions and various contemporaneously-filed requests for relief in the form of motions and applications (the “**First-Day Pleadings**”), as well as to assist the Court and other interested parties in understanding the circumstances that compelled the commencement of these chapter 11 cases. I have reviewed the First-Day Pleadings and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors’ businesses and to the success of the Debtors’ reorganization. Except as otherwise indicated, all facts set forth herein are based upon my personal knowledge of the Debtors’ operations and finances, information learned from my review of relevant documents, information supplied to me by other members of the Debtors’ management, the Debtors’ professionals, or employees of the Debtors working under my supervision, or my opinion based upon experience, knowledge and information concerning the operations of the Debtors and the print and online media industries. Unless otherwise indicated, the financial information contained herein is unaudited. I am authorized to submit this affidavit on behalf of the Debtors, and if called upon to testify, I could and would testify competently to the facts set forth herein.

4. Section I of this affidavit describes the Debtors' businesses. Section II describes the circumstances giving rise to the commencement of these chapter 11 cases. Section III provides additional information required under Local Bankruptcy Rule 1007-2.

I.

The Star Tribune Businesses

5. The Debtors are a newspaper and media company that publishes in both print and on-line the *Star Tribune* newspaper, the newspaper with the highest daily circulation in the State of Minnesota. As of the fourth quarter of 2008, the *Star Tribune* had a daily circulation of approximately 334,000 and a Sunday circulation of approximately 552,000, with a daily readership of 675,000 readers and a Sunday readership of approximately 1,048,000 readers. The *Star Tribune* is ranked nationally as the 10th largest Sunday newspaper and the 15th largest daily newspaper based on circulation. It is the number one newspaper in the Minneapolis-St. Paul region, with approximately 65 percent of that region's readership.

6. In 1996, the Debtors launched *StarTribune.com*, which is the leading local digital news and information service in the Twin Cities and all of Minnesota. *StarTribune.com* received approximately 6 million unique visitors per month and approximately 76 million page views per month during the past six months, an increase of 54 percent from a year ago. *StarTribune.com*'s traffic places it among the top 10 newspaper websites in the nation. The website also provides an active online marketplace, exemplified by the *ShopMinnesota* section of the site that features products and services from retailers across the state.

7. In addition to the newspaper and website, the Debtors produce numerous niche products, both in print and online format, including *vita.mn*, an entertainment website and weekly print tabloid; and *buzz.mn*, a local website. The Debtors also offer direct marketing and database marketing services.

8. The Debtors are headquartered in downtown Minneapolis. Star Tribune's printing operations are accomplished at the Heritage Center, a high-technology printing facility, built by Star Tribune in 1987.

Capital Structure

9. Holdings is a privately-owned Delaware corporation that is primarily owned by Avista Capital Partners, LP and Avista Capital Partners (Offshore) LP (together, "**Avista Capital Partners**"), two affiliated investment funds that together hold approximately 96 percent of the equity interests in Holdings. The Christopher M. Harte 1992 Family Trust holds the balance of the equity interests of Holdings.² Holdings wholly owns Star Tribune, a Delaware corporation. The Debtors do not have publicly held classes of shares of stock, debentures or other securities.

10. In March 2007, the Debtors' businesses were acquired from the McClatchy Company for the sum of approximately \$530 million. In connection with the transaction, Avista Capital Partners formed Holdings (formerly known as Snowboard Acquisition Holdings Corporation) and its wholly owned subsidiary Snowboard Acquisition Corporation ("**SAC**"). As part of the acquisition, SAC was merged with and into Star Tribune.

² In addition, certain persons own options to purchase equity of Holdings.

11. Star Tribune is the borrower and Holdings is the guarantor under that certain (a) First Lien Credit Agreement, dated as of March 5, 2007, (as has been or may be further amended, restated, supplemented or otherwise modified from time to time, the “**First Lien Credit Agreement**”), among SAC (the initial borrower under the First Lien Credit Agreement), Credit Suisse, Cayman Islands Branch, as administrative agent, swing line lender, a letter of credit issuer and collateral agent, RBS Securities Corporation, as syndication agent and the lenders party thereto (the “**First Lien Lenders**”) and (b) Second Lien Credit Agreement, dated as of March 5, 2007 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time, the “**Second Lien Credit Agreement**”) among SAC (the initial borrower under the Second Lien Credit Agreement), Credit Suisse, Cayman Islands Branch, as initial administrative agent and collateral agent, RBS Securities Corporation, as syndication agent, and the lenders party thereto, (the “**Second Lien Lenders**”) and, together with the First Lien Lenders, the “**Lenders**”). The First Lien Credit Agreement provides (i) a term loan in the amount of \$340 million and (ii) a revolving loan commitment for up to \$50 million. As of the Petition Date, \$392.5 million is outstanding in principal and interest under the First Lien Credit Agreement. The First Lien Credit Agreement also provides the Debtors with a subfacility for letters of credit (the “**Letters of Credit**”) issued by Credit Suisse. The Debtors have approximately \$3.3 million of “evergreen” Letters of Credit outstanding to secure certain workers’ compensation obligations. The Second Lien Credit Agreement consists of a term loan in the face amount of \$96 million. The amounts borrowed under the First and Second Lien Credit Agreements were used to fund the acquisition of the

Debtors and to provide general working capital requirements.

12. Pursuant to that certain First Lien Security Agreement, dated as of March 5, 2007, the Debtors' granted to the First Lien Lenders a first priority lien on and security interest in substantially all of their assets (the "**Pre-Petition Collateral**"), including all of their: (a) equipment, (b) inventory, (c) chattel paper, (d) accounts, (e) other pledged property and securities, (f) investment related property, (g) cash collateral accounts, (h) intellectual property and (i) commercial tort claims. Pursuant to that certain Second Lien Security Agreement, dated as of March 5, 2007, the Debtors' granted to the Second Lien Lenders a second priority lien on and security interest in the Pre-Petition Collateral. The relative rights and priorities of the Lenders are governed by that certain Intercreditor Agreement (the "**Intercreditor Agreement**"), dated as of March 5, 2007, among SAC, Credit Suisse, Cayman Islands Branch, in its capacity as collateral agent under the First Lien Credit Agreement and Second Lien Credit Agreement, and Holdings.

13. As of December 31, 2008, the Debtors' unaudited consolidated financial statements reflected assets totaling approximately \$493.2 million and liabilities totaling approximately \$661.1 million. As of December 31, 2008, the Debtors reported cash, cash equivalents and marketable investments of approximately \$26.9 million.

II.

Events Leading to the Chapter 11 Cases

The Star Tribune, Together with the Entire Newspaper Industry, Is in Crisis

14. The domestic newspaper industry has been crippled by an unprecedented and severe decline in advertising revenue. While this decline has been occurring for several years, the decline has been accelerated and exacerbated by the recession and the dislocation of the credit markets. Print classified advertising decreased by more than 25 percent in the first half of 2008 alone, representing a \$1.8 billion loss in revenue for domestic newspapers. In addition, the newspaper industry has suffered historic declines in circulation, which have not only resulted in decreased circulation revenue, but have also acted as a further catalyst for declines in advertising revenue. Much of a newspaper's more profitable print advertising sales are tied to circulation, which advertisers use as a proxy for readership. As circulation has declined, newspapers have been compelled to charge less for these ads.

15. As a result of these negative trends, many similar major media companies have experienced a 60 percent to 90 percent decline in stock prices and many newspapers around the country have been forced to slash operating costs, restructure operations, and rethink business models to offset revenue declines. Indeed, in the last 12 months alone, many prominent newspapers have been put up for sale, while others have reduced publication frequency, commenced chapter 11 cases, or failed outright.

16. The Debtors' businesses have been severely and adversely impacted by this precipitous drop in advertising revenues. Despite the Debtors' concerted efforts to

raise revenue and to cut costs, the Debtors' estimated EBITDA for 2008 was approximately only \$31 million, down from approximately \$59 million in 2007 and approximately \$115 million in 2004.

The Debtors' Cost-Cutting Measures

17. In response to the Debtors' weaker than anticipated operating results, and the generation of insufficient cash flow to meet their obligations, the Debtors began in March 2007 to implement a number of cost-cutting measures. These include evaluating and renegotiating current business practices, across-the-board workforce reductions, management wage freezes and other cost-cutting measures.

18. In furtherance of their cost savings initiatives, the Debtors retained Restructuring Associates Inc. ("**RAI**"), a Washington-D.C. based consultant, to help them work collaboratively with their unions to reduce their payroll expenses, including healthcare expenses.

19. Over a three-day period in March 2008, the Debtors, certain members of management, RAI and representatives from all of the Debtors' unions met to discuss the Debtors' financial situation and necessary cost savings. At that time, the Debtors projected that, in order to continue operations, they would need to save approximately \$15 million annually in labor costs.

20. The Debtors began formal negotiations with the Newspaper Guild (the "**Guild**") on May 8, 2008, and Star Tribune negotiators met with Guild leadership through May, June and July 2008. On July 16, 2008, the Debtors announced that they had reached an agreement with the Guild on a new three-year labor contract.

21. The Debtors' mailroom employees, drivers and pressmen are represented by different local unions that are part of the International Brotherhood of Teamsters (the "IBT"). Between April and July of 2008, the Debtors engaged each of these constituent groups, and reached agreement with their leadership, culminating in a vote by their respective memberships on the Debtors' cost savings proposal on July 31, 2008. The mailroom workers and drivers voted overwhelmingly to accept the Debtors' proposal. The pressmen membership, however, rejected the Debtors' proposal by a vote of 77-27. Because the modifications to the contracts of all the unions being represented by the IBT were contingent upon acceptance by all three unions, the pressmen's rejection had the effect of nullifying the agreements reached by the mailroom workers and drivers.

22. The Debtors resumed negotiations with the pressmen leadership, attending negotiating sessions on August 11 and 12, 2008 at the offices of the IBT in Washington, D.C. and in Minneapolis on August 22, 2008. These negotiations resulted in a second agreement with pressmen leadership. However, another vote was held on September 10, 2008, and again the pressmen membership rejected the Debtors' plan by a similar margin. The pressmen's refusal to accept the agreement again had the effect of nullifying the other unions' agreements.

23. Despite the inability to achieve the requested costs savings from the employees represented by the IBT, since the beginning of 2007, the Debtors have achieved nearly \$50 million in annualized savings by, among other things, reducing news pages and unpaid space, improving price negotiation and volume reductions, discontinuing certain non-core publications, achieving a significant workforce reduction

of 610 full-time employees and “freezing” wages for management and other non-union employees.

24. Despite these significant cost savings, the Debtors’ revenues continued to deteriorate throughout 2008. This deterioration accelerated in the third quarter of 2008 as the general economy, the stock market and credit markets suffered historic declines. Based upon the Debtors’ significantly declining financial condition and the continuing industry turmoil, the Debtors reached out again to their unions in an attempt to achieve critical contractual cost savings.

25. On December 2, 2008, representatives from the Debtors and their advisors met with leadership from all of the unions, and gave a comprehensive presentation emphasizing the union cooperation and consent needed to achieve the cost reductions necessary for the Debtors’ survival. The Debtors indicated that, without significant agreed union savings by January 7, 2009, chapter 11 would be inevitable. By this point, the cost savings required from the unions had escalated to \$20 million, as the Debtors’ financial condition has dramatically worsened over the second half of 2008. The Debtors and their management met separately with representatives of each of the material unions. As part of these negotiations, the Debtors met with various union negotiators on 15 days between December 15, 2009 and January 8, 2009, and provided substantive responses to union requests. Following these negotiations, no union agreed to the requested cost savings.

The Debtors Are Significantly Overleveraged

26. In addition to the Debtors’ steps to reduce costs, the Debtors have also

explored the feasibility of an out-of-court restructuring in order to alleviate their heavy debt burden. The Debtors' operating cash flow has declined to such an extent that the Debtors are unable to service their existing debt obligations to the first and second-lien lenders.

27. On June 30, 2008, in order to preserve the cash necessary to operate their businesses, the Debtors did not pay the scheduled quarterly interest due pursuant to the Second Lien Credit Agreement of approximately \$2.1 million. On September 30, 2008, the Debtors did not pay the scheduled quarterly principal and interest due pursuant to the First Lien Credit Agreement of approximately \$5.2 million and the scheduled quarterly interest due pursuant to the Second Lien Credit Agreement of approximately \$2.2 million. On October 27, 2008 and October 30, 2008, the Debtors did not pay scheduled revolver interest due pursuant to the First Lien Credit Agreement of approximately \$0.3 million for each period. On December 31, 2008, the Debtors did not pay the scheduled quarterly principal and interest due pursuant to the First Lien Credit Agreement of approximately \$7.9 million and the scheduled quarterly interest due pursuant to the Second Lien Credit Agreement of approximately \$2.2 million.

28. As of the Petition Date, neither the First Lien Lenders or the Second Lien Lenders have accelerated their debt, although there is no formal forbearance agreement among the Debtors and the Lenders.

29. Against this backdrop, the Debtors were constrained to commence these chapter 11 cases to seek to rationalize their labor costs (including wages, work rules and benefits) and to deleverage their balance sheet. By so doing, the Debtors seek to preserve

the value of the enterprise for the benefit of all economic stakeholders.

III.

Information Required by Local Bankruptcy Rule 1007-2

30. Local Bankruptcy Rule 1007-2 requires certain information related to the Debtors, which is set forth below.

31. Set forth in Schedule 1 attached hereto is a list of the committees that, to the Debtors' knowledge, have been formed prior to the date hereof.

32. Set forth in Schedule 2 attached hereto is a list of the names, addresses and telephone numbers of the creditors holding the thirty largest unsecured claims, excluding insiders, and where available, the name of the person familiar with the Debtors' account. This list also includes the amount of each claim, and if appropriate, an indication whether the claim is contingent, unliquidated, disputed, or partially secured, subject to the Debtors' rights to dispute the actual validity of any claims.

33. Set forth in Schedule 3 attached hereto is a list of the names of the Debtors' five largest first lien pre-petition lenders on a consolidated basis.

34. A summary of the consolidated assets and liabilities of the Debtors as of December 28, 2008 is set forth in Schedule 4 attached hereto.

35. There are no classes of shares of stock, debentures or other securities of Star Tribune Holdings that are publicly held. There are no shares of stock, debentures or other securities of Star Tribune Holdings that are held by officers or directors of the Debtors, other than Christopher M. Harte, the Publisher and Chairman of Star Tribune Holdings, through the Christopher M. Harte 1992 Family Trust, which owns 45,000

(4.11%) of the outstanding shares of Star Tribune Holdings Corporation.

36. As indicated in Schedule 5, the Debtors have property that is in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledgees, assignees of rents, secured creditors, or agents of any such entity. In addition to these properties referenced above and listed on Schedule 5, on any given day and in the ordinary course of business, property of the Debtors is likely to be in the possession of various other persons or entities in a manner that does not affect the Debtors' ownership interests in that property. In light of the constant movement of this property, providing a comprehensive list of property in the possession of another would be impractical if not impossible.

37. Set forth in Schedule 6 attached hereto is a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their business.

38. Set forth in Schedule 7 attached hereto is the approximate location of the Debtors' substantial assets, the location of their books and records, and the nature, location and value of any assets held by the Debtors outside the territorial limits of the United States.

39. Set forth in Schedule 8 attached hereto is the nature and present status of each action or proceeding, pending or threatened, against the Debtors where a judgment against the Debtors or a seizure of their property is imminent.

40. Set forth in Schedule 9 attached hereto are the names of the individuals who comprise the Debtors' existing senior management, a description of their tenure with

the Debtors, and a brief summary of their relevant responsibilities and experience.

41. Set forth on Schedule 10 attached hereto are the estimated amount of weekly payroll, on a consolidated basis, to be paid to employees (exclusive of officers, directors, and stockholders) and the estimated amount to be paid to officers, stockholders, directors and financial and business consultants retained by the Debtors, for the 30 day period following the filing of the Debtors' chapter 11 petitions.

42. Set forth in Schedule 11 attached hereto are the estimated cash receipts and disbursements, net cash gain or loss, and unpaid obligations and receivables expected to accrue but remain unpaid, other than professional fees, for the 30 day period following the filing of the Debtors' chapter 11 petitions.

43. I respectfully request that all of the relief requested in the First Day Pleadings be granted and such other further relief as may be just and proper.

I, the undersigned Chief Financial Officer of Star Tribune, declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
January 15, 2009

/s/ David W. Montgomery
Name: David W. Montgomery

SCHEDULE 1

Pursuant to Local Bankruptcy Rule 1007-2(a)(3), the Debtors have been informed that various secured and unsecured creditors have formed ad hoc committees in respect of their claims against the Debtors.

SCHEDULE 2

Following is the consolidated list of the Debtors' creditors holding the 30 largest unsecured claims as of January 13, 2009, excluding prepayments made by the Debtors on account of merchandise that has not been received as of the Petition Date. This list has been prepared in accordance with Bankruptcy Rule 1007(d). The list does not include (1) persons who come within the definition of insider set forth in 11 U.S.C. § 101, (2) secured creditors unless the value of the collateral is less than the total amount of such creditor's claim or (3) claims held by any of the Debtors' employees. The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors.

<i>(1)</i> <i>Name of creditor and complete mailing address including zip code</i>	<i>(2)</i> <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>(3)</i> <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>(4)</i> <i>Amount of claim (if secured, also state value of security)</i>
ABITIBI/BOWATER 55 E. CAMPERDOWN WAY GREENVILLE, SC 29602	Trade debt		1,004,543.00
APAC CUSTOMER SERVICE INC 3459 SOLUTIONS CENTER CHICAGO, IL 60677-3004	Trade debt		133,218.39
GP PLASTICS CORP PO BOX 201831 DALLAS, TX 75320-1831	Trade debt		128,398.26
AGFA CORPORATION P O BOX 2123 CAROL STREAM, IL 60132-2123	Trade debt		127,659.12
MCCLATCHY INTERACTIVE 1100 SITUS COURT RALEIGH, NC 27605	Trade debt		91,160.67
ROYLE PRINTING COMPANY INC PO BOX 750 SUN PRAIRIE, WI 53590	Trade debt		87,858.28
SAP AMERICA PO BOX 7780-824024 PHILADELPHIA, PA 19182-4024	Trade debt		87,597.21
CLICKABILITY INC PO BOX 49302 SAN JOSE, CA 95161-9302	Trade debt		83,748.00

<i>(1) Name of creditor and complete mailing address including zip code</i>	<i>(2) Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>(3) Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>(4) Amount of claim (if secured, also state value of security)</i>
WESTERN COLORPRINT INC DEPT 1215 DENVER, CO 80256	Trade debt		73,042.94
AMERICAN COLOR GRAPHICS PO BOX 198344 ATLANTA, GA 30384- 8344	Trade debt		68,742.54
VIRTEVA 5775 WAYZATA BLVD SUITE 900 ST LOUIS PARK, MN 55416	Trade debt		66,512.50
CLARITAS INC P O BOX 533028 ATLANTA, GA 30353- 2028	Trade debt		61,875.00
MINNESOTA TIMBERWOLVES 600 1ST AVE NORTH TICKET OFFICE MINNEAPOLIS, MN 55403-1416	Trade debt		57,932.45
VMIX INC 12707 HIGH BLUFF DRIVE #350 SAN DIEGO, CA 92130	Trade debt		53,865.27
VOICEPORT LLC 500 LEE ROAD SUITE 200 ROCHESTER, NY 14606	Trade debt		53,148.00
JTS DIRECT LLC P O BOX 1379 KENOSHA, WI 53141	Trade debt		51,047.08
CUSTOM BUSINESS SYSTEMS 225 N RICHMOND ST APPLETON, WI 54911	Trade debt		48,003.20
ADICIO 2382 FARADAY AVE #350 ONE CARLSBAD RESEARCH CENTER CARLSBAD, CA 92008	Trade debt		47,184.00
JOBVIEW LLC 13961 WEST PRESERVE BLVD BURNSVILLE, MN 55337	Trade debt		45,000.00

<i>(1) Name of creditor and complete mailing address including zip code</i>	<i>(2) Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>(3) Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>(4) Amount of claim (if secured, also state value of security)</i>
CIT TECHNOLOGY FINANCING SERVICE INC 23896 NETWORK PL CHICAGO, IL 60673-1238	Trade debt		41,499.42
METRO DISTRIBUTION SERVICE INC 3000 N 2ND ST #2 MINNEAPOLIS, MN 55411	Trade debt		40,495.60
SILVERPOP SYSTEMS INC PO BOX 536747 ATLANTA, GA 30353- 6747	Trade debt		39,690.00
GABRIELS TECHNOLOGY SOLUTIONS 250 HUDSON ST 10TH FLOOR NEW YORK, NY 10013	Trade debt		39,335.00
JOHN ROBERTS COMPANY 9687 EAST RIVER ROAD MINNEAPOLIS, MN 55433	Trade debt		38,083.93
CERES ENVIRONMENTAL SERVICES 3825 85TH AVE N BROOKLYN PARK, MN 55443	Trade debt		36,325.00
AMERICAN STUDENT LIST COMPANY 330 OLD COUNTRY ROAD MINEOLA, NY 11501	Trade debt		35,232.56
DATA BASED ADS INC 363 WEST ERIE STREET SUITE 500 EAST CHICAGO, IL 60654	Trade debt		35,184.79
IKON OFFICE SOLUTIONS P O BOX 198727 MANGEMENT SERVICES ATLANTA, GA 30384- 8727	Trade debt		32,211.50

<i>(1) Name of creditor and complete mailing address including zip code</i>	<i>(2) Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>(3) Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>(4) Amount of claim (if secured, also state value of security)</i>
INFINITY DIRECT INC. 13220 COUNTY ROAD 6 SUITE 200 PLYMOUTH, MN 55441- 3832	Trade debt		31,948.45
BROOKLYN PRINTING INC 7150 BOONE AVE N SUITE 100 BROOKLYN PARK, MN 55428-1551	Trade debt		26,827.93

SCHEDULE 3

Pursuant to Local Bankruptcy Rule 1007-2(a)(5), the following lists the Debtors' five largest first lien pre-petition lenders on a consolidated basis as of January 13, 2009. The information herein shall not constitute an admission of liability of, and is not binding on, the Debtors.

<i>Creditor's Name and Mailing Address, Including Zip Code</i>	<i>Date Claim was Incurred, Nature of Lien, and Description and Market Value of Property Subject to Lien</i>	<i>Contingent/Unliquidated /Disputed</i>	<i>Amount of Claim Without Deducting Value of Collateral</i>	<i>Unsecured Portion, if Any</i>
Account No.				
Wayzata Investment Partners LLC 701 East Lake Street, Suite 300 Wayzata, MN 55391				
	Amount		\$58,060,595	\$
Account No.				
Credit Suisse 11 Madison Ave. New York, NY 10010-3629				
	Amount		\$46,666,151	\$
Account No.				
Angelo Gordon & Co. LP				
	Amount		\$ 44,949,812	\$
Account No.				
Davidson Kempner Partners				
	Amount		\$ 43,879,737	\$
Account No.				
General Electric Investment Corp. 201 Merit 7 Norwalk, CT 06856				
	Amount		\$38,625,000	\$

SCHEDULE 4

THE STAR TRIBUNE COMPANY AND SUBSIDIARIES CONSOLIDATED PRELIMINARY BALANCE SHEET AS OF DECEMBER 28, 2008

(In thousands; unaudited)

	<u>December 28, 2008</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents.....	\$ 26,859
Accounts receivable (less allowance for doubtful accounts of \$920).....	33,218
Other receivables.....	460
Inventories.....	4,944
Deferred income taxes	3,432
Other current assets.....	5,140
Total current assets.....	<u>74,053</u>
PROPERTY AND EQUIPMENT, NET:	
Land and improvements.....	42,616
Building and improvements.....	44,025
Equipment.....	97,256
Construction in progress	1,146
Less accumulated depreciation	<u>(33,346)</u>
Net Property, plant, and equipment.....	<u>151,697</u>
INTANGIBLE AND OTHER ASSETS:	
Identifiable intangibles, net of accumulated amortization of \$30,756.....	146,044
Goodwill.....	63,968
PREPAID PENSION ASSETS	48,432
OTHER ASSETS.....	<u>9,008</u>
Total intangible and other assets	<u>267,452</u>
TOTAL ASSETS	<u><u>\$ 493,202</u></u>

**THE STAR TRIBUNE COMPANY AND SUBSIDIARIES
CONSOLIDATED PRELIMINARY BALANCE SHEET
AS OF DECEMBER 28, 2008**

(In thousands; unaudited)

	<u>December 28, 2008</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Current maturities of long-term debt	\$ 48,784
Long-term debt reclassified to current	428,350
Accounts payable	8,414
Accrued compensation	17,825
Unearned revenue	13,971
Accrued interest	18,441
Other accrued liabilities	11,589
Total current liabilities	<u>547,374</u>
 LONG TERM DEBT	 546
 OTHER LONG-TERM OBLIGATIONS	
Post-retirement medical benefit obligations	18,554
Other long-term obligations	4,266
 DEFERRED INCOME TAXES	 <u>90,360</u>
 TOTAL LIABILITIES	 661,100
 STOCKHOLDERS' EQUITY:	
Common stock, \$0.01 par value, authorized 1,000 shares issued and outstanding 100 shares	—
Additional paid-in capital	109,216
Retained earnings	(296,756)
Accumulated other comprehensive income	19,642
TOTAL STOCKHOLDERS' EQUITY	<u>(167,898)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY ...	<u>\$ 493,202</u>

SCHEDULE 5

Pursuant to Local Bankruptcy Rule 1007-2(a)(8), the following lists the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent.¹

Collateral and Security Deposits

Amount/Value	Holder Name, Address and Telephone Number	Property Description
\$2,250,000	US Bank 7300 Chapman Highway Knoxville, TN 37920 Attn: Louisa Stringham	Deposit held for credit card processing
\$1,004,543	Various freight carriers. See note 1 below.	Newsprint in transit from factory to our production facility
\$350,000	Wells Fargo Brokerage Service 608 2 nd Ave. S. Minneapolis, MN 55479 Attn: Dan Kraft	Investment account held as collateral for Purchasing Card transactions
\$368,000	Wells Fargo Brokerage Service 608 2 nd Ave. S. Minneapolis, MN 55479 Attn: Dan Kraft	Certificate of Deposit held as collateral for Minneapolis Target Center Revenue Bonds
\$350,000	Davis Polk & Wardwell 450 Lexington Ave. New York, NY 10017	Legal Counsel Retainer
\$100,000	Houlihan Lokey 225 S 6th St. Minneapolis, MN 55402	Professional Services Retainer
\$75,000	FTI Consulting PO Box 631916 Baltimore, MD 21263	Professional Services Retainer
\$65,000	Kekst and Company, Inc. 437 Madison Ave New York, NY	Professional Services Retainer
\$35,000	Curtis Mallet-Prevost Colt & Mosle, LLP 101 Park Ave. New York, NY 10178	Professional Services Retainer

¹ In addition to the properties listed above, in the ordinary course of business, property of the Debtors is likely to be in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledgees, assignees of rents, secured creditors or agents. Through these arrangements, the Debtors' ownership interest is not affected. In light of the movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting such property would be impractical if not impossible.

SCHEDULE 6

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the premises owned, leased or held under another arrangement from which the Debtors operate their businesses.

Address	Square Feet (Approximate)	Type of Interest	Description of Use
500 4th Street S, Minneapolis, MN	108,900.00	Ownership	Parking Lot
329 Portland Avenue S, Minneapolis, MN	25,080.00	Ownership	Vacant 5-Story Office Building
301 Portland Ave S, Minneapolis, MN	83,800.00	Ownership	Parking Lot
350 Park Avenue S, Minneapolis, MN	13,280.00	Ownership	Unused Tunnel under 4th Street
628 4th St S, Minneapolis, MN	32,680	Ownership	Parking Lot
627 3rd Street S, Minneapolis, MN	2,425.50	Ownership	Parking Lot
728 4th Street S, Minneapolis, MN	23,100.00	Ownership	Parking Lot
700 4th Street S, Minneapolis, MN	21,780.00	Ownership	Vacant 3-Story Warehouse
701 3rd Street S, Minneapolis, MN	21,780.00	Ownership	Parking Lot
713 3rd Street S, Minneapolis, MN	9,570.00	Ownership	Parking Lot
716 4th Street S, Minneapolis, MN	10,890.00	Ownership	Unused 1-Story Warehouse
719 3rd Street S, Minneapolis, MN	21,780.00	Ownership	Parking Lot
425 Portland Ave S, Minneapolis, MN	108,900.00	Ownership	4 Story Office Building
416 Portland Avenue S, Minneapolis, MN	8,500.00	Ownership	Parking Lot
501 4th Street S, Minneapolis, MN	65,340.00	Ownership	Parking Lot
520 5th Street S, Minneapolis, MN	13,940.00	Ownership	Green space (park)
521 4th Street S, Minneapolis, MN	21,120.00	Ownership	Parking Lot
800 1st Street N, Minneapolis, MN	760,077.18	Ownership	Printing Production Plant
730 1st Street N, Minneapolis, MN	14,268.80	Ownership	Open Area
730 1/2 Street N, Minneapolis, MN	6,437.60	Ownership	Parking Area
901 2nd Street N, Minneapolis, MN	134,640.00	Ownership	Parking Lot and Truck Repair Site
315 Main Street E (Albert Lea)	425	Ownership	Circulation Office
1755 Carnes Ave, St. Paul MN 55108	800	Ownership (only of building)	State Fairgrounds Booth (PP)

Address	Square Feet (Approximate)	Type of Interest	Description of Use
B14 & B28 MN State Capitol, St. Paul, MN	678	Lease	St. Paul Capitol News
B22 MN State Capitol, St. Paul, MN	133	Lease	St. Paul Capitol Editorial
Lowry Building, 350 St. Peter St., St. Paul, MN	4,381	Lease	St. Paul Bureau
1090 Vermont Ave NW Ste 1000, Washington, MN	255	Lease	Washington Bureau
101 West Burnsville Parkway Ste 101, Burnsville, MN	1,078	Lease	Burnsville Adv/News space
11025 Radisson Rd, Blaine, MN	20,000	Lease	Blaine Depot
1900 West 94th Street, Bloomington, MN	23,314	Lease	Bloomington Depot
8400 89th Ave North, Brooklyn Park, MN	11,185	Lease	Brooklyn Park Depot
1105 Riverwood Drive, Burnsville, MN	9,900	Lease	Burnsville Depot
371 South Garfield Street, Cambridge, MN	3,000	Lease	Cambridge Depot
18812 Lake Drive East, Chanhassen, MN	17,835	Lease	Chanhassen Depot
281 Commerce Circle South, Fridley, MN	15,429	Lease	Fridley Commerce Depot
2015 Silver Bell Road # 100, Eagan, MN	12,720	Lease	Eagan Depot
700 Spiral Boulevard, Hastings, MN	2,300	Lease	Hastings Depot
98 St. Croix Trail N, Lakeland, MN	2,600	Lease	Lakeland Depot
5130 Industrial St, Maple Plain, MN	12,125	Lease	Maple Plain Depot
3274 Winpark /Drive, New Hope, MN	12,270	Lease	New Hope Depot
6922 North 55th St., Oakdale, MN	3800	Lease	Oakdale Depot
6751 Oxford Street, St. Louis Park, MN	20,000	Lease	Oxford Depot
14324 21st Ave N Suite 120, Plymouth, MN	6,427	Lease	Plymouth Depot
31503 125 1/2 ST Unit B, Princeton, MN	2,160	Lease	Princeton Depot
711 County Road 83, Shakopee, MN	6,500	Lease	Shakopee Depot
129 West Ruth Street, Mankato, MN	2,280	Lease	Mankato Depot
3405 9th St NW, Owatonna, MN	2,100	Lease	Owatonna Depot
1520 Willmar Avenue, S.E., Willmar, MN	2,510	Lease	Willmar Depot

Address	Square Feet (Approximate)	Type of Interest	Description of Use
N Hwy 371 unit #18, Little Falls, MN	300	Lease	Little Falls Depot
210 East County Road 1, Dundas, MN	3,690	Lease	Northfield Depot
41613 Co Rd 13, Melrose, MN	300	Lease	Melrose Depot
1200 Sinclair Lewis Avenue Sauk Centre, MN	330	Lease	Sauk Centre Depot
227 Ash Ave NE, Wadena, MN	1,814	Lease	Wadena Depot
Minneapolis, MN	2,000	Lease	Residence

SCHEDULE 7

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following describes the locations of the Debtors' substantial assets, the location of their records and the nature, location and value of any assets held by the Debtors outside of the territorial limits of the United States.

The Debtors' have assets in the State of New York and in every location from which they operate their businesses, including the premises listed on Schedule 6. To the best of my knowledge, the Debtors have no substantial assets outside the United States.

The primary location of the Debtors' Books and Records is Minneapolis, Minnesota. The Debtors also maintain certain records at their numerous operating locations and store certain records in off-site storage facilities.

SCHEDULE 8

Pursuant to Local Bankruptcy Rule 1007-2(a)(11), the Debtors are not aware of any matters in which a judgment against the Debtors or a seizure of their property may be imminent or any third party garnishment actions in which a default judgment has been entered against one of the Debtors as garnishee and in which a seizure of such Debtors' property may be imminent if the default judgment is not set aside or the matter resolved by agreement with the garnishor.

SCHEDULE 9

Pursuant to Local Bankruptcy Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

Name/Position	Responsibilities/Experience
<p>Christopher Harte Publisher & Chairman</p>	<p>Mr. Harte is responsible for leading The Star Tribune Company (the "Company").</p> <p>Mr. Harte has 20 years of experience in the newspaper and publishing industry and has been publisher of newspapers in Akron, Ohio; Portland, Maine and State College, Pa., as well as a corporate executive of Knight Ridder Newspapers. Mr. Harte has 23 months of experience at the Company. Mr. Harte is a director of two public companies, Harte-Hanks and Geokinetics, as well as several private firms.</p> <p>Mr. Harte holds a bachelor's degree from Stanford University and an M.B.A. from the University of Texas.</p>
<p>David Montgomery Chief Financial Officer</p>	<p>Mr. Montgomery's responsibilities include overseeing the financial affairs of the Company and working with the Company's accounts and auditors to prepare the Company's quarterly and annual reports. He has 18 years of experience in the newspaper and publishing industry and 23 months of experience at the Company.</p> <p>In his previous job, Mr. Montgomery was CFO of Advanstar Communications, a \$380-million media company that specializes in business-to-business publications, websites and events for the fashion, life sciences and power sport industries. Prior to his tenure at Advanstar, Mr. Montgomery was a tax manager at McGladrey & Pullen (now RSM McGladrey). He also acted as an interim CFO for Alix Partners LLP, a business financial consulting firm in Detroit.</p> <p>Mr. Montgomery has a bachelor's degree in accounting from Minnesota State University at Mankato.</p>
<p>Nancy Barnes Editor & Senior Vice President, News</p>	<p>Ms Barnes is editor of the <i>Star Tribune</i> and senior vice president of the Company, with responsibility for the paper's news content and direction of the newsroom staff of 300. Ms. Barnes has held this position since 2007.</p>

Name/Position	Responsibilities/Experience
	<p>Ms. Barnes joined the Company as the assistant managing editor for business in fall 2003. In April 2005, she was promoted to deputy managing editor for enterprise. She oversaw an expansion and improvement of business coverage and strengthened enterprise coverage and the Sunday paper. Ms. Barnes was promoted to deputy managing editor for content in 2005. In this position, she had oversight responsibilities for local news, business, investigations, Sunday and enterprise.</p> <p>Prior to joining the Company, Ms. Barnes, who has 26 years of experience in the newspaper and publishing industry, held various positions at other newspapers, including reporter, copy editor, bureau chief and deputy metro editor. Most recently, Ms. Barnes worked for the <i>Raleigh News & Observer</i>, where she was responsible for the Sunday edition, including enterprise editing.</p> <p>Ms. Barnes has a bachelor's degree from the University of Virginia and a master's degree in business administration from the University of North Carolina in Chapel Hill.</p>
<p>David Walsh Senior Vice President, Advertising</p>	<p>Mr. Walsh is responsible for advertising at the Company.</p> <p>Mr. Walsh was named senior vice president of advertising at the Company in February of 2008. Before joining the Company, Mr. Walsh worked in a variety of positions, most recently as vice president of advertising for the <i>Los Angeles Times</i> and prior to that as vice-president of Tribune Interactive, overseeing print and online classified advertising strategies for 10 Tribune newspapers. Mr. Walsh has also served as president of RELCON, Inc., a niche publishing company based in Oak Brook, Illinois.</p> <p>Mr. Walsh earned a bachelor's degree from the University of Illinois, Urbana-Champaign, in 1985 and in 2000, he completed the General Management executive program at Harvard Business School in Boston, Massachusetts.</p>
<p>Daniel Shorter President, Digital Media</p>	<p>Mr. Shorter is responsible for digital media at the Company.</p> <p>Mr. Shorter has held his position since early 2008. Previously, Mr. Shorter was the Internet General Manager for the <i>Palm Beach Post</i> in West Palm</p>

Name/Position	Responsibilities/Experience
	<p>Beach, FL. During his 30-year career at the <i>Post</i>, he was the front page editor, executive business editor and director of new ventures.</p> <p>Mr. Shorter has a bachelor's degree in mass communication from Virginia Commonwealth University.</p>
<p>Steven H. Alexander Senior Vice President, Circulation</p>	<p>Mr. Alexander is responsible for the Company's circulation strategies and implementation, as well as all aspects of consumer sales, service and distribution, including Fleet.</p> <p>Mr. Alexander joined the Company in 1999. He is the former president, Los Angeles Region, and vice president, Consumer Marketing-Circulation, at the <i>Los Angeles Times</i>. During his 30-year career, Mr. Alexander has also worked at the <i>Daily News of Los Angeles</i> from 1978 to 1984, the <i>Marin (Calif.) Independent Journal</i> from 1984 to 1986, and <i>Times Mirror</i> (owner of the <i>Los Angeles Times</i>), where he held a number of circulation, distribution and consumer marketing posts from 1986-1999.</p> <p>Mr. Alexander has served on the Newspaper Association of America (NAA)/Audit Bureau of Circulations (ABC) Liaison Committee, a group whose mission is to make recommendations to the ABC board of directors about the rules that govern how newspaper circulation is to be measured.</p> <p>Mr. Alexander has a bachelor's degree in business administration/marketing from the University of Southern California. He also has completed the Times Mirror Leadership Development Program and the Northwestern University Executive Program.</p>
<p>Kevin Desmond Senior Vice President, Operations</p>	<p>Mr. Desmond is responsible for the Manufacturing and Facilities divisions and Information Technology. He joined the Company in 2007.</p> <p>Mr. Desmond has 29 years of experience in the newspaper and publishing industry. He was vice president of operations at the <i>St. Paul Pioneer Press</i> and vice president of operations at the <i>Wichita Eagle</i>. He has also held posts as assistant production manager at the <i>Los Angeles Herald Examiner</i> and as a systems engineer at W. R. Grace & Co. in Lexington, Mass.</p> <p>Mr. Desmond has a master's degree in business management and administration from Pepperdine University and a bachelor's degree from the</p>

Name/Position	Responsibilities/Experience
	University of Massachusetts.
<p>Scott Gillespie Editorial Page Editor</p>	<p>Scott Gillespie has been responsible for <i>Star Tribune</i>'s daily editorial and op-ed pages, as well as the Sunday "Opinion Exchange" section since October 2007.</p> <p>Prior to his current assignment, Mr. Gillespie was managing editor for news at the Company, where he was responsible for the day-to-day operations of the newsroom. Mr. Gillespie was previously assistant managing editor for local news at <i>Star Tribune</i>. In that role, he was responsible for the newspaper's local news coverage, including local government, health and science, education, state news, metropolitan trends and social issues. He also served as <i>Star Tribune</i>'s assistant managing editor for business news from 1998 to 2000. He has more than 20 years of news reporting and editing experience at newspapers in Wisconsin and Minnesota and 16 years at the Company.</p> <p>Mr. Gillespie has a bachelor's degree in journalism and political science from the University of Wisconsin-Madison.</p>
<p>Benjamin Taylor Senior Vice President, Marketing & Communication</p>	<p>Mr. Taylor has been responsible for the Company's marketing, internal and external communications, community affairs and the Star Tribune Foundation since 2006.</p> <p>Before coming to the Company in 1995, Mr. Taylor worked for The New York Times Co. in a variety of marketing and product development roles. Mr. Taylor began his career as a reporter, editor and editorial writer at the <i>Palm Beach Post</i> in West Palm Beach, Florida. He has also worked as a research associate at the University of Michigan's Department of Mass Communication and taught courses in journalistic writing and media research at the University of Michigan. Mr. Taylor has 32 years of experience in the newspaper and publishing industry and 13 years of experience at the Company.</p> <p>Mr. Taylor has a bachelor's degree in journalism from the University of Tennessee.</p>
<p>Randy Lebedoff General Counsel</p>	<p>Ms. Lebedoff's responsibilities include overseeing and directing all of the Company's legal work.</p> <p>Ms. Lebedoff was the Company's vice president and general counsel from 1989 to 2001, and</p>

Name/Position	Responsibilities/Experience
	<p>rejoined the company in October 2007. Prior to returning to the Company in 2007, she was vice president and general counsel of Twin Cities Public Television. Before coming to the Company in 1989, she was a partner at Faegre and Benson, where she practiced in the business litigation department, focusing on antitrust and other commercial litigation.</p> <p>Ms. Lebedoff is a graduate of Smith College and Indiana University School of Law.</p>
<p>Helen Wainwright Senior Vice President, Human Resources & Labor Relations</p>	<p>Ms. Wainwright is responsible for the recruitment, benefits, compensation, employee relations, training, safety, wellness and labor relations functions of the Company.</p> <p>Prior to joining the Company in May 2002, Ms. Wainwright was human resources director of <i>The Fresno (Calif.) Bee</i>. She also served in human resource roles at McClatchy corporate headquarters in Sacramento, and at <i>The Herald</i> in Rock Hill, S.C.</p> <p>Ms. Wainwright has a bachelor's degree in business administration/management and a master's degree in business administration from California State University in Sacramento, Calif. She also has a Senior Human Resources Professional designation from the Society of Human Resources Management.</p>

SCHEDULE 10

Pursuant to Local Bankruptcy Rule 1007-2(b)(1)–(2)(A) and (C), the following provides the estimated amount of weekly payroll, on a consolidated basis, to be paid to the Debtors’ employees and the estimated amount to be paid to officers, stockholders, directors, and financial and business consultants retained by the Debtors, for the thirty (30) day period following the filing of the chapter 11 petitions.

Payments to Employees (not including Officers and Directors)¹	\$6.7 million
Payments to Officers, Directors and Stockholders	\$0.2 million

Estimated professional fees for financial and business consultants retained in connection with the administration of the chapter 11 proceeding.

Advisors	Scope of Engagement	Amount
Blackstone Advisory Services, L.P.	Restructuring advice	\$150,000 per month

¹ Amounts include estimated employee wages and salaries, payroll taxes and other various benefits.

SCHEDULE 11

Pursuant to Local Bankruptcy Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the Debtors' chapter 11 petitions, the estimated cash receipts and disbursements, net cash gain or loss and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	\$22.7 million
Cash Disbursements	\$26.3 million
Net Cash Loss	\$3.6 million
Unpaid Obligations	\$6.5 million
Unpaid Receivables	\$9.3 million