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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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

**AMENDED DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: July 28, 2009

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<sup>1</sup> 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.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' PLAN OF REORGANIZATION AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON

WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE 8—"CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING" OF THIS DISCLOSURE STATEMENT, FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

## SUMMARY OF THE PLAN

The following summary is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in this Disclosure Statement. **Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Plan; provided, however, that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.**

Star Tribune Holdings Corporation (“**Star Tribune Holdings**”) is the parent company of Star Tribune Company (“**Star Tribune**”), a newspaper and media corporation that publishes the *Star Tribune* newspaper in both print and online format and is the largest news provider in the state of Minnesota. In addition to the *Star Tribune* newspaper, the Star Tribune publishes numerous niche products in both print and online media, including *vita.mn*, an entertainment Website and weekly print tabloid; *Homes Magazine*, a monthly home-buying magazine for the Twin Cities area; *Rentals Magazine*, a publication dedicated to renters and rental housing; numerous topic-specific special sections; *Twin Cities Values* or *TCV*, a total market coverage advertising insert product targeting nonsubscribing households; and multiple Website or other electronically delivered products and services.

This Disclosure Statement is being furnished by the Debtors as proponents of the Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, a copy of which is attached hereto as Appendix A, pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes for the acceptance or rejection of the Plan. **WHILE THE DEBTORS ARE THE SOLE PROPONENT OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS’ COMMITTEE, AND THE CREDITORS’ COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.**

This Disclosure Statement describes certain aspects of the Plan, including an analysis of the treatment of holders of Claims against, and Interests in, the Debtors and the securities to be issued under the Plan, and also contains a discussion of the Debtors’ history, businesses, properties and operations, projections for those operations and risk factors associated with the businesses and the Plan.

**THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF, THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.**

### **A. The Plan**

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against, and Interests in, the Debtors. Subject to the specific provisions set

forth in the Plan, all of the pre-petition obligations owed to holders of First Lien Lender Claims by any of the Debtors will, as a general matter, be satisfied by New Common Stock and New Secured Term Notes, and Unsecured Claims of any of the Debtors will, as a general matter, be satisfied by either cash payments or distributions of New Common Stock and New Warrants to be issued by Reorganized Star Tribune Holdings. Moreover, the holders of Interests in Star Tribune Holdings will receive no distribution on account of these Interests, which will be cancelled. Other Priority Claims, Other Secured Claims and Interests in Star Tribune are Unimpaired under the Plan, which means, in general, that the Plan will leave their legal, equitable and contractual rights unaltered.

The Plan is premised upon the consolidation of the Estates of the Debtors, such consolidation to be effected solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distribution.

## **B. Treatment of Claims and Interests Under the Plan**

### **1. Administrative and Priority Tax Claims**

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Administrative Claims include, but are not limited to Other Administrative Claims and Professional Fee Claims. Administrative Claims also include Claims pursuant to section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) of the Bankruptcy Code grants administrative priority for the unpaid value of any goods received by the Debtors within twenty (20) days before the commencement of the case in which the goods have been sold to the Debtor in the ordinary course of the Debtor's business.

A Priority Tax Claim is an unsecured Claim of a governmental unit entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code.

Under the Plan, the Debtors will pay Administrative Claims in full. Priority Tax Claims will be paid in full; *provided* that such claims may, at the sole option of the Reorganized Debtors, be paid on a deferred basis, with interest accrued from the Effective Date.

### **2. Other Claims and Interests**

The Plan divides all other Claims against, and all Interests in, the Debtors into various Classes. The following table summarizes the classification of Claims and Interests under the Plan, the treatment of each such Class, the projected recovery under the Plan (if any), for each Class and whether or not each Class is entitled to vote. Note that the classifications and distributions set forth in the table remain subject to change, as further described in Section 4.1 of the Plan.

**Summary of Classification and Treatment of  
Claims and Interests in the Debtors**

<b>Class</b>	<b>Designation</b>	<b>Plan Treatment of Allowed Claims</b>	<b>Projected Recovery Under the Plan</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
2	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept

<b>Class</b>	<b>Designation</b>	<b>Plan Treatment of Allowed Claims</b>	<b>Projected Recovery Under the Plan</b>	<b>Status</b>	<b>Voting Rights</b>
3	First Lien Lender Claims	Each holder of a First Lien Lender Claim shall receive its Ratable Proportion of (i) the Class 3 New Common Stock Allocation and (ii) the New Secured Term Notes.	29.8% to 36.1%	Impaired	Entitled to Vote
4	General Unsecured Claims	Each holder of an Allowed General Unsecured Claim shall receive its Ratable Proportion of (i) the Class 4 New Common Stock Allocation, subject to dilution by any New Common Stock (other than the Plan Shares) issued on or after the Effective Date; <i>provided, however,</i> that, when diluted in connection with the Reserved Employee Equity issued in connection with the Reorganized Star Tribune Incentive Plan, such holders shall only be diluted with respect to issuance of a maximum of 5% of the Pro Forma Shares and (ii) the New Warrants.	0.5% to 1.3% <sup>†</sup>	Impaired	Entitled to Vote
5	Convenience Claims	Each holder of an Allowed Convenience Claim shall receive Cash in an amount equal to 0.9% of such holder's Allowed Convenience Claim.	0.9% <sup>†</sup>	Impaired	Entitled to Vote

<sup>†</sup> The projected recovery ranges listed herein for Class 4 (General Unsecured Claims) and Class 5 (Convenience Claims) are estimates that are derived from the Financial Projections annexed to the Disclosure Statement as Appendix D and other assumptions, including an estimated \$150 million of Unsecured Claims, as more fully described in Section 6.3(b) of the Disclosure Statement and Appendix B attached hereto. Actual recoveries in Class 4 (General Unsecured Claims) may be different than projected recoveries based upon, among other things: (a) the market price of the shares of the New Common Stock and (b) the actual amount of Allowed Unsecured Claims against the Debtors.

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
6a	Interests in Star Tribune Holdings	No distribution.	0%	Impaired	Deemed to Reject
6b	Interests in Star Tribune	Reinstatement of Interests.	Retained <sup>♦</sup>	Unimpaired	Deemed to Accept

### C. Recommendation

After careful review of their current business operations, their prospects as ongoing business enterprises and the estimated recoveries of Creditors in various liquidation scenarios, the Debtors have concluded that the recovery of holders of Allowed Claims will be maximized by the Debtors' continued operation as a going concern. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part, and that the value of the Debtors' Estates is considerably greater as a going concern than if they were liquidated. *See* Article 6—"Statutory Requirements for Confirmation of the Plan" of this Disclosure Statement.

The Debtors believe that the Plan provides the best recoveries possible for the Debtors' Creditors and strongly recommend that, if you are entitled to vote, you vote to accept the Plan. The Debtors also believe that any alternative to Confirmation of the Plan, such as liquidation, partial sale of assets or any attempt by another party in interest to file a plan, would result in lower recoveries for stakeholders, as well as significant delays, litigation and costs.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH OF THE DEBTORS AND THUS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN. WHILE THE DEBTORS ARE THE SOLE PROPONENT OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS' COMMITTEE, AND THE CREDITORS' COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.

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<sup>♦</sup> The Interests in Star Tribune will not be cancelled, but will be Reinstated for the benefit of Reorganized Star Tribune Holdings, in exchange for the agreement of Reorganized Star Tribune Holdings to make distributions under this Plan to Creditors of Star Tribune and to use certain funds and assets, to the extent authorized in this Plan, to satisfy certain obligations of Star Tribune.



## **PLAN VOTING INSTRUCTIONS AND PROCEDURES**

### **A. Notice to Holders of Claims**

This Disclosure Statement is being transmitted to certain Creditors for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims that are entitled to vote on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

By the Approval Order entered on \_\_\_\_\_, 2009, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that are entitled to vote on the Plan to make an informed judgment with respect to acceptance or rejection of the Plan. **THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.**

**ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS APPENDICES AND ALL PLAN SUPPLEMENTS FILED PRIOR TO THE VOTING DEADLINE CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO EITHER ACCEPT OR REJECT THE PLAN.** This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

**THIS DISCLOSURE STATEMENT, THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE AND THE PLAN SUPPLEMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN.** No solicitation of votes may be made except after distribution of this Disclosure Statement.

**CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS.** This Disclosure Statement contains projections of future performance as set forth in Appendix D attached hereto. Other events may occur subsequent to the date hereof that may have a material impact on the information contained in this Disclosure Statement. Except as expressly stated, neither the Debtors nor the Reorganized Debtors intend to update the Disclosure Statement, including, without limitation, the Financial Projections. Thus, neither the Disclosure Statement nor the Financial Projections will reflect the impact of any subsequent events, including any not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any updates, amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences.

Accordingly, the delivery of this Disclosure Statement does not imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

**B. Who is Entitled to Vote on the Plan?**

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest.

The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 3 (First Lien Lender Claims)
- Class 4 (General Unsecured Claims)
- Class 5 (Convenience Class Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1 (Other Priority Claims)
- Class 2 (Other Secured Claims)
- Class 6b (Interests in Star Tribune)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution or retain any property under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 6a (Interests in Star Tribune Holdings)

**C. General Voting Procedures and the Voting Deadline**

On \_\_\_\_\_, 2009, the Bankruptcy Court entered the Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures and scheduled the hearing on Confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot(s) should be read in connection with this Section of this Disclosure Statement.

If you are entitled to vote, after carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot(s), please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot(s). Please complete and sign your original Ballot(s) (copies with non-original signatures will not be accepted) and return it/them in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in the disqualification of your vote on such Ballot(s).

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot(s) sent to you with this Disclosure Statement.

The Debtors have retained The Garden City Group, Inc. as their Solicitation Agent to assist with the voting process. If you have any questions concerning the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain (at no charge) a printed copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact Craig Johnson or Marcy Uhrig at The Garden City Group, Inc. at (631) 470-5000.

**IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN [\_\_\_\_], 2009 AT \_\_\_\_ P.M. (PREVAILING EASTERN TIME) (THE “VOTING DEADLINE”) BY THE SOLICITATION AGENT, AS FOLLOWS:**

**If by U.S. Mail:**

The Garden City Group, Inc.  
Attn: The Star Tribune Company  
P.O. Box 9000 #6519  
Merrick, New York 11566-9000

**If by courier/hand delivery:**

The Garden City Group, Inc.  
Attn: The Star Tribune Company  
105 Maxess Road  
Melville, New York 11747

**BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE BANKRUPTCY COURT, THE CREDITORS’ COMMITTEE,**

**COUNSEL TO THE DEBTORS OR THE CREDITORS' COMMITTEE OR ANYONE OTHER THAN THE GARDEN CITY GROUP, INC.**

**D. Confirmation Hearing and Deadline for Objections to Confirmation**

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for September 17, 2009, at 10:00 a.m. (prevailing Eastern time) before the Honorable Robert D. Drain, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, [One Bowling Green, 6<sup>th</sup> Floor, New York, NY 10004-1408]. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for a notice filed on the Bankruptcy Court's docket and/or an announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections to Confirmation and proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Bankruptcy Rules, (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed, together with proof of service, with the Court in accordance with the Court's Case Management Order and served so as to be actually RECEIVED on or before 4:00 p.m. (prevailing Eastern time) on [\_\_\_\_\_], 2009 by:

1. The United States Bankruptcy Court for the Southern District of New York, One Bowling Green, 6<sup>th</sup> Floor, New York, NY 10004-1408, Attn: The Honorable Robert D. Drain;
2. The Debtors, The Star Tribune Company, 425 Portland Avenue, Minneapolis, MN 55488, Attn: Randy Lebedoff;
3. Attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Marshall S. Huebner and Timothy E. Graulich;
4. Conflicts counsel to the Debtors, Curtis Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, NY 10178, Attn: Steven J. Reisman and Timothy A. Barnes;
5. The Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, NY 10004, Attn: Brian Masumoto;
6. Attorneys for the First Lien Agent, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Mark Broude;
7. Attorneys for the Creditors' Committee, Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068, Attn: Sharon L. Levine and Scott Cargill; and
8. The Garden City Group, Inc. 105 Maxess Road, Melville, New York 11747, Attn: Craig Johnson.

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## **ARTICLE 1**

### **INTRODUCTION**

Star Tribune Holdings Corporation (“**Star Tribune Holdings**”), a Delaware corporation and The Star Tribune Company (“**Star Tribune**,” together with Star Tribune Holdings, the “**Debtors**”), submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan, which is attached as Appendix A hereto.

This Disclosure Statement sets forth certain information regarding the Debtors’ pre-petition history, significant events that have occurred during the Chapter 11 Cases and the reorganization and anticipated post-reorganization operations and financing of the Reorganized Debtors. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain consequences of Confirmation of the Plan, certain risk factors associated with the securities to be issued under the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

FOR A SUMMARY OF THE PLAN, PLEASE SEE ARTICLE 5—“SUMMARY OF THE PLAN OF REORGANIZATION” HEREOF. FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING, PLEASE SEE ARTICLE 8—“CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING” HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE DEBTORS’ CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS’ MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. NOR WILL IT BE UPDATED TO REFLECT ANY SUBSEQUENT EVENTS.

## ARTICLE 2 DESCRIPTION AND HISTORY OF BUSINESS

### **Introduction**

Star Tribune Holdings is the parent company of Star Tribune, a newspaper and media corporation that publishes the *Star Tribune* newspaper in both print and online format, and is the largest news provider in the state of Minnesota. In addition to the *Star Tribune* newspaper, Star Tribune publishes numerous niche products in both print and online media, including *vita.mn*, an entertainment Website and weekly print tabloid; *Homes Magazine*, a monthly premier home-buying magazine for the Twin Cities area; *Rentals Magazine*, a publication dedicated to renters and rental housing; numerous topic-specific special sections; *Twin Cities Values* or *TCV*, a total market coverage advertising insert product targeting nonsubscribing households; and multiple Website or other electronically delivered products and services. Star Tribune also offers direct marketing and database marketing services.

### **Operations Overview**

The *Star Tribune* is the leading daily and Sunday newspaper in the Minneapolis / St. Paul metropolitan area, with a daily circulation of approximately 334,000, a Sunday circulation of approximately 552,000, a daily readership of approximately 675,000 and a Sunday readership of approximately 1,048,000, in each case as of the fourth quarter of 2008. On the basis of circulation, the *Star Tribune* ranked nationally as the tenth largest Sunday newspaper and the fifteenth largest daily newspaper as of the Petition Date. It is the number one newspaper in the Minneapolis / St. Paul region, holding approximately 65% of that region's readership.

In 1996, Star Tribune launched *StarTribune.com*, the leading local digital news and information service in the Twin Cities and all of Minnesota. *StarTribune.com* receives approximately six million unique visitors per month, and has received approximately 83 million page views per month over the past six months, an increase of 60% from over a year ago. *StarTribune.com* regularly ranks as the number one newspaper Website in the United States for time spent per user per month.

### **Employee Matters – Collective Bargaining**

As of the Petition Date, the Debtors had a total of 1,341 full-time equivalencies (“FTEs”)<sup>2</sup>, including 838 union FTEs and 503 non-union FTEs. The following table presents certain information concerning the union representation of the Debtors' employees.

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<sup>2</sup> The Debtors do not maintain information on the number of employees on a specific date, but rather for a fiscal period based on actual hours worked. The information provided herein is for the first fiscal period of 2009, but represents the closest approximation for the Petition Date. Moreover, the Debtors' employee data is organized by FTEs, and totals the hours scheduled as regular working time, but also for overtime and holidays.

<u>Union</u>	<u>Approximate Number of FTEs Represented as of the Petition Date</u>
Minnesota Newspaper Guild / Typographical Union, CWA Local 37002 (the “ <b>Guild</b> ”)	293
Graphic Communications Conference/International Brotherhood of Teamsters (GCC/IBT)Local 1-M (the “ <b>Pressmen</b> ”)	116
The Minneapolis-St. Paul Mailers Union Local No. 120 (the “ <b>Mailers</b> ”)	189
The Miscellaneous Drivers and Helpers Union Local #638 (the “ <b>Fleet</b> ”)	158
Graphic Communication Conference/International Brotherhood of Teamsters (GCC/IBT) Local 1-M (the “ <b>Platemakers</b> ”)	12
Service Employees International Union, Local #26 (“ <b>Building Services</b> ”)	26
International Brotherhood of Electrical Workers Local 292 (IBEW) (the “ <b>Electricians</b> ”)	13
International Union of Operating Engineers Local No. 70, AFL-CIO (the “ <b>Operating Engineers</b> ”)	2
District Lodge No. 77 of the International Association of Machinists and Aerospace Workers (the “ <b>Machinists</b> ”)	20
Minnesota Newspaper Guild / Typographical Union, CWA (the “ <b>Typos</b> ”)	9

### **ARTICLE 3**

#### **THE DEBTORS AND EVENTS LEADING UP TO THE CHAPTER 11 CASES**

##### **Section 3.1 The Avista Acquisition**

In March 2007, two affiliated investment funds, Avista Capital Partners, L.P. and Avista Capital Partners (Offshore), L.P. (together with certain affiliated entities, the “**Avista Funds**”), acquired the Debtors’ businesses from the McClatchy Company for approximately \$530 million. In connection with the transaction, the Avista Funds formed Star Tribune Holdings and its wholly owned subsidiary, Snowboard Acquisition Corporation (“**SAC**”). As part of the acquisition, SAC was merged with and into Star Tribune.

##### **Section 3.2 Pre-Petition Capital Structure of the Debtors**

###### **a. Common Stock**

On the Petition Date, Star Tribune Holdings had 1,450,000 authorized shares of common stock, \$0.01 par value, of which 1,095,000 shares were outstanding. As of the Petition Date, Star Tribune Holdings was primarily owned by the Avista Funds, which held approximately 96% of

the equity interests of Star Tribune Holdings. The Christopher M. Harte 1992 Family Trust held the balance of the equity interests of Star Tribune Holdings.<sup>3</sup> As of the Petition Date, Star Tribune was wholly owned by Star Tribune Holdings. The Debtors do not have publicly held stock, debentures or other securities.

**b. Secured Debt**

The Debtors had approximately \$490 million of secured debt outstanding on the Petition Date, including the following:

1. The First Lien Credit Agreement

On March 5, 2007, Star Tribune entered into a credit agreement (the “**First Lien Credit Agreement**”) as borrower, with Star Tribune Holdings as guarantor, 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**”). The First Lien Credit Agreement provided for (i) a term loan in the amount of \$340 million, (ii) a revolving loan commitment for up to \$50 million and (iii) a subfacility for letters of credit issued by Credit Suisse. As of the Petition Date, approximately \$384.1 million was outstanding in principal and interest under the First Lien Credit Agreement, approximately \$3.3 million of “evergreen” letters of credit were outstanding to secure certain workers’ compensation obligations and approximately \$8.9 million was owing under a related swap transaction. 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.

2. The Second Lien Credit Agreement

On March 5, 2007, Star Tribune entered into a credit agreement (the “**Second Lien Credit Agreement**”) as borrower, with Star Tribune Holdings as guarantor, 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**”). As of the Petition Date, \$96 million was outstanding in principal under the Second Lien Credit Agreement. 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.

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<sup>3</sup> In addition to the equity interest holders described herein, certain employees and former employees held options to purchase equity of Star Tribune Holdings.

### **Section 3.3 Pension Plans**

Star Tribune has three company-sponsored, defined-benefit pension plans (Plan A, Plan G, and Plan O; collectively, the “**Company-Sponsored Plans**”). As of the Petition Date, Star Tribune contributed to several multi-employer defined plans, which provide full or supplemental pension benefits to seven unions. The company also sponsors a 401(k) plan.

#### **a. Company-Sponsored Pension Plans**

The Debtors sponsor three defined-benefit pension plans, Plan A, Plan G and Plan O, covering three different employee groups. As of the Petition Date, Plan O covered all non-union employees, Plan G covered all Guild employees and Plan A provided supplemental retirement benefits to six unions—the Platemakers, the Pressmen, Building Services, the Typos, the Machinists and the Operating Engineers—in addition to benefits from their respective multi-employer pension plans. Two unions—the Mailers and the Electricians—also receive supplemental Plan A benefits.

#### **b. Multi-Employer Pension Plans**

As of the Petition Date and pursuant to the respective collective bargaining agreements, Star Tribune contributed to a number of multi-employer pension plans for the following seven unions: (1) Fleet (Central States, Southeast and Southwest Areas Pension Fund or “**Central States**”); (2) Platemakers (GCC/IBT National Pension Fund (“**GCIU**”)); (3) Pressmen (GCIU); (4) Building Services (Service Employees International Union National Industry Pension Fund); (5) Typos (CWA/ITU Negotiated Pension Plan); (6) Machinists (I.A.M. National Pension Fund); and (7) Operating Engineers (Central Pension Fund).

In 2008, Star Tribune’s aggregate annual contributions to these seven multi-employer plans totaled approximately \$1.7 million, of which about \$1.1 million was contributed to Central States on behalf of an average of 123 Fleet participants, and the remaining \$600,000 was contributed to the other multi-employer pension plans on behalf of an average of 237 employees in the other six unions. For several of the plans, especially those plans certified as “critical status” under the Pension Protection Act of 2006, Star Tribune faced an increase in contribution rates for 2009 and beyond.

### **Section 3.4 Events Leading up to the Chapter 11 Cases**

#### **a. The Newspaper Industry**

The entire newspaper industry is facing unprecedented financial pressure amidst the current recession and an accelerating decline. Newspapers and other media (including now news magazines and broadcast outlets) across the country are struggling with historically low advertising revenue, partly because of diminished advertising buying from their biggest customers—the real estate, automobile and retail markets—and partly due to a shift from print media to electronic and other media, along with an accompanying advertising shift from newsprint pages to the Internet. Additionally, circulation subscriptions and revenue have been

declining for years. In response to these industry trends, newspapers have significantly cut costs, reduced their workforces, adjusted wages to reflect deteriorating market conditions, adjusted requirements to provide employee benefits, sought modifications to collective bargaining agreements with labor unions, offered their assets for sale, reopened negotiations with lenders for flexibility on debt and in some cases, simply ceased operating. Certain major newspapers had already entered chapter 11 protection by the Petition Date, such as the Tribune Company, the parent corporation for the *Chicago Tribune*. Following the Petition Date, the parent company for major publishers such as the *Chicago Sun-Times* and the *Philadelphia Inquirer* also sought to commence bankruptcy proceedings.

Specifically, the decline in advertising revenue for newspapers has been the most onerous burden to address. For example, U.S. newspapers lost nearly \$2 billion or 18.1% in the third quarter of 2008 alone in total industry advertising revenue. This represented one of the worst percentage declines in years, compared to the third quarter of 2006 when total advertising revenue dropped only 1.5%. Moreover, online advertising sales have not offset the decline in advertising revenue. In the third quarter of 2008, total print advertising revenue was \$8.2 billion, compared to total online advertising revenue of only \$749.8 million.

The declines in print advertising and circulation have exacerbated one another. For example, the migration of reading habits away from print to online and other electronic media has contributed to the decline in circulation. In turn, as circulation has declined, advertising rates have not risen or, in some cases, have fallen as advertisers have moved away from the print medium. As advertising revenue has dropped, newspapers are forced to make content changes, such as reducing the number of articles or news pages, that might result in further circulation or revenue decline.

#### **b. Star Tribune's Deteriorated Financial Condition**

Star Tribune's business has been severely and adversely impacted by these industry-wide trends. Since 2007, Star Tribune's revenue has declined with the overall downturn of the newspaper industry, the upheaval in the national, Minnesota and Twin Cities' economies, the bursting of the real estate bubble and the migration of certain portions of its advertising revenue base to Internet-based media and the reduction in spending from major advertisers because of the difficult economic environment and the decline in circulation. From 2007 to 2008, Star Tribune's total revenue fell \$58.2 million from \$304.2 million to \$246.0 million. During the same time, advertising revenue, which remains the most important component of Star Tribune's total revenue, dropped \$51.3 million or 21% (from \$244.7 million to \$193.4 million). This drop followed a \$44.1 million, or 15% drop in advertising revenue between 2006 and 2007.

Newspapers such as the *Star Tribune* have faced pressure on circulation, a key driver of advertising revenue. According to the October 2008 report from the Audit Bureau of Circulations, circulation at 571 newspapers reporting circulation to the Bureau for a period between April and September 2008 (in a year-over-year comparison) indicated that average weekday circulation fell 4.6% compared to the same six-month period in 2007. Sunday circulation dropped 4.8% in the same six-month period. At Star Tribune, circulation revenue

was \$65 million as recently as 2005, and fell from \$54.7 million in 2007 to an estimated \$47.0 million in 2008.

Star Tribune's online traffic had been growing with both unique visitors and page views increasing significantly month to month. While this significant increase in *StarTribune.com*'s Internet traffic provides a platform for new revenue streams, online advertising revenue only comprised 7.1% of Star Tribune's total revenue in 2008. Therefore, the loss in print advertising and circulation revenue had not been offset by online advertising revenue.

Star Tribune's total revenue, combining circulation, advertising and other revenue sources, was \$397 million in 2000. It has declined significantly since that time. In 2008, total revenue was only \$246 million. Star Tribune's total operating expenses have been reduced through aggressive cost reduction efforts throughout the organization, but have not kept pace with the significant decline in revenue. For the two-year period 2007 and 2008, total operating costs were reduced by \$56.2 million, from \$271.2 million in 2006 to \$215.0 million in 2008. During this two-year period, total operating expenses were reduced by 21% but total revenue declined by 31%, or \$110.1 million. Employee compensation represents the largest portion of expenses at 57% for 2007 and 55% of total expenses for 2008. As of the Petition Date, the Company had failed to achieve \$20 million in readily quantifiable annualized savings from CBA modifications among its unionized workforce. It was critical for the Company in entering chapter 11 to achieve these necessary cost savings, as well as additional flexibility it needed through modifications to union contracts. At a major newspaper such as the Star Tribune, labor accounts for the largest portion of total costs. In fact, the Company's union workers comprise about 64% of the total number of Star Tribune employees, and therefore account for the largest share of compensation costs.

Star Tribune had interest expenses of \$35 million in 2008 in connection with its secured debt, which exceeded its annual adjusted earnings before interest, taxes, depreciation and amortization and restructuring costs ("**Adjusted EBITDA**") — an approximate proxy for operating cash and generally a measure of financial health — by \$4 million. As a result of the decline in advertising revenue and weaker than anticipated operating results, Star Tribune had generated significantly less cash flow than required to satisfy its existing debt obligations to its Lenders.

On April 29, 2008, Star Tribune failed to obtain an "unqualified" audit from its accountants, and on June 30, 2008 missed \$2 million in scheduled interest payments to the Second Lien Lenders. On September 30, 2008, Star Tribune missed \$9 million in aggregate interest and principal payments to both the First Lien Lenders and the Second Lien Lenders. As of the Petition Date, Star Tribune had missed approximately \$20 million in payments on its secured debt. The decision to miss such payments was driven by Star Tribune's need to conserve cash and maximize liquidity while it pursued an ultimately unsuccessful out-of-court restructuring process, an effort complicated by the failure of Star Tribune and its unions to achieve a consensual agreement on necessary cost structure modifications and reductions.

As a result of declining revenue, Star Tribune's adjusted EBITDA was \$31.0 million for 2008, a 47% decrease from \$59.0 million for 2007, and a 73% decrease from \$114.6 million for 2004. Star Tribune's cash balance as of the Petition Date was approximately \$29 million.

**c. Star Tribune's Pre-Petition Restructuring**

Beginning in March 2007, Star Tribune began a series of cost-cutting measures that have continued as a result of its weaker than anticipated operating results and its insufficient generation of cash flow to service its existing debt obligations. These efforts had included evaluating and modifying business practices to adopt more efficient processes, across-the-board workforce reductions, management wage freezes, negotiating its collective bargaining agreements with its labor unions and other cost-cutting measures. In April 2008, Star Tribune also hired Blackstone Advisory Services L.P. ("**Blackstone**"), a New York-based financial advisory firm, to evaluate Star Tribune's finances, assist with Star Tribune's restructuring effort and provide other strategic alternatives.

**1. Non-Union Employee Related Operating Cost Reductions**

Star Tribune pursued cost reductions across all areas of the business and had, by the end of 2008, reduced its cost base by approximately \$50 million since early 2007, including savings from headcount reductions and other employee-related costs as well as non-employee-related operating costs.

Star Tribune undertook reductions in its staffing levels beginning in March 2007 and has continued to restructure and realign its workforce to meet developing business conditions through the present date. Star Tribune reduced total annual compensation costs by approximately \$36 million by the end of 2008 through reductions of headcount and other employee-related costs. A component of the \$36 million in labor cost reductions includes savings of approximately \$2 million as a result of not paying senior management incentive compensation for 2007 or 2008 and all other management incentive compensation for 2008<sup>4</sup> and freezing all management salaries and all non-management, non-union salaries for 2008. Chris Harte, who has been serving as publisher since September 18, 2007, has foregone receiving any salary or incentive compensation for that entire period, and continues to work for no salary or incentive compensation at all.

The \$36 million in labor cost savings have also been achieved through workforce reductions through voluntary buyouts, layoffs and elimination of open positions. Specifically, during 2007 and 2008, Star Tribune saved approximately \$18 million in compensation from non-union employees, a reduction of 26%, by eliminating 358 positions, which included 78 manager

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<sup>4</sup> Management has foregone the ability to earn incentive-based compensation for each of 2007, 2008 and 2009. All management and non-union salaries and wages remain frozen since 2008.



positions.<sup>5</sup> Overall, Star Tribune eliminated 384 jobs in 2007 and an additional 232 jobs in 2008 in a series of staff reductions across all operating departments. Star Tribune eliminated an additional 59 positions in January, 2009. Beginning in December 2008, Star Tribune also began to implement measures to achieve an additional \$10 million in non-contract savings.

## 2. Pre-Petition Negotiations with Unions

As a result of Star Tribune's declining financial condition and the continuing industry- and market-wide turmoil, Star Tribune also sought critical union cost savings.

In January 2008, Star Tribune retained Restructuring Associates, Inc. ("**RAI**") to help Star Tribune work collaboratively with its unions on reducing its expenses. From March 18, 2008 through March 20, 2008, Star Tribune and RAI hosted information sessions that were designed to educate union representatives and Star Tribune managers on both Star Tribune's financial position and on market trends in the newspaper industry.

On May 8, 2008, Star Tribune began formal discussions with the Guild, whose collective bargaining agreement (the "**Guild CBA**") was due to expire in July 2008. Star Tribune's representatives met regularly with Guild leadership from May 2008 through July 2008. On July 16, 2008, Star Tribune announced that it had reached an agreement with the Guild on a new three-year CBA. Working together, Star Tribune and the Guild were able to achieve the \$2.4 million in projected necessary annualized cost savings principally by agreeing to, among other things: a sixteen-month wage freeze; modifications to the Guild CBA that would allow Star Tribune to run more freelance articles; six employee buyouts; forgoing filling three line-worker vacancies and one management vacancy; and an agreement that will require Guild members to pay 32% of their projected healthcare costs beginning in 2009. Guild members ratified the agreement on July 23, 2008. The savings achieved with the Guild, however, absent agreement with the other unions, could not provide sufficient cost savings for Star Tribune to achieve financial viability.

Star Tribune attempted to begin facilitated discussions with the Pressmen, Fleet and Mailers through the RAI process in April 2008. The Fleet, Mailers, and Pressmen are each represented by local unions under the umbrella of the International Brotherhood of Teamsters ("**IBT**"). Star Tribune began discussions with the Fleet and Mailers through RAI-facilitated task forces on April 18, 2008 and April 22, 2008, respectively. The Pressmen, however, did not agree to attend their first session with Star Tribune until May 30, 2008. While the Fleet and Mailer Task Forces made progress on identifying their needed savings, none of the three unions were able to reach agreement with Star Tribune by the June 1, 2008 target date. Thereafter, a representative from the IBT's national leadership stepped in to assist the local leadership with negotiations.

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<sup>5</sup> By contrast, the company was able to eliminate only 258 positions from its significantly larger union workforce for a savings of \$16 million.

On June 26, 2008, Star Tribune delivered formal proposals to the three IBT unions, proposing collective bargaining agreement modifications that would achieve \$2 million in savings from the Fleet, \$4.6 million from the Mailers, and \$3.0 million from the Pressmen, for a total among the three unions of \$9.6 million in savings. At that time, the Fleet, Mailers, and Pressmen took the position that an agreement would not be effective with any of the three bargaining units unless all three unions reached agreements with Star Tribune that were approved by their respective memberships. By the end of July 2008, the local and national leadership of all three unions reached agreements with Star Tribune that would have achieved the \$9.6 million in requested savings. A vote was held by the membership of the Mailers, Fleet and Pressmen on July 31, 2008. Star Tribune was informed that the Mailers and Fleet voted to accept Star Tribune's proposal. The Pressmen membership, however, rejected Star Tribune's proposal in spite of the Pressmen negotiating committee's approval and recommendation of the proposal.

Star Tribune subsequently agreed to additional meetings with the Pressmen in Washington, D.C., in August 2008, which were attended by two additional representatives of the IBT. In those meetings, Star Tribune agreed to changes that reduced the total savings of the proposal by 10%, to \$2.7 million. The Pressmen again rejected the agreement on September 8, 2008. With the Pressmen's refusal to accept the agreement again nullifying the other unions' agreements, the Mailers and Fleet subsequently rescinded their agreements to Star Tribune's proposed savings plans, leaving Star Tribune without any agreements in place for the IBT-represented unions.

On December 2, 2008, Star Tribune and its professionals, including Blackstone, met with the leadership of all its unions to explain the Company's decelerating financial condition and its need for substantial additional cost savings and flexibility from all of its union contracts for \$20 million in annualized labor contract savings. Star Tribune sought an additional \$5 million above the \$15 million sought during the summer 2008 negotiations due to Star Tribune's deteriorating financial condition over the third and fourth quarters of 2008 and the worsening of the economy and credit markets. These savings were in addition to what the Company had been able to achieve without contract modifications, such as through workforce reductions and other measures, and additional to certain requested contract modifications that were not subject to ready quantification, or that, when implemented, would provide necessary operational or administrative flexibility. For certain unions, the Star Tribune's revised bargaining proposals sought slightly less quantifiable savings than the summer 2007 proposals because of savings already achieved in the interim through layoffs, buyouts and other measures that did not require CBA modifications. In other instances, the revised proposals sought a greater amount of savings than the summer 2008 proposals to reflect the Star Tribune's diminished financial status. But, for all of the unions, the total quantifiable savings and flexibility sought in December 2008 was greater in the aggregate than what had been sought in the summer.

During the December 2, 2008 union presentation, Star Tribune and its advisors described the financial situation of Star Tribune and emphasized the urgent need for union cooperation in order to achieve \$20 million in savings so that Star Tribune could survive. Star Tribune indicated that, without significant union contract savings by January 7, 2009, chapter 11

proceedings would be necessary for Star Tribune to survive and its cost saving needs would then be even greater. 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 informational responses to union requests and exchanged revised bargaining proposals between the parties. Following these negotiations, no union agreed to the requested cost savings.

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.

## **ARTICLE 4**

### **THE CHAPTER 11 CASES AND CERTAIN SIGNIFICANT EVENTS AND INITIATIVES**

On January 15, 2009, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The following is a general summary of the Chapter 11 Cases including, without limitation, a discussion of the Debtors' restructuring and business initiatives since the commencement of the Chapter 11 Cases.

#### **Section 4.1 Overview of Chapter 11**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its Creditors and its Interest holders. Chapter 11 also promotes equality of treatment for similarly situated Creditors and similarly situated Interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

#### **Section 4.2 Settlement with the Creditors' Committee and the Steering Committee**

The First Lien Lenders are secured by liens on substantially all of the assets of the Debtors. Based upon the trading value of the first lien debt on the Petition Date, it was not clear that the First Lien Lenders would be paid in full or that holders of Unsecured Claims (including, without limitation, the Second Lien Lenders) would receive any recovery in these Chapter 11 Cases. Commencing almost immediately following the appointment of the Creditors' Committee by the United States Trustee, the Debtors, the Creditors' Committee and the Steering

Committee (and their respective professionals) began discussions with respect to a negotiated recovery for holders of Unsecured Claims.

In March 2009, the Creditors' Committee and the Steering Committee reached a tentative agreement with respect to, among other things, (i) a negotiated recovery for holders of Unsecured Claims consisting of equity in the Reorganized Debtors and warrants and (ii) a limitation on the professional fees of the professionals retained by the Creditors' Committee. This tentative agreement was subject to further due diligence by the Creditors' Committee. On June 3, 2009, a final agreement was reached with respect to the proposed recovery for the holders of Unsecured Claims, consisting of the New Warrants, up to 4.5% of the Plan Shares, subject to dilution, and agreement with respect to the fees and expenses of the advisors to the Creditors' Committee. As a result, the Creditors' Committee supports the Plan.

### **Section 4.3 Restructuring Overview**

In light of the continuing decline of its revenues, Star Tribune has continued to look for additional ways to cut costs. Many of Star Tribune's expenses—such as ink, electricity and fuel—are largely fixed commodity costs that are determined by the market and are generally beyond Star Tribune's ability to control. Furthermore, much of Star Tribune's labor cost is subject to union contracts from which many of the modifications require mutual consent.

#### **a. Operations and Non-Union Labor Restructuring**

Since the Petition Date, Star Tribune has identified non-contract savings, with an annual EBITDA impact of \$10.6 million in savings, or \$6.2 million in immediate cash savings. These savings are above and beyond the \$10 million in non-contract savings identified in December 2008. The following are among the key changes:

- Elimination of twenty additional positions across Star Tribune;
- Reduction of costs associated with the company's business units, such as costs in training, computer-related spending, closing certain satellite offices, marketing costs, travel and office supplies;
- A wage freeze for non-union employees throughout at least 2009;
- The elimination of all incentive-based compensation for all managers for 2009, with the exception of advertising sales managers, who have a higher percentage of at-risk pay;
- The temporary suspension of Star Tribune's 401(k) contributions, effective as of March 31, 2009, but with the intention of reinstating a company match after financial conditions within the market and at the company improve;
- Star Tribune has announced its intention to freeze its non-union employees' company-sponsored pension Plan O, and thereby preclude pension benefits to

new entrants, but allow employees' previously vested and accrued benefits to remain, but without the ability to accrue additional benefits; and

- A Paid Time Off (“**PTO**”) plan has been announced that will replace and consolidate Star Tribune’s current vacation, sick and holiday time off plans. Under this plan, all employee time off plans are consolidated under a single plan for employees to utilize at their discretion (with appropriate management approval). Unlike under the previous vacation program, most unused PTO does not carry over to the following year. Star Tribune will no longer provide any other paid time off, aside from its short- and long-term disability programs and government-mandated time off, such as voting and jury duty supplemental pay.

Star Tribune continues to identify and implement non-contract savings as part of its ongoing effort to bring costs in line with its declining revenue. Along with contemplated savings and flexibility from union contract modifications, combined with the Star Tribune’s other expansive cost-cutting efforts, the Company can generate sufficient cash flow to maintain operations, achieve flexibility to adjust to changes in the industry and market, and capitalize on its leading market presence to successfully reorganize. These savings are necessary for the survival of Star Tribune and its viability as a reorganized entity.

#### b. **Unionized Labor Cost Restructuring**

##### 1. **Pressmen Bankruptcy Restructuring Agreement**

On March 13, 2009, Star Tribune and the Pressmen reached a Letter of Agreement (the “**Pressmen LOA**”) with respect to collective bargaining agreement modifications providing for approximately \$3.5 million in readily quantifiable “above the line” annualized savings, which included, among other things, wage adjustments to reflect market rates, removal of manning requirements, changes to overtime and a reduction of 24 FTEs. The Pressmen LOA included difficult-to-quantify “below the line” modifications as well, such as a limitation on Star Tribune’s contribution to the Pressmen’s healthcare plan, the right for the Company to withdraw from the Pressmen’s multi-employer pension fund, the GCC/IBT National Pension Fund (from which Star Tribune withdrew as of April 9, 2009), and an agreement to allow Star Tribune to freeze company-sponsored Plan A benefits, aligning with a similar freeze announced to the company-sponsored pension Plan O benefits for non-union employees. The Pressmen LOA was approved by order of the Bankruptcy Court dated March 13, 2009 (an amended order was approved on March 17, 2009).

##### 2. **Mailers Bankruptcy Restructuring Agreement**

On March 15, 2009, Star Tribune and the Mailers reached agreement (the “**Mailers LOA**”) for collective bargaining agreement modifications totaling \$3.314 million in readily quantifiable annualized savings. The Mailers LOA extends the collective bargaining agreement from its current expiration date of June 30, 2009 to January 31, 2011. The key quantifiable modifications included (i) wage reductions from those set forth in the Mailers’ collective

bargaining agreement reflecting hourly rates that are more in line with the Minnesota metropolitan market hourly rate for the applicable position within the Mailers' bargaining unit; (ii) after implementing modifications to the collective bargaining agreement, Star Tribune will be able to reduce the number of Mailers by 23 full-time employees; and (iii) Star Tribune, with proper notice, may adjust both the number and scheduling of shifts. The important difficult-to-quantify modifications were (i) a freeze of the Mailers' supplemental pension benefits from company-sponsored pension Plan A; (ii) Star Tribune becoming an "employer" under the Minnesota Teamsters Health and Welfare Plan that will provide medical/dental coverage, life insurance coverage, disability coverage and retiree medical coverage for eligible Mailers; and (iii) the PTO plan. The Mailers LOA was approved by order of the Bankruptcy Court dated April 3, 2009.

### 3. Typos Bankruptcy Restructuring Agreement

On March 19, 2009, the Star Tribune and the Typos reached a letter of agreement (the "**Typos LOA**") for \$531,000 in readily quantifiable annualized savings, including (i) the voluntary buyouts or layoffs of eight Typos employees with appropriate severance pay and benefits, including the elimination of six lifetime job guarantees (leaving only one remaining employee represented by the Typos collective bargaining agreement); and (ii) reductions in wage rates for all Typos employees, regardless of shift (*e.g.*, day or night) or skill set, which reduced rates down to a single flat hourly rate to reflect the appropriate market pay. The "below the line" modifications included (i) the withdrawal from the Typos' pension plan, CWA/ITU Negotiated Pension Plan (from which Star Tribune withdrew as of April 9, 2009); (ii) the PTO plan; and (iii) the Typos' eligibility to join the company's health and welfare plan covering all non-union employees and certain unionized employees that allows the Typos to receive medical/surgical and insurance coverage on the same basis as non-contract employees. The Typos LOA was approved by order of the Bankruptcy Court dated April 9, 2009.

### 4. Platemakers Bankruptcy Restructuring Agreement

On April 7, 2009, the Star Tribune and the Platemakers agreed (the "**Platemakers LOA**") to savings totaling \$139,000 annually, including (i) adjustments to overtime provisions in the collective bargaining agreement; (ii) wage rate reductions for all bargaining unit employees, regardless of shift (*e.g.*, day or night) or differentials in skill sets, which included modifications to reflect market pay for the applicable positions within the Platemakers' bargaining unit. The "below the line" modifications included (i) the PTO plan and (ii) the withdrawal from the Platemakers' multi-employer plan, the GCC/IBT National Pension Fund (from which Star Tribune withdrew as of May 21, 2009) and a freeze of their supplemental Plan A benefits. In addition, under the Platemakers LOA, the Platemakers' employees remain in the union's medical plan, but the company's contribution per month on behalf of eligible employees is capped. The Platemakers LOA was approved by order of the Bankruptcy Court dated May 11, 2009.

## 5. Guild Bankruptcy Restructuring Agreement

Over the course of April 30, 2009 and May 1, 2009, Star Tribune and the Guild agreed (the “**Guild LOA**”) to average annualized savings of \$1.8 million in collective bargaining agreement modifications. The Guild LOA provides for collective bargaining agreement modifications to be implemented in three phases, which together with the corresponding “above the line” savings specific to each phase, are (i) the period from the date of the Court’s order approving the Guild LOA, which was May 11, 2009, to April 30, 2010, with \$1.655 million in readily quantifiable savings; (ii) the period from May 1, 2010 to April 30, 2011, with \$1.860 million in readily quantifiable savings; and (iii) the period from May 1, 2011 to July 31, 2011, with \$1.893 million in readily quantifiable savings. The quantifiable savings arise from (i) two unpaid furlough days during the first phase, and an additional two unpaid furlough days during the second phase; (ii) revisions to overtime provisions such that Star Tribune pays overtime only for employees working in excess of 40 hours per week; and (iii) a series of wage adjustments, including an across-the-board reduction in the minimum wage rate scales for most employees, an across-the-board reduction in above-wage rate scale payments, or “overscale” pay, for most employees, a wage freeze through the term of the CBA on July 31, 2011, the elimination of “shift differentials,” or additional payments to employees for performing higher-compensated work performed during only certain portions of shifts, the elimination of additional pay provided to employees for work performed during nighttime hours phased in over the course of the three phases, and finally a reclassification of certain employees’ minimum wage rates. The Guild LOA also achieved necessary flexibility in a number of areas, such as the ability to adjust the workforce in a rational manner through layoffs, the substantial reduction in the cost of future layoffs through a lower minimum severance requirement, and the expanded ability for Star Tribune to publish freelance material. In addition, the Guild agreed to allow Star Tribune to freeze company-sponsored Guild pension Plan G on or after August 2, 2009, as well as a PTO plan. The Guild LOA was approved by order of the Bankruptcy Court dated May 11, 2009.

## 6. Fleet Bankruptcy Restructuring Agreement

On June 18, 2009, Star Tribune and Fleet entered into a letter of agreement (the “**Fleet LOA**”) allowing for modifications to the Fleet collective bargaining agreement (the “**Fleet CBA**”) that will result in \$3.916 million in readily quantifiable annualized savings. The majority of these savings (\$3.56 million) will be achieved by: (i) reducing hourly wages consistent with market rates; (ii) eliminating night or shift differentials or wage premiums; and (iii) freezing wages through the end of the Fleet CBA, which expires on June 30, 2011. The Debtors will also achieve savings of \$153,000 annually by reducing the workforce by 35 full-time drivers through voluntary buyouts (or layoffs if fewer than 35 full-time drivers and foremen accept buyouts). The remaining amount comprising the \$3.916 million in annualized quantifiable savings comes from eliminating the Fleet CBA’s guaranteed minimum number of depots, which will create \$509,000 in annualized facilities and labor savings as a result of reducing the number of depots operated by the Debtors.

The Fleet LOA also provides for certain critical, but difficult-to-quantify, modifications. One of the most important amendments includes allowing Star Tribune, consistent with its goal

of reducing pension costs across the board, to withdraw from Central States, the multi-employer pension plan that Star Tribune was obligated to contribute to on behalf of Fleet participants. The contribution costs to the Debtors were approximately \$1.1 million in 2008, and were scheduled to increase at least 8% per year through the expiration of the Fleet CBA. In addition, the withdrawal from Central States will allow withdrawal liability in excess of \$20 million to be addressed as part of the Debtors' chapter 11 cases. Because withdrawal from Central States will result in the loss of certain benefits to certain Fleet participants, Star Tribune, in an effort to lessen the burden of those losses, has agreed to restore certain accrued, adjustable benefits, including 90% of the contributory credit benefits lost by the withdrawal from Central States to Fleet employees who meet certain criteria. These benefits will be provided through company-sponsored pension Plan A.

#### 7. Electricians Bankruptcy Restructuring Agreement

On June 30, 2009, the Star Tribune and the Electricians reached a letter of agreement (the "**Electricians LOA**") for difficult-to-quantify modifications that are part of a Company-wide effort to reduce and control pension costs, and provide for the implementation of certain other uniform changes and efficiencies. The key modifications included (i) freezing Company-sponsored pension Plan A benefits; (ii) allowing the Star Tribune to limit or cap the monthly healthcare contributions to the Electricians' health and welfare plan, an amount no greater than the composite amount that the Debtors contribute to the health and welfare premium on behalf of each non-union employee; (iii) implementing the PTO plan; and (iv) instituting a bi-weekly pay period for the Electricians' wages. The Electricians LOA was approved by order of the Bankruptcy Court dated July 23, 2009.

#### 8. Operating Engineers Bankruptcy Restructuring Agreement

On July 1, 2009, the Star Tribune and the Operating Engineers reached a letter of agreement (the "**Operating Engineers LOA**") for difficult-to-quantify savings and efficiencies, including pension-related changes that are part of a Company-wide effort to reduce such costs. The key modifications included (i) withdrawing the wage increase implemented on June 1, 2009; (ii) withdrawing from the Operating Engineers' multi-employer pension plan, the Central Pension Fund of the International Union of Operating Engineers; (iii) freezing benefits from Company-sponsored pension plan A; (iv) having the Operating Engineers join the same health and welfare plan currently covering all non-union employees and certain unionized workers; (v) implementing the PTO plan; and (vi) instituting a bi-weekly pay period for the Operating Engineers' wages. The Operating Engineers' LOA was approved by order of the Bankruptcy Court dated July 23, 2009.

#### 9. SEIU Bankruptcy Restructuring Agreement

On July 2, 2009, the Star Tribune and the SEIU reached a letter of agreement (the "**SEIU LOA**") for difficult-to-quantify modifications, including pension reductions that are part of a Company-wide effort to reduce such costs. The key modifications included (i) withdrawing from the SEIU's multi-employer pension plan, the Service Employees International Union



National Industry Pension Fund; (ii) freezing benefits from Company-sponsored pension plan A; (iii) having the SEIU join the same health and welfare plan currently covering all non-union employees and certain unionized workers; (iv) implementing the PTO plan; and (v) instituting a bi-weekly pay period for the SEIU's wages. The SEIU's LOA was approved by order of the Bankruptcy Court dated July 23, 2009.

#### 10. Litigation with the Machinists

Star Tribune has been engaged in negotiations with the Machinists since the Petition Date, but has not yet reached a final agreement. Despite a tentative agreement on all issues except the withdrawal from the Machinists' multi-employer pension plan, the I.A.M. National Pension Fund, the Debtors and the Machinists reached an impasse in the negotiations, and the Debtors were left with no choice but to file a motion pursuant to section 1113 of the Bankruptcy Code on June 30, 2009 to reject the Machinists' Collective Bargaining Agreement. The Debtors remain hopeful that, as with each of their other unions, they will be able to reach an agreed resolution with the Machinists, but, if not, a hearing has been scheduled for July 27, 2009 to adjudicate the parties' dispute.

##### c. **Company-Sponsored Plans**

The Company-Sponsored Plans are subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**"), 29 U.S.C. section 1301 *et seq.*

The Pension Benefit Guaranty Corporation ("**PBGC**"), a United States government corporation, guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA. Under the Plan, the Company-Sponsored Plans will not be terminated and Reorganized Star Tribune will assume and continue to maintain the Company-Sponsored Plans. Reorganized Star Tribune and each member of its post-Effective Date controlled group will be obligated to contribute to the Company-Sponsored Plans the amount necessary to satisfy the minimum funding standards under sections 302 and 303 of ERISA, 29 U.S.C. §§ 1082 and 1083, and sections 412 and 430 of the Internal Revenue Code, 26 U.S.C. §§ 412 and 430. The Company-Sponsored Plans may be terminated after the Effective Date only if the statutory requirements of either ERISA section 4041, 29 U.S.C. § 1341, or ERISA section 4042, 29 U.S.C. § 1342, are met. Pursuant to ERISA sections 4062(a), 4007; 29 U.S.C. §§ 1362(a), 1307, if the Company-Sponsored Plans terminate, Reorganized Star Tribune and the then-members of its controlled group will be jointly and severally liable for any unpaid minimum funding contributions, statutory premiums, and unfunded benefit liabilities of the Company-Sponsored Plans.

Nothing in the Plan will be construed as discharging, releasing or relieving Star Tribune or its successors, including Reorganized Star Tribune, or any other party, in any capacity, from any liability for the minimum funding requirements or statutory premiums under ERISA or the Internal Revenue Code with respect to the Company-Sponsored Plans or PBGC. Neither PBGC nor the Company-Sponsored Plans will be enjoined or precluded from seeking to enforce such liability as a result of any provision of the Plan or the Confirmation Order.

On the Effective Date, and upon assumption of the Company-Sponsored Plans, PBGC's proofs of claim filed against the Debtors on behalf of the Company-Sponsored Plans shall be deemed withdrawn on consent and the Claims Agent shall be authorized to expunge any and all proofs of claim filed by PBGC without further order of the Bankruptcy Court, without prejudice to the rights of PBGC or any Company-Sponsored Plan fiduciary to take such action as may be appropriate with respect to future conduct of Reorganized Star Tribune, or any of its then-controlled group members, as contributing sponsor with respect to the Company-Sponsored Plans, following the Effective Date under the provisions of the Company-Sponsored Plans and ERISA.

#### **Section 4.4 Certain Significant Events and Initiatives During the Chapter 11 Cases**

##### **a. Automatic Stay**

The filing of the Debtors' bankruptcy petitions on the Petition Date triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by Creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of pre-petition litigation against the Debtors. With certain limited exceptions, the automatic stay remains in effect until the Effective Date of the Plan.

##### **b. Use of Cash Collateral**

On January 16, 2009, the Bankruptcy Court issued an order approving, on an interim basis, the Debtors' use of cash collateral in which any Lender had an interest pursuant to the First Lien Credit Agreement, the Second Lien Credit Agreement or any loan documents related to such agreements (the "**Initial Interim Cash Collateral Order**"). The Initial Interim Cash Collateral Order was intended to provide the Debtors with immediate operating liquidity as they continued negotiating with the First Lien Lenders regarding their use of cash collateral.

On January 20, 2009, the Court issued a further order approving, on an interim basis, the Debtors' use of such cash collateral (the "**Interim Cash Collateral Order**"). The Interim Cash Collateral Order was intended to provide the Debtors' with near-term operating liquidity.

On March 13, 2009, the Court issued an order approving, on a final basis, the Debtors' use of such cash collateral (the "**Final Cash Collateral Order**"). The Final Cash Collateral Order was intended to provide the Debtors with sufficient liquidity to restructure successfully and emerge from bankruptcy.

Pursuant to the Final Cash Collateral Order, the Debtors have been authorized to use the Lenders' cash collateral, subject to certain limitations set forth in the order. Additionally, the Final Cash Collateral Order granted the Lenders adequate protection liens and super-priority claims, subject to certain limitations set forth in the order. Additionally, the Final Cash Collateral Order granted (i) the First Lien Lenders, to the extent of any diminution in value of such lenders' security interests, (a) a first-priority security interest in and lien on virtually all the pre- and post-petition property of the Debtors (subordinate only to perfected and unavoidable

liens then in effect or duly perfected pursuant to section 546(b) of the Bankruptcy Code and a carve-out for wind-down fees permitted by the Bankruptcy Court) and (b) an administrative claim as provided for in section 507(b) of the Bankruptcy Code, subject and subordinate only to a carve-out for wind-down fees; and (ii) the Second Lien Lenders, to the extent of any diminution in value of such lenders' security interests, (a) a junior security interest in and lien on virtually all the pre- and post-petition property of the Debtors and (b) a junior administrative claim as provided for in section 507(b) of the Bankruptcy Code.

**c. Description of Certain Significant First Day Motions and Orders**

On or about the Petition Date, the Debtors filed numerous "first day" motions seeking various relief intended to ensure a seamless transition between the Debtors' pre-petition and post-petition business operations and facilitate the smooth administration of the Chapter 11 Cases. The relief requested in these orders, among other things, allowed the Debtors to continue certain normal business activities that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code may have required prior Bankruptcy Court approval. Substantially all of the relief requested in the Debtors' "first day" motions was granted by the Bankruptcy Court. These motions and orders are available for review at the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)).

The orders entered pursuant to the Debtors' "first day" motions authorized the Debtors to, among other things:

- continue paying pre-petition employee wages and certain associated benefits, maintain employee benefits programs and allow employees to proceed with outstanding workers' compensation claims;
- continue using the Debtors' existing cash management system, bank accounts and business forms;
- generally continue using the Debtors' existing guidelines to invest cash;
- use cash collateral to permit the orderly continuation of the operation of Debtors' businesses;
- continue honoring pre-petition obligations to customers and to otherwise continue customer programs;
- establish procedures for utilities to request adequate assurance, pursuant to which the utilities were prohibited from discontinuing service except in certain circumstances;
- pay sales and use taxes, employment taxes, and other similar taxes and fees;
- continue and renew their liability, property, casualty and other insurance programs; and

- pay pre-petition claims of certain critical vendors.

d. **Appointment of Creditors' Committee**

On January 28, 2009, the United States Trustee for the Southern District of New York appointed the official committee of unsecured creditors (the "**Creditors' Committee**"). The members of the Creditors' Committee are: Wilmington Trust Company, Pension Benefit Guaranty Corporation, Global Leveraged Capital Management LLC, The Minnesota Newspaper Guild/Typographical Union, Teamsters Local No. 120, APAC Customer Services, Inc. and Royle Printing Company. Davidson Kempner Capital Management LLC is an ex officio member of the Creditors' Committee. The Creditors' Committee retained Lowenstein Sandler PC as its legal advisor and Chanin Capital Partners as its financial advisor.

e. **365(d)(4) Extension**

Section 365(d)(4) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code (or until such earlier time as the Bankruptcy Court enters an order confirming a plan), during which the debtor may assume or reject unexpired leases of nonresidential real property. Following this period, any such leases that have not been assumed by the debtor will automatically be deemed rejected. Without further order of the Bankruptcy Court, the time for the Debtors to assume or reject unexpired leases of nonresidential real property would have expired on May 15, 2009. However, by order dated May 6, 2009, the Bankruptcy Court extended this period, allowing the Debtors to assume or reject unexpired leases of nonresidential real property through August 13, 2009. Consistent with this order, on July 24, 2009, the Debtors filed a motion seeking to authorize (i) the assumption of certain of the Debtors' unexpired leases of nonresidential real property (in some cases, as modified) and (ii) the rejection of certain of the Debtors' unexpired leases of nonresidential real property. The motion is currently pending before the Bankruptcy Court.

f. **Summary of Claims Process, Bar Date and Claims Filed**

- Filing of Schedules, Claims Process, Claims Estimates and Bar Date

On March 16, 2009, the Debtors filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court. Interested parties may review these Schedules by visiting the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)).

On April 14, 2009, the Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the general Bar Date for certain persons and entities to file Proofs of Claim in these Chapter 11 Cases was May 27, 2009 (the "**Bar Date**"); the Bar Date for governmental units is July 14, 2009. The Bar Date Notice was published in the *Star Tribune* at least 25 days prior to

the Bar Date and copies were served on Creditors and potential Creditors appearing in the Schedules.

**g. Exclusivity**

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods “for cause.” Without further order of the Bankruptcy Court, the Debtors’ initial exclusivity period to file a chapter 11 plan would have expired on May 15, 2009. However, by order dated May 6, 2009, the Bankruptcy Court extended the time period of the Debtors’ exclusive authority to file a plan of reorganization through and including August 13, 2009, and to seek acceptance of such plan through and including October 12, 2009. The orders authorizing these extensions reserved the Debtors’ right to seek additional extensions of these exclusive periods and, on July 27, 2009, the Debtors filed a motion seeking to further extend the Debtors’ exclusive periods within which to file and solicit acceptances of a plan of reorganization through and including October 12, 2009 and December 11, 2009, respectively. The motion is currently pending before the Bankruptcy Court.

**ARTICLE 5**  
**SUMMARY OF THE PLAN OF REORGANIZATION**

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors’ estates equal to or greater than the recovery that they would receive if the Debtors’ assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern, which will maximize the recovery of Creditors and preserve ongoing employment for the Debtors’ employees.

The Plan is annexed hereto as Appendix A and forms a part of this Disclosure Statement.

**Section 5.1 Overview of the Plan of Reorganization**

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying Claims against, and Interests in, a debtor. Confirmation of a plan of reorganization makes the plan binding upon the debtor, any issuer of securities under the plan and any Creditor of or equity holder in the debtor, whether or not such Creditor or equity holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order

discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as “unimpaired” and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not “unimpaired” will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS ARTICLE PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, INCLUDING ANY SUPPLEMENTS AND SCHEDULES THERETO, AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF CONTROLS THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, THE DEBTORS’ ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

## **Section 5.2 Structure of the Plan**

The Plan is premised upon the consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distribution.

### **a. Order Granting Plan Consolidation**

Unless previously approved by prior order of the Bankruptcy Court, the Plan will serve as a motion seeking entry of an order approving the Plan Consolidation.

### **b. Plan Consolidation**

Solely for the purposes specified in the Plan (including voting, Confirmation and distributions) and subject to the next paragraph (i) all assets and liabilities of the Debtors will be treated as though they were merged, (ii) all guarantees of one Debtor of the obligations of the other Debtor will be eliminated so that any Claim against either Debtor, any guarantee thereof executed by either Debtor and any joint or several liability of any of the Debtors will be one obligation of the Debtors and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases against either of the Debtors will be deemed filed against the Debtors collectively and will be one Claim against, and one obligation of, the Debtors.

The Plan Consolidation effected pursuant to Section 2.2 of the Plan will not affect (i) the legal or organizational structure of the Debtors, (ii) pre- or post-Petition Date Liens or security interests, (iii) pre- or post-Petition Date guarantees that are required to be maintained (A) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (B) pursuant to the Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

## **Section 5.3 Classification and Treatment of Claims and Interests**

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Interests. Under the Plan, Claims against, and Interests in, the Debtors are divided into different Classes. Under the Bankruptcy Code, claims and equity interests are classified beyond mere “creditors” or “shareholders” because such entities may hold claims or equity interests in more than one class. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as reasonably practicable thereafter (but subject to Article 13 of the Plan), the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan.

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors. Subject to the specific provisions set forth in the Plan, all of the pre-petition obligations owed to holders of First Lien Lender Claims of any of the Debtors will, as a general matter, be converted into New Common Stock and New Secured Term Notes and owed to holders of Unsecured Claims against any of the Debtors will, as a general matter, be converted into New Common Stock and New Warrants to be issued by Reorganized Star Tribune Holdings. Moreover, the holders of Interests in Star Tribune Holdings will receive no distribution on account of these Interests, which will be cancelled. Other Priority Claims, Other Secured Claims and Interests in Star Tribune are Unimpaired under the Plan, which means, in general, that the Plan will leave their legal, equitable and contractual rights unaltered.

**a. Summary of Administrative Claims and Priority Tax Claims**

**1. Treatment of Administrative Claims**

Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Such claims include, but are not limited to, Other Administrative Claims and Professional Fee Claims.

**(i) Other Administrative Claims**

Each holder of an Allowed Other Administrative Claim will be paid, in Cash, the full unpaid amount of such Allowed Other Administrative Claim.

For Allowed Other Administrative Claims that are Allowed as of the Effective Date, distributions will be made on the Initial Distribution Date or as soon as practicable thereafter (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor or otherwise ordered by the Bankruptcy Court). For Other Administrative Claims that are Allowed after the Effective Date, distributions will be made on or as soon as practicable after the date of Allowance (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor or otherwise ordered by the Bankruptcy Court).

Allowed Other Administrative Claims with respect to assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court will be paid and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

**(ii) Professional Fee Claims**

Each holder of a Professional Fee Claim will be paid pursuant to the provisions of Section 8.1 of the Plan.



## 2. Treatment of Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim will receive, at the sole option of the Reorganized Debtors, (a) a single Cash distribution in an amount equal to such Allowed Priority Tax Claim, (b) equal annual Cash payments over a period ending not later than the fifth anniversary of the Petition Date in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest compounded annually from the Effective Date on any outstanding balance calculated at a rate equal to the market yield on the Effective Date on U.S. Treasury securities at a five-year constant maturity quoted on an investment basis, as reported by the Federal Reserve Board; *provided* that the holder of an Allowed Priority Tax Claim will be treated in a manner not less favorable than the holder of an Allowed General Unsecured Claim.

The Reorganized Debtors will have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

### b. **Summary of Claims and Interests**

The categories of Claims and Interests listed below classify Claims and Interests in or against the Debtors for all purposes, including voting, Confirmation and distribution, pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article 3 of the Plan.

As summarized in Article 2 of the Plan, the Plan is predicated on the Plan Consolidation.

### 1. Treatment of Claims and Interests

#### (i) Other Priority Claims (Class 1)

Except to the extent that the Debtors and a holder of an Allowed Other Priority Claim agree to a different treatment, each such holder will receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim will otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

(ii) Other Secured Claims (Class 2)

Except to the extent that the Debtors and a holder of an Allowed Other Secured Claim agree to a different treatment, each holder of an Allowed Other Secured Claim will receive, at the sole option of the Debtors and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) the legal, equitable and contractual rights of the holder with respect to such Allowed Other Secured Claim will be Reinstated, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event that the Debtors satisfy an Other Secured Claim under clause (i), (iii), (iv) or (v) above, the Liens securing such Other Secured Claim will be deemed released without further action by any party.

Any distributions made pursuant to Section 4.2 of the Plan will be made on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

(iii) First Lien Lender Claims (Class 3)

The First Lien Lender Claims shall be deemed allowed in the aggregate amount of \$392,923,611, inclusive of swaps, interest, fees and expenses thereunder or thereon, and the amount of letters of credit issued and outstanding as of the Petition Date under the First Lien Credit Agreement that are drawn as of the Effective Date, and the First Lien Lender Claims shall not be subject to set-off, counterclaim, recoupment, reduction or offset. On the Effective Date, each holder of a First Lien Lender Claim shall receive its Ratable Proportion of (i) the Class 3 New Common Stock Allocation and (ii) the New Secured Term Notes.

Distributions in respect of First Lien Lender Claims will be subject to the provisions of the Class 3 Claims Reserve.

(iv) General Unsecured Claims (Class 4)

Except to the extent that the Debtors and a holder of an Allowed General Unsecured Claim agree to a different treatment, each holder of an Allowed General Unsecured Claim against any of the Debtors shall receive, on or as soon as reasonably practicable after the later of (x) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (y) the Distribution Date that is at least 20 calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, its Ratable Proportion of (i) the Class 4 New Common Stock Allocation, subject to dilution by any New Common Stock (other than the Plan Shares) issued on or after the Effective Date; *provided, however*, that, when diluted in connection with

the Reserved Employee Equity issued in connection with the Reorganized Star Tribune Incentive Plan, such holders shall only be diluted with respect to issuance of a maximum of 5% of the Pro Forma Shares and (ii) the New Warrants.

If any shares of New Common Stock remain in the Class 4 Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 9.4(f) of the Plan have been made, the Disbursing Agent will, at the direction of Reorganized Star Tribune, effect a final distribution, so that each holder of an Allowed General Unsecured Claim will receive its Final Ratable Proportion of those shares allocable to such Claim (or the actual Cash proceeds in lieu thereof, in the event of a sale) on or as soon as reasonably practicable after the Final Distribution Date. Such final distribution, if any, together with the initial distribution set forth in the previous paragraph, will be in full satisfaction, release and discharge of and in exchange for each Allowed General Unsecured Claim against any of the Debtors.

(v) Convenience Claims (Class 5)

Except to the extent that the Debtors and a holder of an Allowed Convenience Claim agree to a different treatment, each holder of an Allowed Convenience Claim will receive from Reorganized Star Tribune, on or as soon as reasonably practicable after the later of (i) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (ii) the Distribution Date that is at least 20 calendar days after such Convenience Claim becomes an Allowed Convenience Claim, in full satisfaction, release and discharge of and in exchange for such Claim, Cash in an amount equal to 0.9% of such holder's Allowed Convenience Claim.

(vi) Interests in Star Tribune Holdings (Class 6a)

The holders of Interests in Star Tribune Holdings will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Star Tribune Holdings will be cancelled and extinguished.

(vii) Interests in Star Tribune (Class 6b)

The Interests of Star Tribune Holdings in Star Tribune will be Reinstated.

2. Treatment of Intercompany Claims

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors, in their sole discretion, retain the right to eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise.

c. **Emergence Corporate Structure**

Pursuant to Section 6.8 of the Plan, the Debtors and the First Lien Agent may elect to implement the Restructuring Transactions in their discretion. The Debtors reserve the right to

amend the Plan to reflect the modifications that are necessary to implement the Restructuring Transactions no later than 10 days prior to the Confirmation Date, without the need for further approval or resolicitation of any party. Pursuant to Section 6.9 of the Plan, prior to or as of the Effective Date, the Debtors may engage in any other transactions deemed necessary or appropriate, including, without limitation, merging, dissolving or transferring assets between or among Debtors.

**d. Reorganized Capital Structure**

Pursuant to the Plan, the Reorganized Debtors expect to have the capital structure described below upon their emergence from chapter 11.

**1. Equity Ownership**

**(i) New Common Stock**

Reorganized Star Tribune Holdings expects to have 10,000,000 authorized shares of New Common Stock. In connection with the Plan, Reorganized Star Tribune Holdings will issue up to an aggregate of 1,524,648 shares of New Common Stock for distribution to holders of Allowed First Lien Lender Claims and Allowed General Unsecured Claims. Additional shares will be issued and/or reserved (i) to establish the Claims Reserves, (ii) to satisfy any amounts from the exercise of the New Warrants and (iii) to satisfy required distributions under the Reorganized Star Tribune Incentive Plan.

Reorganized Star Tribune Holdings expects to deliver all shares of New Common Stock in book entry form through a registry managed by its transfer agent. The Debtors do not intend to issue physical stock certificates to Creditors under the Plan.

In order to facilitate ownership of New Common Stock by persons which may be subject to full-voting equity ownership restrictions, the New Common Stock will consist of a class of full-voting convertible common stock (“**Class A Common Stock**”) and a separate class of limited-voting convertible common stock (“**Class B Common Stock**”). Each holder of a First Lien Lender Claim will have the option to choose to take its New Common Stock in the form of Class A Common Stock or Class B Common Stock.

Each holder of Class A Common Stock will be entitled, at any time, to convert all or any portion of the shares of Class A Common Stock held by it into an equal number of shares of Class B Common Stock. Each holder of Class B Common Stock will be entitled, at any time, to convert all or any portion of the shares of Class B Common Stock held by it into an equal number of shares of Class A Common Stock.

The rights of holders of Class A Common Stock and the rights of holders of Class B Common Stock will be identical in all respects, except that the holders of Class B Common Stock will not be entitled to general voting rights, and will be entitled to vote on an “as converted” basis (together with the holders of the Class A Common Stock, as a single class) only on the following non-ordinary course transactions, and only to the extent that the holders of

Class A Common Stock, by virtue of their status as holders of Class A Common Stock, have the right to vote thereon: (i) any authorization of, or increase in the number of authorized shares of, any class of capital stock ranking pari passu with or senior to the New Common Stock as to dividends or liquidation preference, including additional New Common Stock, (ii) any amendment to Reorganized Star Tribune Holdings' certificate of incorporation or by-laws, (iii) any sale, lease or other disposition of all or substantially all of the assets of the Reorganized Star Tribune Holdings through one or more transactions, (iv) any recapitalization, reorganization, consolidation or merger of Reorganized Star Tribune Holdings, (v) any issuance or entry into an agreement for the issuance of capital stock (or any options or other securities convertible into capital stock) of Reorganized Star Tribune Holdings, except as may be provided for under any management incentive plan and (vi) any redemption, purchase or other acquisition by Reorganized Star Tribune Holdings of any of its capital stock (except for purchases from employees upon termination of employment).

Holders of the Class A Common Stock and Class B Common Stock will be entitled to a separate class vote on any amendment or modification of any rights or privileges of the Class A Common Stock or Class B Common Stock that does not equally affect the other class. In any liquidation, dissolution or winding up of Reorganized Star Tribune Holdings, all assets will be distributed to holders of the New Common Stock on a pro rata basis.

Reorganized Star Tribune Holdings will at all times reserve and keep available out of its authorized but unissued shares the number of shares of Class A Common Stock equal to the number of shares of issued and outstanding of Class B Common Stock, solely for purposes of effecting conversion of shares of Class B Common Stock to Class A Common Stock. Reorganized Star Tribune Holdings will at all times reserve and keep available out of its authorized but unissued shares the number of shares of Class B Common Stock equal to the number of shares of issued and outstanding of Class A Common Stock, solely for purposes of effecting conversion of shares of Class A Common Stock to Class B Common Stock.

(ii) New Warrants

In connection with the plan, Reorganized Star Tribune Holdings will issue New Warrants for distribution to holders of Allowed General Unsecured Claims. The New Warrants will have the following terms and conditions:

- Issuer:** Reorganized Star Tribune Holdings.
- Expiration Date:** Four years from the Effective Date (the “**Participation Period**”).
- Exercise Price:** An exercise price representing a total equity value which, when added to the principal amount of New Secured Term Notes, would equal the principal amount of the First Lien Lender Claims, subject to the terms of the New Warrant Agreement and the New Stockholders' Agreement.

**Amount:** 20.0% of the shares of Reorganized Star Tribune Holdings, subject to dilution.

**Registration Rights:** The shares underlying the warrants will receive the benefit of the registration rights provisions of the New Stockholders' Agreement, which will be substantially in the form contained in the Plan Supplement.

**Exercisability:** TBD.

**Anti-dilution:** Adjustments for stock splits and combinations, dividends and other distributions, issuances or deemed issuances of equity at prices below the exercise price of the warrants, mergers, consolidations and capital reorganizations, and other typical anti-dilution protections.

**Triggering Events:** If, at any time during the Participation Period, the Debtors consummate a transaction or series of transactions resulting in (1) a merger or consolidation (other than one in which stockholders of Reorganized Star Tribune Holdings own a majority by voting power of the outstanding shares of the surviving or acquiring entity), or (2) a sale, lease, transfer or other disposition of all or substantially all of the assets of Reorganized Star Tribune Holdings, or (3) a material purchase of the equity of Reorganized Star Tribune Holdings, or (4) the securities of Reorganized Star Tribune Holdings being publicly traded, or (5) a merger or consolidation (after which stockholders of Reorganized Star Tribune Holdings own a majority by voting power of the outstanding shares of the surviving or acquiring entity but in which the value of the equity is determined), or (6) a monetizing event to be defined in the definitive documentation (each of (1) through (6), a "**Liquidity Event**"), 100% of the equity of Reorganized Star Tribune Holdings shall be valued in a manner consistent with the merger consideration or the value of all of the assets of Reorganized Star Tribune Holdings or the purchase price for the securities of Reorganized Star Tribune Holdings.

If the Liquidity Event results in the equity holders of Reorganized Tribune receiving cash on account of their equity, the holders of Allowed General Unsecured Claims shall be deemed to have exercised all of their warrants on a cashless basis and simultaneously will receive cash in the Liquidity Event transaction for all equity held by them on the same basis as the other equity holders of Reorganized Tribune.

If the Liquidity Event results in the equity holders of Reorganized Star Tribune Holdings receiving securities of another entity or other assets for their equity in Reorganized Star Tribune Holdings, the holders of Allowed General Unsecured Claims shall also be entitled to exercise all warrants on a cashless basis and to participate in such distribution of securities or other assets on the same basis as all other equity holders of Reorganized Star Tribune Holdings, or to have their warrants adjusted as per paragraph (b) under “Covenants” below.

Reorganized Star Tribune Holdings shall not consummate any merger, consolidation, asset sale, change of control or similar transaction unless the acquiring party, if other than Reorganized Star Tribune Holdings, assumes all of the obligations of Reorganized Star Tribune Holdings under the settlement, including assuming the warrants and making appropriate adjustments to the securities to be received by warrant holders upon exercise.

**Cashless Exercise:**

After the occurrence of any Liquidity Event (a “**Triggering Event**”), the warrants will thereafter have a cashless exercise feature, with the then-current market price determined consistently with the Triggering Event value of Reorganized Star Tribune Holdings, divided by the number of shares of Reorganized Star Tribune Holdings common stock then outstanding. Any warrant holder exercising a warrant on a cashless exercise basis after a Triggering Event shall be entitled to receive common stock of Reorganized Star Tribune Holdings reflecting its proportionate share of the amount by which the valuation of Reorganized Star Tribune Holdings in the Triggering Event exceeds the Initial Threshold, subject to adjustments to be provided in the warrants and subject to dilution as indicated above under “Amount.” On a cashless exercise, the spread will be paid by the issuance of common stock of Reorganized Star Tribune Holdings valued consistently with the most recent Triggering Event value.

**Covenants:**

The Reorganized Debtors shall not issue senior securities during the Participation Period other than the New Secured Term Notes.

**Governing Law:**

State of New York.

## 2. Secured Debt

The Reorganized Debtors shall have approximately \$100 million principal amount of secured debt outstanding on the Effective Date, consisting of the following:

<b>Issuer:</b>	Reorganized Star Tribune.
<b>Guarantor:</b>	Reorganized Star Tribune Holdings.
<b>Principal Amount:</b>	\$100,000,000. The New Secured Notes would be payable in two tranches; Tranche A in the principal amount of \$60,000,000 and Tranche B in the principal amount of \$40,000,000.
<b>Agent:</b>	Credit Suisse.
<b>Maturity:</b>	Five years.
<b>Interest Rate:</b>	Tranche A would bear cash pay interest at LIBOR + 3% (with a LIBOR floor of 5%). At the election of the Reorganized Debtors (which election may be made, in the discretion of the Reorganized Debtors, with respect to any portion (including all) of the interest due in respect of Tranche B), Tranche B will either (i) bear cash pay interest at LIBOR + 3% (with a LIBOR floor of 5%) or (ii) be payable-in-kind at 11%.
<b>Covenants:</b>	TBD.
<b>Ranking:</b>	Senior secured first lien priority.
<b>Collateral:</b>	All assets.
<b>Governing Law:</b>	State of New York.

### Section 5.4 Implementation of the Plan

#### a. Continued Corporate Existence

Except as otherwise provided in the Plan, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.



**b. Section 1145 Exemption**

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the issuance under the Plan of the New Plan Securities will each be exempt from registration under the Securities Act.

**c. Compensation Plans**

On the Effective Date or as soon as practicable thereafter, the Reorganized Debtors shall implement each of the Compensation Plans pursuant to the terms thereof. The terms of the Profit Sharing Plan shall be set forth in a Plan Supplement, which shall be filed no later than 10 calendar days before the Voting Deadline. The solicitation of votes on this Plan shall include and be deemed to be a solicitation of the holders of New Common Stock for approval of the Reorganized Star Tribune Incentive Plan and the authorization of the Reserved Employee Equity, and entry of the Confirmation Order shall constitute such approval.

On the next Interim Distribution Date that is no fewer than 30 days following the date on which the Reorganized Star Tribune Incentive Plan becomes effective (or as soon thereafter as reasonably practicable) and subject to the provisions of the Plan (including Articles 7 and 9), the Disbursing Agent shall distribute to holders of Allowed General Unsecured Claims sufficient shares of New Common Stock to limit the dilutive impact of the Reorganized Star Tribune Incentive Plan to 5% of the Pro Forma Shares.

**d. Letters of Credit**

Upon the Effective Date, Reorganized Star Tribune will assume the reimbursement obligations under the Letters of Credit, listed on Exhibit C of the Plan, which reimbursement obligations will be cash collateralized by Reorganized Star Tribune on the Effective Date.

**e. Authorization of New Plan Securities**

Without further act or action under applicable law, regulation, order or rule, Reorganized Star Tribune Holdings is authorized to issue the New Plan Securities (including any shares issued upon the exercise of the New Warrants or Reserved Employee Equity issued under the Reorganized Star Tribune Incentive Plan).

**f. New Stockholders' Agreement**

Certain holders of the New Common Stock (including any shares issued upon the exercise of the New Warrants or Reserved Employee Equity issued under the Reorganized Star Tribune Incentive Plan) will be parties to the New Stockholders' Agreement.

**g. Cancellation of Existing Securities and Related Agreements**

On the Effective Date, all the agreements and other documents evidencing the First Lien Lender Claims and Second Lien Lender Claims and rights of any holder of such Claims against,

or Interest in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors, shall be cancelled; *provided, however*, that Interests in Reorganized Star Tribune held by Star Tribune Holdings shall be Reinstated; and *provided, further*, that at the election of the Debtors and the First Lien Agent, the First Lien Credit Agreement may remain in effect and be amended and restated consistent with the New Secured Loan Documents; and *provided further, however*, the agreements and other documents evidencing the Second Lien Lender claims shall continue in effect solely for the purposes of (a) allowing distributions to be made under this Plan pursuant to the Second Lien Credit Agreement and the Second Lien Agent to perform such other necessary functions with respect thereto and to have the benefit of all the protections and other provisions of the Second Lien Credit Agreement in doing so; (b) permitting the Second Lien Agent to maintain or assert any right or remedy it may have for indemnification, contribution or otherwise against the Second Lien Lenders under the Second Lien Credit Agreement with respect to fees and expenses incurred in carrying out its duties or exercising its rights and remedies thereunder; (c) permitting the Second Lien Agent to assert any right or remedy it may have for indemnification, contribution or other Claim under the Second Lien Credit Agreement, subject to any and all defenses the Debtors and the Reorganized Debtors may have under this Plan and applicable law to any such asserted right or Claims; and (d) permitting the Second Lien Agent to exercise its rights and obligations relating to the interests of the Second Lien Lenders and its relationship with the Second Lien Lenders pursuant to the Second Lien Credit Agreement, including all rights it may have to appear and be heard in these Chapter 11 Cases and any appeals.

#### **h. Restructuring Transactions**

On or as of the Effective Date, the distributions provided for under the Plan may be effectuated pursuant to the Restructuring Transactions described in Article 6 of the Plan, the documentation for which shall be satisfactory to the Debtors and the First Lien Agent. The Debtors reserve the right to amend the Plan to implement the Restructuring Transactions no later than ten days prior to the Confirmation Date, without the need for further approval or resolicitation of any party. Consistent with the Plan, the Debtors and the First Lien Agent may elect to effectuate the following restructuring transactions (the “**Restructuring Transactions**”), all of which shall occur *in seriatim*:

- (a) Newco shall be formed by the First Lien Lenders;
- (b) Newco shall form Newco LLC and hold 100% of the ownership interests in Newco LLC;
- (c) Star Tribune distributes to Star Tribune Holdings all of its Avoidance Actions and certain other assets;
- (d) Star Tribune merges into Newco LLC. Pursuant to the merger, Star Tribune Holdings shall receive (i) Newco stock in an amount corresponding to the Class 4 Common Stock Allocation and (ii) Newco warrants the terms of which shall be

substantially identical to the New Warrants, which stock and warrants will be distributed to Holders of Allowed General Unsecured Claims; and

(e) the Interests in Star Tribune Holdings will be cancelled.

**i. Other Transactions**

In addition, except as otherwise set forth in the Plan, prior to or as of the Effective Date, either or both of the Debtors may engage in any other transactions deemed necessary or appropriate (including, without limitation, merging, dissolving or transferring assets between them); *provided, however*, that, if the Restructuring Transactions are implemented, Reorganized Star Tribune Holdings shall remain in existence for the purpose of acting as Disbursing Agent, pursuing Avoidance Actions, and conducting such other business as it may choose and shall not be liquidated, as determined for United States federal income tax purposes, for at least five (5) years after the Effective Date.

**Section 5.5 Provisions Governing Distributions**

**a. Disbursing Agent**

The Disbursing Agent will make all distributions required under the Plan. The Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

**b. Timing and Delivery of Distributions**

**1. Timing**

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 4.4 of the Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors will receive the distributions provided for Allowed Claims in the applicable Classes as of such date. Distributions on account of Unsecured Claims Allowed as of the Effective Date will be made on or as soon as reasonably practicable after the Initial Distribution Date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) will be made pursuant to the provisions set forth in the Plan on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after the Allowance of each such Claim; *provided, however*, that distributions on account of the Claims set forth in Article 3 of the Plan will be made as set forth therein and Professional Fee Claims will be made as soon as reasonably practicable after their Allowance. Because of the complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

## 2. De Minimis Distributions

Notwithstanding any other provision of the Plan, neither the Reorganized Debtors nor the Disbursing Agent will have any obligation to make a particular distribution to a specific holder of an Allowed Claim on an Initial Distribution Date or an Interim Distribution Date if (i) such Allowed Claim has an economic value less than \$50 and (ii) such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, the Reorganized Debtors reserve the right in their sole discretion to distribute (or to direct the Disbursing Agent to distribute) Cash to the holder of an Allowed Claim in respect of any distribution that has an economic value less than \$250 and that would otherwise receive New Common Stock on account of such Claim. Such Cash distribution (which will be equal to the value of the New Common Stock that the holder would otherwise have received) will be in full satisfaction, release and discharge of and in exchange for any such Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors nor the Disbursing Agent will have any obligation to make any distributions under the Plan with a value of less than \$25, unless a written request therefor is received by the Reorganized Debtors from the relevant recipient at the addresses set forth in Section 16.14 of the Plan.

## 3. Delivery of Distributions

With respect to all holders of Allowed Claims, distributions shall only be made to the record holders of such Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors and the Disbursing Agent and each of the foregoing's respective agents, successors and assigns with respect to Claims shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors and Disbursing Agent and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

### c. **Manner of Payment under Plan**

At the option of the Debtors, any Cash payment to be made under the Plan may be made by check, wire transfer or any other customary payment method.

The Disbursing Agent will make distributions of New Plan Securities or Cash as required under the Plan on behalf of the applicable Reorganized Debtor. Any distributions of New

Common Stock or Cash that revert to the Reorganized Debtors or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) will revert solely in Reorganized Star Tribune and Reorganized Star Tribune Holdings will not have (nor will it be considered to ever have had) any ownership interest in the amounts distributed.

Reorganized Star Tribune Holdings expects to deliver all shares of New Common Stock and New Warrants in book entry form through a registry managed by its transfer agent. The Debtors do not intend to issue physical stock certificates or warrant certificates to Creditors under the Plan.

#### 1. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed General Unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution will be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

#### 2. Compliance Matters

In connection with the Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent will comply with all tax withholding and reporting requirements imposed by any federal, state or local taxing authority and all distributions under the Plan will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and similar encumbrances.

#### 3. Fractional Shares

No fractional shares of New Common Stock will be issued or distributed under the Plan. The actual distribution of shares of New Common Stock on the Interim Distribution Dates and the Final Distribution Date will be rounded to the next higher or lower whole number as follows: (i) fractions less than one-half ( $\frac{1}{2}$ ) will be rounded to the next lower whole number and (ii) fractions equal to or greater than one-half ( $\frac{1}{2}$ ) will be rounded to the next higher whole number. The total number of shares of New Common Stock to be distributed under the Plan will be

adjusted as necessary to account for such rounding. No consideration will be provided in lieu of fractional shares that are rounded down.

#### 4. Fractional Interests in New Warrants

No fractional interests in New Warrants, or Cash in lieu thereof will be distributed under the Plan. When any distribution pursuant to the Plan would otherwise result in the issuance of a number of New Warrants that is not a whole number, the actual distribution of New Warrants will be rounded as follows: (i) fractions of one-half ( $\frac{1}{2}$ ) or greater will be rounded to the next higher whole number; and (ii) fractions of less than one half ( $\frac{1}{2}$ ) will be rounded to the next lower whole number. The total number of shares of New Warrants to be distributed under the Plan will be adjusted as necessary to account for such rounding. No consideration will be provided in lieu of fractional interests that are rounded down.

##### d. **Undeliverable or Non-Negotiated Distributions**

If any distribution is returned as undeliverable, no further distributions to such Creditor will be made unless and until the Disbursing Agent is notified in writing of such holder's then-current address, at which time the undelivered distribution will be made to such holder without interest or dividends. Undeliverable distributions will be returned to Reorganized Star Tribune until such distributions are claimed. All distributions under the Plan that remain unclaimed for one year after the relevant Distribution Date will indefeasibly revert to Reorganized Star Tribune. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims will be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) will be automatically discharged and forever barred, and such funds will revert to Reorganized Star Tribune, notwithstanding any federal or state escheat laws to the contrary.

##### e. **Claims Paid or Payable by Third Parties**

###### 1. Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor will, within 30 calendar days of receipt thereof, repay and/or return the distribution to the applicable Reorganized Debtor, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

The Claims Agent shall expunge any Claim from the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Claims Agent of such subrogation rights.

## 2. Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees to satisfy a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon satisfaction) on the official claims register by the Claims Agent without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

### **Section 5.6 Distributions on Account of Allowed Second Lien Lender Claims**

All distributions on account of Allowed Second Lien Lender Claims shall be made to the Second Lien Agent. If a distribution is made to the Second Lien Agent, the Second Lien Agent shall administer the distribution in accordance with this Plan and the Second Lien Credit Agreement and shall be reasonably compensated for its services and disbursements related to distributions pursuant to this Plan (and for the reasonable and related fees and expenses of any counsel engaged by the Second Lien Agent with respect to administering or implementing such distributions), by the Debtors, Reorganized Star Tribune, Reorganized Star Tribune Holdings, or the Distribution Agent, as appropriate, in the ordinary course upon the presentation of invoices by the Second Lien Agent; *provided, however*, that such fees and expenses of the Second Lien Agent (including, without limitation, the fees and expenses incurred by its counsel) shall not exceed \$5,000 unless the Reorganized Debtors or the Distribution Agent request that the Second Lien Agent serve as the transfer agent, in which case the parties shall negotiate a separate fee for such services. Compensation of the Second Lien Agent for services relating to distributions under this Plan shall be made without the need for filing any application or request with, or approval by, the Bankruptcy Court. The Bankruptcy Court shall, however, retain jurisdiction to resolve any dispute with respect to the reasonableness of any such fee or expense.

The Second Lien Agent shall not be required to give any bond, surety or other security for the performance of its duties with respect to the administration and implementation of distributions.

Any and all distributions on account of Allowed Second Lien Lender Claims shall be subject to the right of the Second Lien Agent to exercise its rights and remedies under the Second Lien Credit Agreement for any unpaid fees and expenses incurred prior to the Effective Date and any fees and expenses of the Second Lien Agent incurred in making distributions pursuant to this Plan, and any fees and expenses of the Second Lien Agent incurred in responding to any objection to the payment of the fees and expenses of the Second Lien Agent.

Notwithstanding any of the foregoing, nothing herein shall be deemed to impair, waive or extinguish any rights and remedies of the Second Lien Agent under the Second Lien Credit Agreement.

## **Section 5.7 Filing of Administrative Claims**

### **a. Professional Fee Claims**

#### **1. Final Fee Applications**

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 45 calendar days after the Confirmation Date. Such requests will be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys at least three Business Days prior to the deadline, and the Debtors' attorneys will file such request with the Bankruptcy Court. The objection deadline relating to the final requests will be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order with respect to a given request, or all timely objections are subsequently resolved, such Professional will submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections will be determined by the Bankruptcy Court at a hearing to be held no sooner than 10 calendar days after the objection deadline. Notwithstanding Section 7.2(a) of the Plan, distributions on account of Allowed Professional Fee Claims will be made as soon as reasonably practicable after such Claims become Allowed.

#### **2. Payment of Interim Amounts**

Professionals will be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending prior to the Confirmation Date.

#### **3. Confirmation Date Fees**

Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals in the ordinary course of business (including with respect to the month in which the Confirmation Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.



**b. Other Administrative Claims**

A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)). No other notice of the Other Administrative Claim Bar Date will be provided.

All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 8.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to Section 8.2 of the Plan that are not properly filed and served by the Other Administrative Claim Bar Date will not appear on the register of claims maintained by the Claims Agent and will be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

The Reorganized Debtors, in their sole and absolute discretion, may settle Other Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. Unless the Debtors or the Reorganized Debtors object to a timely-filed and properly-served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim will be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed with respect to Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court or (iii) are for Cure amounts.

**Section 5.8 Disputed Claims**

**a. Objections to Claims**

The Reorganized Debtors will be entitled to object to all Claims; *provided, however*, that the Reorganized Debtors will not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Reorganized Debtors will be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

Claims objections filed before, on or after the Effective Date will be filed, served and administered in accordance with the Claims Objection Procedures Order, which will remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

**b. Resolution of Disputed Claims**

On and after the Effective Date, the Reorganized Debtors will have the authority to compromise, settle, otherwise resolve or withdraw any objections to Claims and to compromise, settle or otherwise resolve any Disputed Claims without notice to or approval by the Bankruptcy Court or any other party.

**c. Estimation of Claims and Interests**

The Debtors or the Reorganized Debtors may, in their sole and absolute discretion, determine, resolve and otherwise adjudicate Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or the Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount will constitute the maximum limitation on such Claim and the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation will not apply to Claims requested by the Debtors to be estimated for voting purposes at only \$1.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

**d. Payments and Distributions with Respect to Disputed Claims**

**1. No Distributions Pending Allowance**

Notwithstanding any other provision in the Plan, no payments or distributions will be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

## 2. Class 3 Claims Reserve

Pursuant to Article 4 of the Plan, the ultimate recovery to holders of First Lien Lender Claims (Class 3) is dependent upon the total amount of Allowed Unsecured Claims (Class 4 and Class 5). Unless (i) the total amount of Allowed Unsecured Claims is finally determined on or before the Initial Distribution Date or (ii) the Reorganized Debtors determine in their discretion that the total amount of Allowed Unsecured Claims will equal or exceed the amount of \$120,000,000, the Disbursing Agent will hold in reserve (the “**Class 3 Claims Reserve**”) an appropriate portion of the Class 3 New Common Stock Allocation, together with all earnings thereon, if any (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed to the holders of First Lien Lender Claims on the Interim Distribution Dates and/or the Final Distribution Date, as required by the Plan. In the event that it is determined that the total Allowed Unsecured Claims equal or exceed the amount of \$120,000,000, then the Disbursing Agent will transfer the remaining shares of New Common Stock in the Class 3 Claims Reserve to the Class 4 Claims Reserve.

## 3. Class 4 Claims Reserve

That portion of the Class 4 New Common Stock Allocation and New Warrants that is not distributed in connection with the Initial Distribution Date pursuant to Article 4 of the Plan will be held in reserve (the “**Class 4 Claims Reserve**” and, together with the Class 3 Claims Reserve, the “**Claims Reserves**”), together with all earnings thereon, if any (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Interim Distribution Dates and the Final Distribution Date, as required by the Plan.

## 4. Voting Issues

Any New Common Stock held under Section 9.4 of the Plan will be deemed voted by the Disbursing Agent proportionally in the same manner as the rest of the New Common Stock is voted.

## 5. Tax Matters

For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will (i) treat each Claims Reserve as a discrete trust for federal income tax purposes (which trust may consist of separate and independent shares) in accordance with the trust provisions of the Internal Revenue Code (section 641, *et seq.*) and (ii) to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Claims and/or Disputed Claims will report, for income tax purposes, consistently with the foregoing.

## 6. Distributions After Allowance

To the extent that a Disputed General Unsecured Claim becomes an Allowed Claim after the Effective Date or the holders of First Lien Lender Claims become entitled to a subsequent distribution due to the finalization of the total amount of Allowed Unsecured Claims, the Disbursing Agent will, out of the relevant Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 7.2(a) of the Plan. Subject to Section 9.6 of the Plan, all distributions made under paragraph (i) of Section 9.4(f) of the Plan on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the relevant Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class.

To the extent that a Convenience Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 7.2(a) and Section 9.4 of the Plan.

### e. **No Amendments to Claims**

A Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or the Debtors to file or amend a Claim. Any new or amended Claim (other than (i) Claims filed by the Rejection Bar Date that are related to executory contracts or unexpired leases rejected pursuant to this Plan or an order of the Bankruptcy Court or (ii) Claims filed by a governmental unit (as defined in section 101(27) of the Bankruptcy Code), consistent with the terms of the Bar Date Order) filed after the Confirmation Date without such prior authorization will not appear on the register of claims maintained by the Claims Agent and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

### f. **No Interest**

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan or the Confirmation Order, post-petition interest will not accrue or be paid on Claims, and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest will not accrue or be paid on any Claim or Disputed Claim with respect to the period from and after the Effective Date; *provided, however*, that nothing in Section 9.6 of the Plan will limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to

interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

## **Section 5.9 Executory Contracts and Unexpired Leases**

### **a. Rejection of Executory Contracts and Unexpired Leases**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party will be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Effective Date, (iii) that is assumed, rejected or otherwise treated pursuant to Section 10.3 or Section 10.4 of the Plan, (iv) that is listed on Schedule 10.2(a) or 10.2(b) of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned Schedules will be of no effect.

### **b. Schedules of Executory Contracts and Unexpired Leases**

Schedules 10.2(a) and 10.2(b) of the Plan will be filed by the Debtors as specified in Section 16.7 of the Plan as Plan Supplements and will represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or prior to 3:00 p.m. (prevailing Eastern time) on the third Business Day immediately prior to the commencement of the Confirmation Hearing, (i) to amend Schedules 10.2(a) and 10.2(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right will be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso will apply in the case of any and all subsequent adjournments of the Confirmation Hearing. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (i) each of the executory contracts and unexpired leases listed on Schedule 10.2(a) will be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party will be the Cure and will be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (ii) each of the executory contracts and unexpired leases listed on Schedule 10.2(b) will be deemed rejected effective as of the Rejection Effective Date specified thereon.

The Debtors will file initial versions of Schedules 10.2(a) and 10.2(b) and any amendments thereto with the Bankruptcy Court and will serve all notices thereof only on the relevant Assumption Parties and Rejection Parties. With respect to any executory contract or unexpired lease first listed on Schedule 10.2(b) later than the date that is ten calendar days prior to the Voting Deadline, the Debtors will use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is ten calendar days before the Voting Deadline, affected Rejection Parties will have five calendar days from the date of such amendment to Schedule 10.2(b) to object to Confirmation of the Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties will have until the Confirmation Hearing to object to Confirmation of the Plan.

The listing of any contract or lease on Schedule 10.2(a) or 10.2(b) of the Plan is not an admission that such contract or lease is an executory contract or unexpired lease.

**c. Categories of Executory Contracts and Unexpired Leases to be Assumed**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories will be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each will be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

**1. Customer Programs, Insurance Plans, Surety Bonds and Workers' Compensation Plans**

Subject to the terms of the first paragraph of Section 10.3 of the Plan, each Customer Program, Insurance Plan, Surety Bond and Workers' Compensation Plan will be deemed assumed effective as of the Effective Date. Nothing contained in Section 10.3(a) of the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by Section 10.3(a) of the Plan will be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

## 2. Certain Indemnification Obligations

Each Indemnification Obligation to a director, officer or employee that was employed by any of the Debtors in such capacity on or after the Petition Date will be deemed assumed effective as of the Effective Date; *provided, however*, that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 10.4 of the Plan will also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan will (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligation and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in the Plan, the Reorganized Debtors may in their sole discretion (but have no obligation to) honor each Indemnification Obligation to a director, officer or employee that was no longer employed by either of the Debtors in such capacity on or after the Petition Date, unless such obligation (i) will have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 10.2(b) of the Plan or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent to Assume or Reject.

## 3. Collective Bargaining Agreements

Subject to the terms of the first paragraph of this Section 5.9(c), each Collective Bargaining Agreement, as amended (including, without limitation, by the applicable Bankruptcy Restructuring Agreement), shall be deemed assumed effective as of the Effective Date; *provided, however*, that nothing in this Section or otherwise in the Plan shall be deemed to effect an assumption of any pension plan, retirement plan, savings plan, health plan or other employee benefit plan rejected, discontinued, withdrawn from, terminated or for which the authority to effectuate the foregoing was granted. The consideration, if any, set forth in the applicable Bankruptcy Restructuring Agreements shall be the sole consideration for, and shall be deemed to satisfy, all Claims and Interests arising under the relevant Collective Bargaining Agreements (including all predecessors thereto). Upon assumption of the Collective Bargaining Agreements, the following Proofs of Claim shall be deemed withdrawn, disallowed and forever barred from assertion automatically and without any further notice to or action, order or approval of the Bankruptcy Court: (i) all Proofs of Claim filed by the Debtors' Unions and (ii) all Proofs of Claim filed by Union-represented employees, pertaining, in each case, to rights collectively bargained for or disposed of pursuant to the Collective Bargaining Agreements, including, without limitation, Claims on account of grievances, reinstatement and pension obligations; *provided, however*, that the Debtors reserve the right to seek adjudication of any Collective Bargaining Agreement-related dispute that concerns distributions, Claims, restructuring transactions or other aspects of the Plan between the Debtors and the relevant Union in the Bankruptcy Court. Nothing contained Section 10.3 of the Plan shall affect the treatment of any

Claim to the extent (i) previously Allowed by a Final Order of the Bankruptcy Court or (ii) filed by the Machinists and related to any post-petition consensual or non-consensual modification of the terms of employment set forth in the Machinists' Collective Bargaining Agreement; *provided* that the Debtors and the Reorganized Debtors reserve all rights to object to any such Claim(s).

**d. Other Categories of Agreements and Policies**

**1. Employee Agreements**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date will be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10(a) or 10(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline or (vi) that is an agreement related to payment or potential repayment of employee relocation expenses (each such relocation agreement shall instead be deemed assumed effective as of the Effective Date). The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.

**2. Employee Benefits**

As of the Effective Date, whether or not such employee benefits are provided for in an Employee Agreement that has been rejected in these Chapter 11 Cases (by operation of this Plan or otherwise), the Debtors and the Reorganized Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of either of the Debtors who served in such capacity at any time; *provided, however*, that this provision does not address Collective Bargaining agreements or the terms of employment of employees represented by labor unions; and *provided, further*, that the Debtors shall not be permitted to honor severance benefits for a severance period of more than nine months for any employee who is severed more than six months following the Effective Date. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else herein, at the discretion of the Reorganized Debtors, the assumed plans shall be subject to modification in accordance with the terms thereof.



The Debtors intend to execute amended employment agreements with certain of their employees on or before the Confirmation Date.

### 3. Non-Qualified Plans

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of (i) the Pension Supplement Plan, (ii) the Senior Management Group Supplement Plan, (iii) the Credited Service Supplement Plan, (iv) the Executive Supplemental Savings Plan, (v) the Deferred Compensation Plan for Management Employees and (vi) any other non-qualified deferred compensation or retirement obligations of the Debtors will be deemed rejected and terminated effective as of the Effective Date and no further benefits will be payable thereunder; *provided, however*, that the Reorganized Debtors may, in their sole discretion (but shall have no obligation to), honor or satisfy the benefits accrued for current employees.

### 4. Certain Retiree Benefits

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors shall continue to pay retiree health and welfare benefits of the Debtors at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the Plan, and for the duration of the period for which the Debtors have obligated themselves to provide such benefits. The Reorganized Debtors may unilaterally modify or terminate any retiree benefits (including health and welfare benefits) in accordance with the terms of the plan, program, policy or document under which such benefits are established or maintained; *provided, however*, that nothing herein shall be construed to enlarge the Reorganized Debtors' rights to modify such retiree benefits (including such retiree benefits that are vested, if any) under applicable non-bankruptcy law.

## e. **Assumption and Rejection Procedures and Resolution of Treatment Objections**

### 1. Proposed Assumptions

With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed assumed as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code will be deemed fully satisfied by the Proposed Cure, if any, which will be the Cure.

Any objection to the assumption of an executory contract or unexpired lease that is not timely filed and properly served will be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such

assumption will be forever barred from assertion and will not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) will be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

## 2. Proposed Rejections

With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served will be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

## 3. Resolution of Treatment Objections

Both on and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, will schedule a hearing on such Treatment Objection and provide at least 14 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection will be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

Any Cure will be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption, unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 10.5(d) of the Plan.

No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

#### 4. Reservation of Rights

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Debtors or Reorganized Debtors, the Debtors and the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure with respect to such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

##### f. **Rejection Claims**

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or Reorganized Debtors may contest any Rejection Claim in accordance with Section 9.1 of the Plan.

##### g. **Assignment**

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan will remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension), or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

##### h. **Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases**

Entry of the Confirmation Order by the Bankruptcy Court will, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed pursuant to the Plan will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan,

any order of the Bankruptcy Court authorizing or providing for its assumption or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default will be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan will be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

**i. Modifications, Amendments, Supplements, Restatements or Other Agreements**

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, will include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to pre-petition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the pre-petition nature of the executory contract and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create post-petition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any pre-petition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

**Section 5.10 Provisions Regarding Corporate Governance of the Reorganized Debtors**

**a. Corporate Action**

On the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated by the Plan with respect to each of the Reorganized Debtors will be deemed authorized and approved in all respects. Without limiting the foregoing, such actions may include (i) the adoption and filing of the New Certificates of Incorporation, (ii) the approval of the New Bylaws, (iii) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (iv) the issuance of the New Plan Securities,

(v) the adoption and/or implementation of the Compensation Plans and (vi) the execution, delivery and performance of the Plan Documents. The New Bylaws and New Certificates of Incorporation will contain provisions necessary (a) to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such certificates of incorporation and bylaws as permitted by applicable law and (b) to effectuate the provisions of the Plan, in each case without any further action by the stockholders or directors of the Debtors or the Reorganized Debtors. After the Effective Date, any of the Reorganized Debtors may file restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

All matters provided for in the Plan involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**b. Directors and Officers of the Reorganized Debtors**

On the Effective Date, the management, control and operation of each Reorganized Debtor will become the general responsibility of the board of directors of such Reorganized Debtor.

The initial board of directors of each of the Reorganized Debtors will consist of no fewer than five, but no more than seven, members, all but one of whom shall be selected by the First Lien Agent and the Steering Committee; the remaining member of each board of directors will be the chief executive officer of Reorganized Star Tribune. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, by ten calendar days prior to the Voting Deadline, the identity and affiliations of the Persons proposed to serve on the Reorganized Debtors' respective boards of directors. Each of the members of such initial boards of directors will serve a one-year term. After selection of the initial boards of directors, the holders of the New Common Stock will elect members of the boards of directors of the Reorganized Debtors in accordance with the applicable certificate of incorporation, applicable bylaws and applicable non-bankruptcy law.

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, the principal officers of each Debtor immediately prior to the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date. Each such officer

will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

The Debtors will also disclose, by 10 calendar days prior to the Voting Deadline, the nature of the compensation payable to each Person proposed to serve on the Reorganized Debtors' boards of directors, as well as the Reorganized Star Tribune's chief executive officer.

## **Section 5.11 Effect of Confirmation**

### **a. Vesting of Assets**

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of each of the Debtors will vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests will be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

### **b. Releases and Discharges**

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral element of the transactions incorporated into the Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors and (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

### **c. Discharge and Injunction**

**Except as otherwise specifically provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made under the Plan will discharge all existing debts and Claims, and will terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except**

as otherwise specifically provided in the Plan or in the Confirmation Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors will be, and will be deemed to be, discharged and terminated, and all holders of Claims and Interests (and all representatives, trustees or agents on behalf of each holder) will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order will be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise provided in the Plan, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtors.

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction will extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

**d. Term of Injunction or Stays**

Unless otherwise provided in the Plan, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

**e. Exculpation**

Pursuant to the Plan, none of the Debtors, Reorganized Debtors, the Creditors' Committee, the Avista Funds, the Harte Family Trust, the Administrative Agents or the Steering Committee, or any of their respective Affiliates, members, officers, directors, employees, advisors, actuaries, accountants, attorneys, financial advisors, investment bankers, consultants, professionals or agents, will have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or agreement in the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of this Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct, ultra vires acts or gross negligence.

**f. Release by the Debtors**

Pursuant to the Plan, as of the Effective Date, the Debtors, their Estates and the Reorganized Debtors release all of the Released Parties (defined below) from any and all Causes of Action (other than the rights of the Debtors or the Reorganized Debtors to enforce the Plan and the Plan Documents including contracts, instruments, releases, indentures and other agreements or documents delivered thereunder) held, assertable on behalf of or derivative from the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor, any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts, or gross negligence) taking place before the Effective Date. For the purposes of the Plan, "Released Parties" means all present officers and directors of the Debtors, all present and former members of the Creditors' Committee, the Steering Committee, the Avista Funds, the Harte Family Trust, the Administrative Agents and/or any of their or the Debtors' respective Affiliates,



members, officers, directors, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents; *provided, however*, that if any Released Party directly or indirectly brings or asserts any claim or Cause of Action in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, then the release set forth in Section 12.6 of the Plan (but not any release or indemnification or any other rights or claims granted under any other section of the Plan or under any other document or agreement) will automatically and retroactively be null and void *ab initio* with respect to such Released Party; *provided further* that the immediately preceding clause will not apply to the prosecution in the Bankruptcy Court (or any appeal therefrom) of the amount, priority or secured status of any pre-petition Claim against the Debtors.

**g. Voluntary Releases by the Holders of Claims and Interests**

Except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, holders of Claims that (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in Section 12.7 of the Plan, will be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all Causes of Action whatsoever, including derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor, any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts, or gross negligence) taking place before the Effective Date. A holder of a Claim who does not cast a Ballot or who is not entitled to cast a Ballot will be deemed to have opted out of the releases set forth in Section 12.7 of the Plan.

**h. Set-off and Recoupment**

The Debtors and Reorganized Debtors may, but will not be required to, set off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim under the Plan will constitute a waiver, abandonment or

**release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.**

**i. Avoidance Actions**

Except as otherwise provided in the Plan or in a Final Order entered in these Chapter 11 Cases, the Reorganized Debtors will retain any and all avoidance claims accruing to the Debtors under sections 502(d), 544, 545, 547, 548, 549, 550 and 551 of the Bankruptcy Code (collectively, the “**Avoidance Actions**”) and prosecute such claims at the discretion of the Reorganized Debtors; *provided, however*, upon the occurrence of the Effective Date, the First Lien Lenders will be deemed to have waived and released any lien on or security interest in the Avoidance Actions and the proceeds thereof.

**j. Preservation of Causes of Action**

Except as expressly provided in Article 12 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Debtors’ Estates. A non-exclusive list of retained Causes of Action is attached as Schedule 12.10 of the Plan.

Except as set forth in Article 12 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or with respect to any Claim left Unimpaired by the Plan. The Reorganized Debtors will have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors’ legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

- National Union Fire Insurance Company of Pittsburgh, PA Arbitration

The Star Tribune has commenced an arbitration against National Union Fire Insurance Company of Pittsburgh, PA pursuant to which the Star Tribune is seeking insurance coverage under a Directors, Officers and Private Company Liability Insurance Policy for the defense costs incurred and settlement costs paid with respect to a lawsuit brought by Northwest Publications, LLC d/b/a St. Paul Pioneer Press, captioned *Northwest Publ’n, LLC v. The Star Tribune Co.*, No. 62-C6-07-003489, filed in 2007 in the District Court for the Fourth Judicial District, County of Ramsey, State of Minnesota. The arbitration hearing is scheduled for September 21-25, 2009.

As with all litigation, while the Debtors believe their legal positions to be correct, there can be no guarantees with respect to timing or outcome. As such, neither the Disclosure Statement nor any Appendix thereto make any assumption with respect to this arbitration or any other litigation in which the Debtors may be a party.

**k. Compromise and Settlement of Claims and Controversies**

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan will constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan will also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their estates, and the holders of such Claims and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole and absolute discretion, and after the Effective Date, such right will pass to the Reorganized Debtors.

**Section 5.12 Conditions Precedent to Confirmation and Effectiveness of the Plan**

**a. Conditions to Confirmation**

The following are conditions precedent to Confirmation of the Plan that must be satisfied or waived in accordance with Section 13.3 of the Plan:

1. The Bankruptcy Court will have entered a Confirmation Order in form and substance acceptable to the Debtors; and
2. The Plan Supplements will have been filed by the Debtors.

**b. Conditions to Effectiveness**

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 13.3 of the Plan:

1. The Confirmation Order, in form and substance acceptable to the Debtors will have been entered and become a Final Order;

2. All actions, documents and agreements necessary to implement the Plan will have been effected or executed as determined by the Debtors in their sole and absolute discretion;
3. The Debtors will have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order in each case as determined by the Debtors in their sole and absolute discretion;
4. Each of the New Certificates of Incorporation, the New Bylaws and the Compensation Plans will be in full force and effect as of the Effective Date; and
5. The Plan Documents will have been executed and delivered by all of the parties thereto.

**c. Waiver of Conditions to Confirmation or Effectiveness**

Upon written notice to the First Lien Agent and the Creditors' Committee, the Debtors may waive any of the conditions set forth in Section 5.12(a) and (b) hereof at any time, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition to the Confirmation Date or the Effective Date may be asserted by the Debtors, in their sole and absolute discretion (with written notice to the First Lien Agent and the Creditors' Committee, as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights will not be deemed a waiver of any other rights and each such right will be deemed an ongoing right, which may be asserted at any time.

**Section 5.13 Modification, Revocation or Withdrawal of the Plan**

**a. Plan Modifications**

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, this Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, *provided* that such technical adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests; *provided, however*, that the Debtors shall give written

notice of any such technical adjustments and modifications to the First Lien Agent and the Creditors' Committee.

**b. Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date**

The Debtors reserve the right to revoke, withdraw or delay consideration of the Plan prior to the Confirmation Date, either entirely or with respect to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Debtors revoke or withdraw the Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 120 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then, absent further order of the Bankruptcy Court (a) the Plan will be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, will be deemed null and void and (c) nothing contained in the Plan will (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person; (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

In the event that the Effective Date does not occur, the Bankruptcy Court will retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases, including, without limitation, assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

**Section 5.14 Retention of Jurisdiction by the Bankruptcy Court**

On and after the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

- a. To hear and determine all matters with respect to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;
- b. To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;
- c. To hear and determine all matters with respect to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;
- d. To ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

e. To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

f. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, this Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

g. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated by the Plan or any agreement, instrument or other document governing or relating to any of the foregoing;

h. To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

i. To issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan;

j. To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

k. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

l. To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

m. To determine any other matters that may arise in connection with or are related to the Plan, this Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, this Disclosure Statement or the Plan Supplements;

n. To recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

o. To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

p. To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

- q. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;
- r. To hear any other matter not inconsistent with the Bankruptcy Code; and
- s. To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided in the Plan or in a prior order of the Bankruptcy Court, the Bankruptcy Court will have exclusive jurisdiction to hear and determine disputes concerning Claims.

### **Section 5.15 Miscellaneous**

Certain additional miscellaneous information regarding the Plan and the Chapter 11 Cases is set forth below.

#### **a. Exemption from Transfer Taxes and Recording Fees**

Pursuant to section 1146(b) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Plan Securities, any joint operating agreement, merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States. The Confirmation Order will direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

#### **b. Expedited Tax Determination**

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods through the Effective Date.

#### **c. Payment of Statutory Fees**

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court will be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

**d. No Listing of Plan Securities**

None of the Plan Securities will be listed on a national securities exchange or a qualifying interdealer quotation system.

**e. Dissolution of the Creditors' Committee**

Upon the Effective Date, the Creditors' Committee will dissolve automatically and its members will be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code.

**f. Second Lien Agent Fees**

The Debtors shall pay the reasonable fees and expense of the Second Lien Agent through the Effective Date, including the reasonable fees and expenses of its professionals, up to \$100,000 in the aggregate. Any disputes regarding reasonableness shall be submitted to the Bankruptcy Court for resolution.

**g. Plan Supplements**

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan will, where expressly so provided for in the Plan, be contained in Plan Supplements filed from time to time, all of which will be filed with the Bankruptcy Court no later than ten calendar days prior to the Voting Deadline. Unless otherwise expressly provided in the Plan, the Debtors will remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan Supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan Supplements on the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)) or the Bankruptcy Court's Website (located at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)).

**h. Claims Against Other Debtors**

Nothing in the Plan or this Disclosure Statement or any document or pleading filed in connection therewith will constitute or be deemed to constitute an admission that either of the Debtors are subject to or liable for any Claim against the other Debtor.

**i. Substantial Consummation**

On the Effective Date, the Plan will be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

**j. Section 1125 of the Bankruptcy Code**

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the



applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

**k. Severability**

In the event that any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**l. Governing Law**

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit of the Plan or a Schedule of the Plan or Plan Documents provides otherwise, the rights, duties and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

**m. Binding Effect**

The Plan will be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

**n. Notices**

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee, the First Lien Agent and/or the Steering Committee, or the United States Trustee must be in writing and, unless otherwise expressly provided in the Plan, will be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

The Star Tribune Company  
425 Portland Avenue  
Minneapolis, Minnesota 55488  
Attn: Randy Lebedoff  
Telephone: (612) 673-4000  
Facsimile: (612) 673-7933

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017  
Attn: Marshall S. Huebner  
Timothy E. Graulich  
Telephone: (212) 450-4000  
Facsimile: (212) 701-7001

If to the Creditors' Committee:

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, New Jersey 07068  
Attn: Sharon Levine  
Scott Cargill  
Telephone: (973) 597-2500  
Facsimile: (973) 597-2400

If to the First Lien Agent and/or the Steering Committee:

Latham & Watkins LLP  
885 Third Avenue  
New York, New York 10022  
Attn: Mark Broude  
Jude Gorman  
Telephone: (212) 906-1200  
Facsimile: (212) 751-4864

If to the United States Trustee:

33 Whitehall Street, Suite 2100  
New York, New York 10004  
Attn: Brian Masumoto  
Telephone: (212) 510-0500  
Facsimile: (212) 668-2255

**o. Reservation of Rights**

Except as expressly set forth in the Plan, the Plan will have no force or effect unless the Bankruptcy Court will enter the Confirmation Order. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan or the taking of any action by the Debtors with respect to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors of any kind, including with respect to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

**p. Further Assurances**

The Debtors, Reorganized Debtors and all holders of Claims receiving distributions under the Plan and all other parties in interest may and will, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

**q. Case Management Order**

Except as otherwise provided in the Plan, the Case Management Order will remain in full force and effect, and all “Court Papers” (as defined in the Case Management Order) will be filed and served in accordance with the procedures set forth in the Case Management Order; provided that on and after the Effective Date, “Court Papers” (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Robert D. Drain, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408 (by a hard copy, with all exhibits, unless the Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Timothy E. Graulich, (iii) the attorneys for the First Lien Agent, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Mark Broude and (iv) The Garden City Group, 105 Maxess Road, Melville, New York 11747, Attn: Craig Johnson, *provided* that final requests for payment of Professional Fee Claims filed pursuant to Section 8.1(a) of the Plan (and all “Court Papers” related thereto) will also be served on the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Brian Masumoto.

**ARTICLE 6**

**STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN**

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

## **Section 6.1 The Confirmation Hearing**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

**THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR SEPTEMBER 17, 2009 AT 10:00 A.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE ROBERT D. DRAIN, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, LOCATED AT ONE BOWLING GREEN, 6<sup>TH</sup> FLOOR, NEW YORK, NY 10004-1408. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.**

**OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE \_\_\_\_\_, 2009 AT 4:00 P.M. PREVAILING EASTERN TIME IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

## **Section 6.2 Confirmation Standards**

To confirm the Plan, the Bankruptcy Court must find that the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Debtors believe that section 1129 has been satisfied because, among other things:

- a. The Plan complies with the applicable provisions of the Bankruptcy Code;
- b. The Debtors, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code;
- c. The Plan has been proposed in good faith and not by any means forbidden by law;
- d. Any payment made or promised under the Plan for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;
- e. The Debtors will disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtor or a

successor to the Debtors under the Plan. The appointment to, or continuance in, such office of such individuals, will be consistent with the interests of Claim and Interest holders and with public policy, and the Debtors will have disclosed the identity of any insider that the Reorganized Debtors will employ or retain and the nature of any compensation for such insider;

- f. With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or Interest in such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (see Section 6.3—“Best Interests Test” below);
- g. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to section 1129(b) of the Bankruptcy Code;
- h. Except to the extent that the holder of a particular Claim has agreed or will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Claims will be paid in full in Cash on the Effective Date;
- i. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable Debtor and the holder of such Claim;
- j. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtors, (i) a single Cash distribution in an amount equal to such Allowed Priority Tax Claim or (ii) equal annual Cash payments over a period ending not later than fifth anniversary of the Petition Date in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest compounded annually from the Effective Date on any outstanding balance calculated at a rate equal to the market yield on the Effective Date on U.S. Treasury securities at a five-year constant maturity, quoted on an investment basis, as reported by the Federal Reserve Board, *provided* that the holder of an Allowed Priority Tax Claim shall be treated in a manner not less favorable than the holder of an Allowed General Unsecured Claim;

- k. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;
- l. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan (see Section 6.4—“Financial Feasibility” below);
- m. All fees payable under section 1930 of title 28 of the United States Code will be paid as of the Effective Date; and
- n. The Plan provides for the continuation after the Effective Date of the payment of all retiree benefits.

### **Section 6.3 Best Interests Test**

#### **a. Explanation of the Best Interests Test**

Pursuant to section 1129(a)(7) of the Bankruptcy Code, Confirmation requires that, with respect to each Class of Impaired Claims or Interests, each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is often called the “**Best Interests Test**”).

To determine the probable distribution to holders of Claims and Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation.

The Debtors’ liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors’ remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

**b. Estimated Valuation of the Reorganized Debtors**

The value offered to holders of Claims and Interests in Impaired Classes under the Plan is discussed in the valuation analysis (the "**Valuation Analysis**") that is attached to this Disclosure Statement as Appendix B. The Debtors have been advised by Blackstone with respect to the Valuation Analysis. Blackstone developed a valuation for the consolidated Reorganized Debtors based on the Financial Projections provided in Appendix D of the Disclosure Statement. As noted in the Valuation Analysis, subject to the assumptions and caveats noted therein, the pro forma consolidated equity value of the Reorganized Debtors is estimated to be \$18 million to \$44 million. Based on this, and an estimated consolidated pool of Unsecured Claims for the consolidated Debtors of \$150 million, Blackstone estimates the recovery to the holders of consolidated Debtors' Unsecured Claims to be 0.5% to 1.3%. These recoveries do not take into account any dilution or other financial effects that may occur pursuant to implementation of the Compensation Programs. The recoveries will also change based on further refinements of Allowed Claims as the Debtors' claim objection and reconciliation process continues.

The summary set forth above does not purport to be a complete description of the analyses performed by Blackstone. The preparation of a valuation estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances, all of which are not able to be described in a summary description or in the Valuation Analysis. In performing its analyses, Blackstone made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by Blackstone are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses.

The Valuation Analysis is based on numerous qualifications and contingencies, including but not limited to (i) the Debtors' ability to achieve all aspects of the Financial Projections, (ii) the state of the capital and credit markets as of the Effective Date, (iii) the Debtors' ability to raise and maintain sufficient capital to implement the business plan on which the Financial Projections are based, (iv) no material adverse change to the industry or in the Debtors' operations due to further economic slowdowns, (v) volatility in fuel prices, (vi) the effect of exogenous events such as terrorist attacks and (vii) the Debtors' ability to maintain and utilize net operating losses, as well as other unexpected events not forecasted by the Debtors.

In addition, Blackstone did not independently verify management's Financial Projections in connection with its valuation, and no independent valuations or appraisals of the Debtors were sought or were obtained. Such estimates were developed solely for the analysis of implied relative recoveries to creditors under the Plan.

The Financial Projections on which the Valuation Analysis is based do not reflect the impact of "fresh start reporting" in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code". Fresh start reporting may have a material impact on the analysis.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated valuation of the Reorganized Debtors set forth in the Valuation Analysis is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, neither the Debtors, Blackstone, nor any other person assumes responsibility for their accuracy. In addition, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by pre-petition creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors which generally influence the prices of securities.

The Valuation Analysis represents a hypothetical value that reflects the estimated intrinsic value of the Reorganized Debtors derived through the application of various valuation techniques. Such analysis does not purport to represent valuation levels which would be achieved in, or assigned by, the public or private markets for debt and equity securities. Estimates of value do not purport to be appraisals or necessarily reflect the values which may be realized if assets are sold as a going concern, in liquidation, or otherwise.

The Valuation Analysis has been performed solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

**c. Liquidation Analyses of the Reorganized Debtors**

Amounts that a holder of Claims and Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"). The Liquidation Analysis is attached to this Disclosure Statement as Appendix C.

As described in Appendix C, the Debtors developed the Liquidation Analysis for the consolidated Debtors based on the unaudited book values as of May 3, 2009. The recoveries will



change based on further refinements of Allowed Claims, as the Debtors’ claim objection and reconciliation process continues.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors’ management and other advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analyses might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purpose of providing “adequate information” under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

**d. Application of the Best Interests Test to the Liquidation Analysis of the Debtors and the Valuation Analysis of the Reorganized Debtors**

Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, comparing the Valuation Analysis to the Liquidation Analysis, the Plan meets the Best Interests Test. As the following table indicates, members of each Impaired Class will receive more under the Plan than they would in liquidation in a hypothetical chapter 7 case.<sup>6</sup>

<b>Class</b>	<b>Recovery Under Liquidation Analysis</b>	<b>Recovery Under Valuation Analysis</b>
First Lien Lender Claims	12.4% to 21.7%	29.8% to 36.1%
General Unsecured Claims	0%	0.5% to 1.3%
Convenience Class Claims	0%	0.9%
Interests in Star Tribune Holdings	0%	0%

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<sup>6</sup> The projected hypothetical recovery range listed herein for Impaired Classes in a liquidation scenario is based on a consolidated Liquidation Analysis of the Debtors, as reflected in Appendix C to the Disclosure Statement. In addition, the projected recovery range listed herein for Impaired Classes of Debtors in the Valuation Analysis is based on (i) a consolidated valuation of the Debtors, as reflected in Appendix B to the Disclosure Statement and (ii) estimated total Allowed Unsecured Claims of \$150 million against the Debtors. These recovery ranges are subject to change based, *inter alia*, on: (x) the possible dilutive effects of the Compensation Programs and (y) further refinements to the estimates of total Allowed Claims as the Debtors’ Claims reconciliation and objection process continues. As previously noted, except as expressly stated, neither the Debtors nor the Reorganized Debtors intend to update the Disclosure Statement, including, without limitation, the Financial Projections.

Accordingly, the Debtors believe that the continued operation of the Debtors as a going concern rather than a forced liquidation will allow the realization of greater value for the Impaired Classes.

#### **Section 6.4 Financial Feasibility**

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets this “feasibility” standard, the Debtors, with the assistance of Blackstone, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses, taking into account the Debtors’ Financial Projections included as Appendix D hereto (the “**Financial Projections**”). These Financial Projections were prepared by Debtors’ management with the assistance of Blackstone.

As noted in Appendix D, the Financial Projections present information with respect to all the Reorganized Debtors on a consolidated basis. Prior to the hearing to approve the Disclosure Statement, the Debtors will replace the Financial Projections with revised Financial Projections. The Financial Projections form the basis of estimating the projected recovery range for the holders of Debtors’ Unsecured Claims. Such recovery range specified in the accompanying Valuation Analysis in Appendix B is subject to change based, *inter alia*, on: (x) the possible dilutive effects of the Compensation Programs and (y) further refinements to the estimates of total Allowed Claims as the Debtors’ Claims reconciliation and objection process continues. In addition, these Financial Projections do not reflect the impact of “fresh start reporting” in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 “Financial Reporting by Entities in Reorganization under the Bankruptcy Code.”

The Debtors have prepared the Financial Projections solely for the purpose of providing “adequate information” under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined therein) may vary from the Financial Projections and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the impact of any “fresh start reporting,” and its impact on Reorganized Debtors “Consolidated Balance Sheets” and prospective “Results of Operations” may be material. All holders of Claims in the Impaired Classes are urged to examine carefully all of the assumptions

on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe they will be able to make all distributions and payments under the Plan (including Cures) and, that Confirmation of the Plan is not likely to be followed by liquidation of the Debtors or need for further restructuring.

### **Section 6.5 Acceptance By Impaired Classes**

Except as described in Section 6.6 below, the Bankruptcy Code also requires, as a condition to Confirmation, that each Impaired Class accept the Plan. A Class of Claims or Interests that is Unimpaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless the Plan (i) leaves unaltered the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest or (ii) cures any default and reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of the Plan by an Impaired Class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class; only those holders that actually vote to accept or reject the Plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount that actually vote have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

### **Section 6.6 Confirmation Without Acceptance By All Impaired Classes**

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cram down” tests for secured creditors, unsecured creditors and equity holders, as follows:

- **Secured Creditors.** Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

- Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.
- Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

A plan of reorganization does not “discriminate unfairly” with respect to a nonaccepting class if the value of the Cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class.

The Debtors believe and will demonstrate at the Confirmation Hearing that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, nonaccepting Class.

## **ARTICLE 7 VOTING PROCEDURES**

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the non-acceptance by one or more such Classes. On \_\_\_\_\_, 2009, the Bankruptcy Court entered its Approval Order that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Approval Order is attached as Exhibit A hereto. **THE APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS Article 7 OF THE DISCLOSURE STATEMENT.**

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim or Interest, please contact the Debtors’ Solicitation Agent at (631) 470-5000. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors’ Case Information Website (located at

[www.startribunereorg.com](http://www.startribunereorg.com)) or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (631) 470-5000.

### **Section 7.1 Who Is Entitled to Vote on the Plan?**

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest. The holders of Claims in the following Classes are entitled to vote on the Plan:

- First Lien Lender Claims (Class 3)
- General Unsecured Claims (Class 4)
- Convenience Claims (Class 5)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Other Priority Claims (Class 1)
- Other Secured Claims (Class 2)
- Interests in Star Tribune (Class 6b)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the Plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Interests in Star Tribune Holdings (Class 6a)

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Approval Order.

### **Section 7.2 Solicitation Packages for Voting Classes**

As set forth in the Approval Order, the Debtors will distribute or cause to be distributed to the Voting Classes Solicitation Packages with contents as follows:

1. the Approval Order (without exhibits);

2. the Confirmation Hearing Notice;
  3. a Ballot together with a return envelope;
  4. this Disclosure Statement (with the Plan annexed thereto and other exhibits);
  5. a letter from the Creditors' Committee recommending acceptance of the Plan;
- and
6. such other materials as the Bankruptcy Court may direct.

### **Section 7.3 Solicitation and Solicitation Packages for Non-Voting Classes**

#### **a. Unimpaired Classes of Claims and Interests Not Eligible to Vote**

Under section 1126(f) of the Bankruptcy Code, classes that are not impaired under a plan of reorganization are deemed to accept the plan. The following Classes are Unimpaired under the Plan and deemed under section 1126(f) of the Bankruptcy Code to accept the Plan: Class 1, Class 2 and Class 6b. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status With Respect to Unimpaired Classes Deemed to Accept the Plan."

#### **b. Impaired Class of Interests Not Eligible to Vote**

Under section 1126(g) of the Bankruptcy Code, classes that are not entitled to receive or retain any property under a plan of reorganization are deemed to reject the plan. Class 6a receives no property under the Plan and is deemed under section 1126(g) of the Bankruptcy Code to reject the Plan. The votes of holders of Interests in Class 6a will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status With Respect to Impaired Classes Deemed to Reject the Plan."

### **Section 7.4 Voting Procedures**

**BALLOTS MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:**

#### **If by U.S. Mail:**

The Garden City Group, Inc.  
Attn: The Star Tribune Company  
P.O. Box 9000 #6519  
Merrick, New York 11566-9000

#### **If by courier/hand delivery:**

The Garden City Group, Inc.  
Attn: The Star Tribune Company  
105 Maxess Road  
Melville, New York 11747

**IF YOU HAVE ANY QUESTIONS ON VOTING PROCEDURES, PLEASE CALL THE SOLICITATION AGENT AT (631) 470-5000 or (800) 327-3664.**

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a Claim or Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots are required. Delivery of a Ballot to the Solicitation Agent by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors, and if so sent will not be counted.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and those restrictions on modifications set forth in the Plan, the Debtors, in consultation with the First Lien Agent and the Creditors' Committee, may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of the Plan.

**Section 7.5 Releases Under the Plan**

Each Ballot advises Creditors in bold and capitalized print that Creditors who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 12.6 of the Plan shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties (as defined in the Plan) from any and all Causes of Action (as defined in the Plan).

**ARTICLE 8  
CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING**

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HERewith, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS

CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

## **Section 8.1 Certain Bankruptcy Considerations**

### **a. Plan Confirmation**

The Debtors can make no assurances that they will receive the requisite acceptances to confirm the Plan. Further, if the requisite acceptances are not received, the Debtors may seek to accomplish an alternative restructuring of their capitalization and obligations to creditors and obtain acceptances to an alternative plan of reorganization for the Debtors, or otherwise, that may not have the support of the Creditors and/or may be required to liquidate these estates under chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to the Debtors' creditors as those proposed in the Plan.

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the Plan "does not discriminate unfairly" and is "fair and equitable" to non-accepting Classes. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

### **b. Objections to Classification of Claims**

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.



**c. Failure to Consummate the Plan**

As of the date of this Disclosure Statement, there can be no assurance that the conditions to consummation will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

**d. Undue Delay in Confirmation May Disrupt Operations of the Debtors**

Although the Plan is designed to minimize the length of the bankruptcy proceeding, it is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties-in-interest that the Plan will be confirmed.

The continuation of the Chapter 11 Cases, particularly if the Plan is not approved or confirmed in the time frame currently contemplated, could adversely affect operations and relationships with the Debtors' customers, vendors, employees, regulators and partners. If Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult to retain and attract management and other key personnel and would require senior management to spend a significant amount of time and effort dealing with the Debtors' financial reorganization instead of focusing on the operation of the Debtors' businesses.

**e. Plan Releases May Not Be Approved**

There can be no assurance that the Plan releases, as provided in Article 12 of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan.

**Section 8.2 Factors Affecting the Value of the Securities to Be Issued Under the Plan**

**a. The Reorganized Debtors May Not Be Able to Achieve their Projected Financial Results**

Actual financial results may differ materially from the Financial Projections set forth in Appendix D hereto. If the Reorganized Debtors do not achieve projected revenue or cash flow levels, the Reorganized Debtors may lack sufficient liquidity to continue operating their businesses consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee the Reorganized Debtors' future financial performance.

**b. The Debtors' Financial Projections are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They are Based**

The Financial Projections are based on numerous assumptions including, without limitation: the timing, Confirmation and consummation of the Plan in accordance with its terms; the anticipated future performance of the Reorganized Debtors; newspaper and media industry performance; general business and economic conditions; and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize, particularly given the current difficult economic environment. In addition, unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court, including, without limitation, any natural disasters, terrorism or health epidemics, may affect the actual financial results of the Reorganized Debtors' operations. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections. The Financial Projections, therefore, will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

**c. Significant Indebtedness**

Although the Reorganized Debtors will have significantly less indebtedness than the Debtors, the Reorganized Debtors will still have significant indebtedness. On the Effective Date, after giving effect to the transactions contemplated by the Plan, the Reorganized Debtors will, on a consolidated basis, have approximately \$100 million in secured indebtedness under the New Secured Loan Documents.

The amount of indebtedness of the Reorganized Debtors could have important consequences because:

- (i) the Reorganized Debtors' ability to obtain additional financing in the future may be limited;
- (ii) the Reorganized Debtors may be more highly leveraged than some of their competitors, which may place the Reorganized Debtors at a competitive disadvantage;
- (iii) the Reorganized Debtors' operational flexibility in planning for, or reacting to, changes in their business may be severely limited; and
- (iv) it may make the Reorganized Debtors more vulnerable in the event of further deterioration of their business or the economy in general.

The Reorganized Debtors' ability to make payments on and to refinance their debt, including the obligations under the New Secured Loan Document, and the Reorganized Debtors'

other obligations, will depend on their future financial and operating performance and their ability to generate cash in the future. This, to a certain extent, is subject to general economic, business, financial, competitive, legislative, regulatory and other factors that are beyond the control of the Reorganized Debtors.

There can be no assurance that the Reorganized Debtors will be able to generate sufficient cash flow from operations or that sufficient future borrowings will be available to pay off the Reorganized Debtors' debt obligations, including, among other obligations, the New Secured Loan Documents. The Reorganized Debtors may need to refinance all or a portion of their debt on or before maturity; however, there can be no assurance that the Reorganized Debtors will be able to refinance any of their debt on commercially reasonable terms or at all.

**d. Lack of Trading Market for the New Common Stock**

It is anticipated that there will be no active trading market for the New Common Stock or the New Warrants. The New Common Stock and the New Warrants are subject to restrictions on transfer, and Reorganized Star Tribune Holdings has no present intention to register the sale of any of these securities under the Securities Act, nor to apply to list any of the foregoing on any national securities exchange. Accordingly, there can be no assurance that any market will develop or as to the liquidity of any market that may develop for any such securities. In addition, Reorganized Star Tribune Holdings will not be required to file periodic reports with the SEC or otherwise provide financial or other information to the public which may further impair liquidity and prevent brokers or dealers from publishing quotations. Furthermore, the lack of liquidity may adversely affect the price at which New Common Stock and the New Warrants may be sold, if at all.

**e. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims Under the Plan**

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual allowed amounts of Claims may differ from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors. Should these underlying assumptions prove incorrect, the actual allowed amounts of Claims may vary from those estimated herein. Because distributions to holders of Unsecured Claims under the Plan are linked to the amount and value of Allowed Unsecured Claims, any material increase in the amount of Allowed Unsecured Claims over the amounts estimated by the Debtors would materially reduce the recovery to holders of Unsecured Claims under the Plan.

**f. The Valuation Analysis of the Debtors and the Estimated Recoveries to Holders of Claims and Interests Are Not Intended to Represent the Trading Values of the New Common Stock**

The Valuation Analysis of the Debtors included in Appendix B hereto is based on the Financial Projections developed by the Debtors' management and on certain generally accepted valuation analyses, and is not intended to represent the trading values of Reorganized Star Tribune Holdings' securities in public or private markets. This Valuation Analysis is based on

numerous assumptions (the realization of many of which is beyond the Debtors' control), including, without limitation, the Debtors' successful reorganization, an assumed Effective Date of September 30, 2009, the Debtors' ability to achieve the operating and financial results included in the Financial Projections, the Debtors' ability to maintain adequate liquidity to fund operations and the assumption that capital and equity markets remain consistent with current conditions. Even if the Debtors achieve the Financial Projections, trading market values for the New Common Stock could be adversely impacted by the lack of trading liquidity for these securities.

**g. Certain Holders May Be Restricted under Applicable Securities Laws in their Ability to Transfer or Sell Their Securities**

To the extent that the New Common Stock is issued under the Plan and is covered by section 1145(a)(1) of the Bankruptcy Code, it may be resold by the holders thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest;
- (ii) offers to sell securities offered under a plan for the holders of such securities;
- (iii) offers to buy such securities from the holders of such securities, if the offer to buy is:
  - (A) with a view to distributing such securities; and
  - (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or
- (iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that Persons who receive New Common Stock pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would be permitted to sell such New Common Stock or other securities without registration if they are able to comply with the provisions of rule 144 under the Securities Act. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if

volume limitations and certain other conditions are met. However, Reorganized Star Tribune Holdings has no current plans to make the information required by rule 144 publicly available for the foreseeable future. This will eliminate the ability of holders of Reorganized Star Tribune Holdings' securities to avail themselves of rule 144.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Common Stock or other security to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New Common Stock or other securities under the Plan would be an "underwriter" with respect to such New Common Stock or other securities.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New Common Stock or other securities. The Debtors recommend that potential recipients of the New Common Stock or other securities consult their own counsel concerning whether they may freely trade New Common Stock or other securities without compliance with the Securities Act, the Exchange Act or similar state and federal laws.

Reorganized Star Tribune Holdings has no current plans to register at a later date, post-bankruptcy, the resale of any of its securities under the Securities Act or under equivalent state securities laws such that the recipients of the New Common Stock would be able to resell their securities pursuant to an effective registration statement.

In addition, the Reorganized Star Tribune Holdings Certificate of Incorporation will contain restrictions on stockholders' ability to transfer New Common Stock and New Warrants designed to ensure that there will be fewer than 500 holders of New Common Stock (determined pursuant to the Securities Exchange Act of 1934 (the "**Exchange Act**")). The Reorganized Star Tribune Holdings Certificate of Incorporation will require notice to Reorganized Star Tribune Holdings of any proposed transfer of New Common Stock or New Warrants to a Third Party (as such term is defined in the Reorganized Star Tribune Holdings Certificate of Incorporation) and will restrict such transfer if Reorganized Star Tribune Holdings reasonably determines that the transfer would, if effected, result in Reorganized Star Tribune Holdings having 500 or more holders of record (determined pursuant to the Exchange Act).

Certain transfers, including pursuant to a merger, that meet certain requirements are not subject to such a condition on transfer. In addition to the foregoing transfer restrictions, a stockholder that proposes to effect a transfer must submit a written request that includes, among other things, if applicable, reasonably sufficient information to establish that the transfer does not violate or result in registration being required under applicable securities laws or laws relating to investment companies or advisors.

See Article 9—"Securities Law Matters" for additional information regarding restrictions on resale of the New Common Stock and New Warrants.

**h. Due to Fresh-Start Accounting Rules, the Reorganized Debtors' Financial Statements will Not be Comparable to the Financial Statements Contained in Appendix D of this Disclosure Statement**

Due to fresh-start accounting rules, the Reorganized Debtors' financial statements will not be comparable to the consolidated historical financial statements of the Debtors contained in Appendix D of this Disclosure Statement.

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh-start accounting rules in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Accordingly, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the consolidated historical financial statements of the Debtors contained in Appendix D of this Disclosure Statement.

In addition, the financial projections contained in Appendix D do not currently reflect the impact of fresh start reporting, which may have a material impact on the Financial Projections.

**i. Certain Tax Consequences of the Plan Raise Unsettled and Complex Legal Issues and Involve Factual Determinations**

Certain material U.S. federal income tax consequences of the Plan are summarized in Article 10 hereof. Many of these tax issues raise unsettled and complex legal issues, and also involve factual determinations such as valuations, which raise additional uncertainties. The Debtors cannot ensure that the IRS will not take a view contrary to those expressed in Article 10 and no ruling from the IRS has been or will be sought regarding the tax consequences described herein. In addition, the Debtors cannot ensure that the IRS will not challenge the various positions the Debtors have taken, or intend to take, with respect to the tax treatment of the Plan to the Debtors, or that a court would not sustain such a challenge. Creditors should consult their own tax advisors regarding the consequences of Plan distributions to them and the tax positions taken by the Debtors in implementing the Plan.

**Section 8.3 Risks Relating to the Debtors' Business and Financial Condition**

**a. Star Tribune's New Secured Term Notes May Include Financial and Other Covenants That Impose Restrictions on its Financial and Business Operations**

The New Secured Loan Documents are expected to contain financial covenants that, among other things, will require Star Tribune Holdings to maintain certain financial ratios and meet certain tests, and restrict its ability to make capital expenditures. In addition, the New Secured Loan Documents may restrict Star Tribune Holdings' ability to, among other things, incur or secure additional indebtedness, make investments, sell assets, pay dividends or repurchase stock. These covenants may have important consequences on Star Tribune Holdings' operations. In addition, if Star Tribune Holdings fails to comply with the covenants in the New

Secured Loan Documents and is unable to obtain a waiver or amendment, an event of default would result under the New Secured Loan Documents.

**b. Operating Results and Income May Fluctuate**

The Debtors' businesses have generally been subject to certain fluctuations in operating results and incomes. These fluctuations result from, among other things, variations in advertising revenues; increases in the pricing of raw materials, including newsprint; debt prepayments and interest expense; the amount and timing of pension contributions and related funding obligations; and market acceptance of new products and services, such as the Star Tribune's ongoing digital media initiatives.

**c. Decreasing Advertising Revenue and Circulation**

Advertising and circulation revenues are affected by circulation and readership levels of Star Tribune's newspaper properties. Advertising revenues and, to a lesser extent, circulation revenues, are dependent on a variety of factors specific to the communities that Star Tribune's publications serve. These factors include, among other things, the size and demographic characteristics of the local population, local economic conditions in general, and the related retail segments and labor markets in particular, as well as local weather conditions. Competition from other media, including other metropolitan, suburban and national newspapers, broadcasters, cable systems and networks, satellite television and radio, Websites, magazines, direct marketing and solo and shared mail programs, as well as a consolidation of media advertising buyers, affect, and may continue to affect, Star Tribune's ability to retain advertising clients and raise rates in the future.

Competition for circulation and readership is generally based upon format, content, quality, service and price. In recent years, the *Star Tribune*, and the newspaper industry as a whole, have experienced difficulty maintaining or increasing print circulation volume. This is due to, among other factors, increased competition from new media formats and sources other than traditional newspapers (often free to users), declining discretionary spending by consumers affected by negative economic conditions and a growing preference among some consumers to receive all or a portion of their news other than from a newspaper. These factors could also affect Reorganized Star Tribune Holdings' ability to institute circulation price increases for print products.

A prolonged decline in circulation copies would have a material effect on the rate and volume of advertising revenues (as rates reflect circulation and readership, among other factors). To maintain its circulation base, Reorganized Star Tribune Holdings may incur additional costs, and it may not be able to recover these costs through circulation and advertising revenues.

The Debtors' businesses follow the cyclical nature of the general advertising industry whereby there are periods of greater business activity due to general consumer trends. Advertising spending is generally higher in the second and fourth quarters and lower in the first and third quarters as consumer activity slows during those periods. If a short-term negative

impact on the Debtors' business were to occur during a time of high seasonal demand, there could be a disproportionate effect on the operating results of that business for the year.

The advertising revenue on which the media industry is reliant is currently being driven by macroeconomic trends, including, but not limited to, the current housing downturn, declining automotive sales, a declining job market, the retail sector slowdown and a shift in advertising dollars to online media. Due to structural changes in the advertising business and the reduced consumer spending in the current market, industry-wide retail advertising performance is expected to be significantly negatively impacted in 2009.

**d. Star Tribune Relies on a Limited Number of Key Suppliers and Vendors to Operate its Business**

Star Tribune purchases certain raw materials from a single or a small number of suppliers. The available sources of newsprint and other raw materials have been, and Star Tribune believes will continue to be, adequate to supply Star Tribune's needs. However, Star Tribune does not generally enter into long-term raw materials contracts and, as a result, could be subject to unexpected increases in raw material prices.

**e. A Significant Increase in the Price of Newsprint, or Limited Availability of Newsprint Supply, Would Have an Adverse Effect on Operating Results**

The cost of raw materials, of which newsprint is the major component, represented 13.7% of total costs in 2008. The price of newsprint has historically been volatile and may increase as a result of various factors, including:

- (i) consolidation in the North American newsprint industry, which has reduced the number of suppliers;
- (ii) declining newsprint supply as a result of paper mill closures and conversions to other grades of paper; and
- (iii) the adverse impact on supplier profitability, due to various factors, including increases in significant operating expenses, such as raw material and energy costs, and a stronger Canadian dollar, which adversely affects Canadian suppliers, whose costs are incurred in Canadian dollars but whose newsprint sales are priced in U.S. dollars.

If newsprint prices increase significantly, Star Tribune's operating results will be adversely affected.

**f. Employee Strikes and Other Labor-Related Disruptions May Adversely Affect the Debtors' Operations**

As of March 4, 2009, 64.3% of Star Tribune's full-time work force was unionized. As a result, many of Star Tribune's employees are subject to collective bargaining agreements and Star Tribune is required to negotiate the wages, salaries, benefits, job guarantees and other terms



with many of its employees collectively. In addition, Star Tribune's results could be adversely affected if future labor negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. If Star Tribune were to experience labor unrest, strikes or other business interruptions in connection with labor negotiations or otherwise or if it is unable to negotiate labor contracts on reasonable terms, its ability to produce and deliver its most significant products could be impaired. In addition, its ability to make short-term adjustments to control compensation and benefits costs, rebalance its portfolio of businesses or otherwise adapt to changing business needs may be limited by the terms of its collective bargaining agreements.

**g. Pension Matters**

As discussed in Section 3.3 herein, Star Tribune sponsors three qualified defined benefit pension plans. The assets of the Company-Sponsored Plans decreased materially during the 2008 plan year, leaving the Company-Sponsored Plans underfunded by approximately \$27.4 million as of April 2009. Minimum contributions required by the Pension Protection Act of 2006 (the "PPA") to make up this shortfall are estimated to range between \$0 and \$11.6 million per year from 2010 through 2015. This amount will vary depending upon the valuation method selected and the relative stability of investment returns and interest rates over this time frame. If the Company-Sponsored Plans continue to experience a decline in the value of plan assets, or if interest rates should decline significantly, the required contributions to the Company-Sponsored Plans would increase accordingly, potentially putting an additional strain on Star Tribune's liquidity.

**h. The Newspaper Industry Is Highly Competitive For Advertisers and, if Star Tribune Cannot Successfully Compete in the Marketplace, its Business, Financial Condition and Operating Results Will Be Materially Adversely Affected**

Star Tribune faces formidable competition for advertising revenue in various markets from free and paid newspapers, magazines, Websites, television, radio, other forms of media, direct marketing and the Yellow Pages. Competition for advertising is generally based on audience levels and demographics, price, service and advertising results. Competition from all of these media and services affects Star Tribune's ability to attract and retain advertisers and consumers and to maintain or increase its advertising rates.

This competition has intensified as a result of the continued developments of digital media technologies. Distribution of news, entertainment and other information over the Internet, as well as through mobile phones and other devices, continues to increase in popularity. These technological developments are increasing the number of media choices available to advertisers and audiences. As media audiences fragment, advertisers may allocate larger portions of their advertising budgets to digital media, such as Web sites and search engines, which can offer more measurable returns than traditional print media through pay-for-performance and keyword-targeted advertising.

In addition, a secular shift from print advertising to online alternatives that feature help-wanted, real estate and/or automotive listings has contributed and may continue to contribute to

significant declines in print advertising. Star Tribune will experience a decline in advertising revenues if its unable to attract advertising to its Web sites in volumes or at rates sufficient to offset declines in print advertising.

**i. Star Tribune is Subject to Environmental Regulation and Could Incur Substantial Costs as a Result of Violations of or Liabilities Under Environmental Laws**

Star Tribune's facilities and business are subject to numerous federal, state and local laws and regulations pertaining to, among other things, the protection of the environment, human health and safety, natural resources, air and water quality, storage tanks, septic systems, and the management and disposal of waste. These laws and regulations may be amended from time to time to impose higher standards and potentially more costly obligations on Star Tribune.

Under these laws and regulations, Star Tribune may be subject to broad liability, including liability for investigative and cleanup costs and damages arising out of past disposal activities. A breach of such laws and regulations may result in the imposition of fines or issuance of clean-up orders in respect of Star Tribune or Star Tribune's properties.

To Star Tribune's knowledge, its operations are in material compliance with applicable environmental laws and regulations as currently interpreted. Star Tribune cannot predict with any certainty whether future events, such as changes in existing laws and regulations or the discovery of conditions not currently known to Star Tribune, may give rise to additional costs or a curtailment of production that could be material. Future changes in other environmental laws and regulations could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on Star Tribune's financial condition or results of operations.

Further, there can be no assurance that Star Tribune will be able to obtain a discharge of any potential obligations with respect to environmental matters upon the Effective Date or that additional liabilities with respect to environmental matters will not be asserted in the future. In addition, actions by federal, state and local governments concerning environmental matters could result in laws or regulations that could have a material adverse effect on the financial condition, results of operations or cash flows of Star Tribune.

**j. Access to Financing**

The Debtors' operations are dependent on the availability and cost of working capital financing and may be adversely affected by any shortage or increased cost of such financing. The Debtors' post-petition operations are financed from operating cash flow. Given the current economic environment related to the newspaper and media industry, there can be no assurances that the Debtors will be able to comply with the financial covenants set forth in the New Secured Loan Documents, and the Debtors may be required to seek modification of certain of such financial covenants. There can be no assurance that the Debtors will be able to obtain the modifications to such covenants that may be necessary.

The Debtors believe that substantially all of their needs for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow. Moreover, if the Debtors or the Reorganized Debtors require additional working capital and financing greater than that provided by projected operating cash flow, they may be required either to (i) obtain other sources of financing or (ii) curtail their operations. The Debtors believe that the recapitalization to be accomplished through the Plan will facilitate the ability to obtain additional or replacement working capital financing. No assurance can be given, however, that any additional replacement financing will be available on terms that are favorable or acceptable to the Debtors or the Reorganized Debtors.

STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE DEBTORS' ESTIMATES, EXPECTATIONS, BELIEFS, INTENTIONS, PROJECTIONS OR STRATEGIES FOR THE FUTURE, MAY BE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EXPERIENCE OR THE DEBTORS' PRESENT EXPECTATIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THE DEBTORS UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

## **ARTICLE 9 SECURITIES LAW MATTERS**

### **Section 9.1   General**

The Plan provides for the Reorganized Debtors to issue New Common Stock to the holders of Allowed First Lien Lender Claims and Allowed General Unsecured Claims pursuant to Section 4.2(c) and Section 4.2(d) of the Plan. The Plan also provides for the issuance of New Warrants (and New Common Stock upon the exercise of New Warrants (the "**Warrant Shares**" and, collectively with the New Common Stock and the New Warrants, the "**New Securities**")) to the holders of the Allowed General Unsecured Claims pursuant to Section 4.2(d) of the Plan. The Plan further provides for the issuance of New Secured Term Notes to the holders of the Allowed First Lien Lender Claims, pursuant to Section 4.2(c) of the Plan. The terms and conditions of the New Secured Term Notes will be subject to the New Credit Agreement.

The Debtors believe that the New Securities constitute "securities," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws.

## **Section 9.2 Bankruptcy Code Exemptions from Registration Requirements for the New Securities**

### **a. Issuance of New Securities**

The Debtors believe that the offer and sale of the New Securities pursuant to the Plan will be exempt from federal and state securities registration requirements under section 1145 of the Bankruptcy Code, which provides that section 5 of the Securities Act and any state law requirements for the offer and sale of a security do not apply to the offer or sale of stock, options, warrants or other securities by a debtor if (i) the offer or sale occurs under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor, and (iii) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. In reliance upon section 1145 of the Bankruptcy Code, the transfer of the New Securities by Star Tribune Holdings to the recipients thereof will not be registered under the Securities Act or any state securities laws.

### **b. Resale of New Securities**

#### **1. Securities Law Restrictions**

The Debtors further believe that subsequent transfers of the New Securities by the holders thereof that are not “underwriters,” as defined in section 2(a)(11) of the Securities Act and section 1145(b)(1) of the Bankruptcy Code, will be exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and applicable state securities laws. In addition, the New Securities generally may be able to be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of those states; however, the availability of such exemptions cannot be known unless individual state securities laws are examined. Therefore, recipients of the New Securities are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as one who, except with respect to “ordinary trading transactions” of an entity that is not an “issuer,” (i) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest, (ii) offers to sell securities offered or sold under a plan for the holders of such securities, (iii) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan, or (iv) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer’s securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an “issuer” for purposes of whether a Person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as “statutory underwriters” all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to “issuer,” as used in the definition of “underwriter” contained in section 2(a)(11), is intended to cover “controlling persons” of the issuer of the securities. “Control,” as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a “controlling person” of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor’s or its successor’s voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of securities of a reorganized debtor may be presumed to be a “controlling person” and, therefore, an underwriter.

Resales of New Securities by Persons deemed to be “underwriters” (which definition includes “controlling person”) are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of New Common Stock who are deemed to be “underwriters” may potentially resell their New Common Stock pursuant to the limited safe harbor resale provisions of rule 144 of the Securities Act. Generally, rule 144 of the Securities Act would permit the public sale of securities received by such person if current information regarding the issuer is publicly available and if volume limitations, manner of sale requirements and certain other conditions are met. However, the Reorganized Debtors do not presently intend to make publicly available the requisite information regarding the Reorganized Debtors and, as a result, rule 144 is not expected to be available for resales of New Securities by persons deemed to be underwriters.

Whether any particular Person would be deemed to be an “underwriter” (including whether such Person is a “controlling person”) with respect to the New Securities would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an “underwriter” with respect to the New Securities. In view of the complex nature of the question of whether a particular Person may be an underwriter, the Debtors make no representations concerning the right of any Person to freely resell New Securities.

Accordingly, the Debtors recommend that potential recipients of New Securities consult their own counsel concerning whether they may freely trade such securities without compliance with the federal and state securities laws.

## 2. Restrictions in the New Star Tribune Holdings Certificate of Incorporation and New Stockholders' Agreement

The New Star Tribune Holdings Certificate of Incorporation contains restrictions on a holder's ability to transfer the New Common Stock and New Warrants to a Third Party (as such term is defined in the New Star Tribune Holdings Certificate of Incorporation). Subject to certain limited exceptions, the New Star Tribune Holdings Certificate of Incorporation will require notice to Reorganized Star Tribune Holdings of any proposed transfer of New Common Stock or New Warrants and will restrict such transfer if Reorganized Star Tribune Holdings reasonably determines that the transfer would, if effected, result in Reorganized Star Tribune Holdings having 500 or more holders of record for any class of the New Common Stock or New Warrants (determined pursuant to the Exchange Act).

In addition, the New Common Stock and New Warrants will be issued subject to the New Stockholders' Agreement substantially in the form included in a Plan Supplement which contains restrictions on holders' ability to transfer the New Common Stock and New Warrants. The Plan provides that by their acceptance thereof, all persons receiving New Common Stock and/or New Warrants pursuant to the Plan are deemed to be parties to and bound by the New Stockholders' Agreement. In addition, the New Stockholders' Agreement will be binding on subsequent transferees of the New Common Stock and New Warrants, subject to certain exceptions.

The book entry system maintained by Reorganized Star Tribune Holdings' transfer agent for the New Securities and all account statements sent to record holders of the New Securities will conspicuously bear the following legends:

THE SECURITIES EVIDENCED HEREBY ARE SUBJECT TO VARIOUS CONDITIONS INCLUDING CERTAIN RESTRICTIONS ON ANY OFFER, SALE, DISPOSITION OR TRANSFER AS SET FORTH IN THE CORPORATION'S RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED (THE "CERTIFICATE OF INCORPORATION") AND A STOCKHOLDERS' AGREEMENT DATED AS OF \_\_\_\_\_, 2009 (THE "STOCKHOLDERS' AGREEMENT"). NO REGISTRATION OR TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE CORPORATION UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH. THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH HOLDER OF RECORD OF SUCH SECURITIES A COPY OF THE CERTIFICATE OF INCORPORATION AND STOCKHOLDERS' AGREEMENT, CONTAINING THE ABOVE REFERENCED RESTRICTIONS ON TRANSFERS OF SECURITIES, UPON WRITTEN REQUEST TO THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS OR OTHER JURISDICTION WITHIN THE UNITED

STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION THEREFROM AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. AS A CONDITION TO ANY TRANSFER, THE CORPORATION RESERVES THE RIGHT TO REQUIRE AN OPINION OF COUNSEL, SATISFACTORY TO THE CORPORATION, THAT SUCH REGISTRATION IS NOT REQUIRED.

Upon the request of any holder of Securities that is neither (i) an “underwriter” as defined in section 2(a)(11) of the Securities Act and section 1145(b)(1) of the Bankruptcy Code, or (ii) an “affiliate” as defined in Rule 144(a) under the Securities Act, Reorganized Star Tribune Holdings will not require the inclusion of the legend set forth immediately above (relating to the Securities Act). Reorganized Star Tribune Holdings reserves the right to require an opinion of counsel, satisfactory to Reorganized Star Tribune Holdings, in connection with the omission of such legend.

## **ARTICLE 10**

### **CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

#### **Section 10.1 Introduction**

The following summarizes certain material U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtor and to beneficial owners of Claims (each a “**Holder**”) entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential federal income tax consequences that may be relevant to any particular Holder and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “**Tax Code**”), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “**IRS**”), all as in effect on the date of this Disclosure Statement. These authorities may change, possibly with retroactive effect, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This discussion assumes that Holders have held Claims as “capital assets” within the meaning of section 1221 of the Tax Code (generally, property held for investment) and will hold, as applicable, the New Common Stock (“**New Stock**”), the New Warrants (together, with New Stock, “**New Equity**”), and the New Secured Term Notes, as capital assets.

This summary does not apply to holders of Claims that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and holders of Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local or foreign tax law.

Holders should consult their tax advisers regarding the U.S. federal income tax consequences to them of the consummation of the Plan and the ownership and disposition of the New Secured Term Notes and the New Equity received pursuant to the Plan, as well as any tax consequences arising under any state, local or foreign tax laws, or any other federal tax laws.

**This discussion is limited to the federal tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. This discussion was written in connection with the promotion or marketing by the Debtor of the Plan, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted against the person under the Tax Code. Holders of Claims should seek their own advice based on their particular circumstances from an independent tax adviser.**

## **Section 10.2 Federal Income Tax Consequences to the Debtor**

### **a. Cancellation of Indebtedness and Reduction of Attributes**

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for federal income tax purposes) generally will give rise to cancellation of indebtedness (“COD”) income that must be included in the debtor’s income, subject to certain exceptions. In particular, under section 108 of the Tax Code, COD income will not be included in a debtor’s income if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court’s jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the “**Bankruptcy Exception**”). The Debtors expect that the aggregate value of the New Secured Term Notes and the New Equity distributed with respect to the Claims, as applicable, will be less than the aggregate value of those Claims (including any unpaid interest accrued thereon). Therefore, the Debtors expect that the consummation of the Plan will produce a significant amount of COD.

Under the Tax Code, a debtor that excludes COD from income under the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include consolidated attributes (such as consolidated net operating losses (“NOLs”), NOL carryforwards and certain other losses, credits and carryforwards) attributable to the debtor, attributes that arose in separate return limitation years of the debtor, and the



debtor's tax basis in its assets (including stock of subsidiaries). A debtor's tax basis in its assets generally may not be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness. The Debtors expect that attribute reduction required by reason of COD produced pursuant to consummation of the Plan will effectively eliminate NOL carryforwards otherwise available to the group.

Under newly enacted section 108(i) of the Tax Code, the Debtors can, in certain circumstances, elect to defer rather than exclude COD from income for five years. Deferred COD income under this rule would be included in the Debtors' income ratably over the five-taxable-year period starting after the deferral period. This election is irrevocable and made on a debt per debt basis. Under this deferral regime, the Debtors would not have to reduce any of its tax attributes, but would have taxable COD income in future years. The Debtors do not expect to make this election.

**b. Section 382 Limitation on Net Operating Losses**

Section 382 of the Tax Code generally imposes an annual limitation on the use of NOLs (and certain other tax attributes) if a corporation or a consolidated group with NOLs (a "loss corporation") undergoes an "ownership change." In general, an ownership change occurs if the percentage of the value of the loss corporation's stock (including the parent corporation in a consolidated group) owned by one or more direct or indirect "five-percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five-percent shareholders at any time during the applicable testing period. The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the corporation. The Debtors expect that the consummation of the Plan will result in an ownership change on the Effective Date.

In general, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs (and certain other tax attributes) is equal to the product of the long-term tax-exempt rate (as published by the IRS for the month in which the ownership change occurs, which rate is 4.61% for June 2009) and the value of the loss corporation's outstanding stock immediately before the ownership change, which value is determined under special rules if the ownership change occurs in a case brought under the Bankruptcy Code. Furthermore, in such cases, unless the corporation elects otherwise, a special exception under section 382(l)(5) of the Tax Code will prevent application of the annual limitation provided that at least 50% of the stock of the debtor is owned by the shareholders and certain qualified creditors immediately following the reorganization. Under this rule, NOL carryforwards would be subject to a one time reduction and a second ownership change within two years following the first ownership change would eliminate the Debtors' ability to utilize any NOLs from periods before the first ownership change. A debtor may elect not to apply section 382(l)(5) to an ownership change that otherwise satisfies its requirements. This election must be made on the debtor's federal income tax return for the taxable year in which the ownership change occurs. The Debtors do not expect to benefit from NOL carryforwards following the consummation of the Plan because of the attribute reduction required in connection with the COD produced pursuant to consummation of the Plan.

**c. Treatment of the Restructuring Transactions**

If the Restructuring Transactions are effected, the Debtors intend to take the position, and this paragraph generally assumes, that the Restructuring Transactions should constitute a taxable sale of the assets of Star Tribune to Newco. As a consequence, Newco would obtain a tax basis in such assets received equal to their then fair market value. Provided the Restructuring Transactions undertaken pursuant to the Plan constitute a taxable transfer, Star Tribune Holdings would recognize gain or loss upon the transfer of assets to Newco in an amount equal to the difference between the fair market value of the assets and Star Tribune's tax basis in such assets. There can be no assurance, however, that the IRS will agree with the Debtors' treatment of the exchange. Instead, the IRS may take the position that the Restructuring Transactions constitute a tax-free reorganization. If the IRS were to succeed in asserting that the Restructuring Transactions qualify as a tax-free reorganization, Star Tribune Holdings would not recognize any gain or loss on the exchange. Instead, Newco would succeed to certain tax attributes of Star Tribune, including Star Tribune's tax basis in the assets transferred to Newco, but only after taking into account the reduction in such tax attributes and tax basis on account of the discharge of indebtedness pursuant to the Plan as described above.

**Section 10.3 Federal Income Tax Consequences to Holders of Certain Claims**

The United States federal income tax consequences of the transactions contemplated by the Plan to holders of Claims (including the character, timing and amount of income, gain or loss recognized) will depend significantly on such Holder's individual circumstances. Therefore, holders of Claims should consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated by the Plan. This discussion assumes that the Holder has not taken a bad deduction with respect to a Claim (or any portion thereof) in the current or any prior year and such Claim did not become completely or partially worthless in a prior taxable year.

**a. Allocation of Payments Between Principal and Interest**

To the extent that any Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, the Debtors intend to take the position that, for income tax purposes, such distribution should be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest. The IRS, however, may take a contrary position and therefore no assurances can be made in this regard. If, contrary to the Debtors' intended position, such a distribution were treated as being allocated first to accrued but unpaid interest (or if the consideration received by any Holder exceeds the principal amount of the Claim surrendered in exchange therefor), a Holder of such a Claim would realize ordinary income with respect to the distribution in an amount equal to the accrued but unpaid interest not already taken into income under the Holder's method of accounting, regardless of whether the Holder otherwise realizes a loss as a result of the Plan. A Holder of a Claim should also recognize ordinary income on the exchange (but not in excess of the amount of gain recognized,

as described below) to the extent a distribution is received in exchange for market discount not previously taken into account under the holder's method of accounting.

**b. Exchange of First Lien Lender Claims, Second Lien Lender Claims and Certain General Unsecured Claims (such First Lien Lender Claims and Second Lien Lender Claims the “Exchanged Claims”) for New Secured Term Notes and New Equity**

The Debtors intend to take the position that the receipt of any New Secured Term Notes and New Stock received in respect of the First Lien Claims or the receipt of any New Equity in respect of the Second Lien Claims pursuant to the Plan should be treated as a taxable exchange for federal income tax purposes. Such treatment will depend upon, among other things, whether any component of an Exchanged Claim constitutes a “security” for United States federal income tax purposes. The determination of whether a debt instrument constitutes a security depends upon an evaluation of the term and nature of the debt instrument. While there are no clear rules, the IRS has identified several relevant factors, including the security for payment; the creditworthiness of the debtor; the debt instrument's subordination; and the right to vote or otherwise participate in the management of the debtor. Generally, corporate debt instruments with maturities of less than five years when issued are not considered securities, while corporate debt instruments with maturities of ten years or more when issued are considered securities.

The Debtors intend to take the position that the Exchanged Claims do not constitute securities for United States federal income tax purposes. Under this position, Holders should, except as described in the next sentence, generally recognize capital gain or loss for United States federal income tax purposes in an amount equal to the difference between (1) the issue price of any New Secured Term Notes and the fair market value of any New Stock and any New Warrants, each determined as of the Effective Date, received in respect of an Exchanged Claim and (2) the Holder's adjusted tax basis in the Exchanged Claim. A Holder should, however, recognize interest income to the extent it receives New Secured Term Notes or New Equity in respect of accrued interest or accrued market discount that have not already been included in income under the Holder's method of accounting (as described above under “Allocation of Payments Between Principal and Interest”). Conversely, a Holder would generally recognize a deductible loss to the extent any accrued interest or accrued market discount was previously included under such Holder's method of accounting and is not paid in full. A Holder's aggregate tax basis in any New Secured Term Note or New Equity received in respect of an Exchanged Claim should generally be equal to the issue price of its New Secured Term Note or aggregate fair market value of any such New Equity on the Effective Date. The holding period for any New Secured Term Note or New Equity received pursuant to the Plan should begin on the day after the Effective Date.

The issue price of the New Secured Term Notes depends on whether they, or any of the Exchanged Claims for which they are exchanged, are “publicly traded” as described in applicable Treasury regulations. If so, their issue price will be their fair market value. If not, their issue price will be their “stated principal amount” if they are issued with “adequate stated

interest”. The determination of the issue price of the New Secured Term Notes is expected to be made at the time or shortly after their issuance.

If, contrary to the Debtors’ intended position, the Exchanged Claims, and where applicable the New Secured Term Notes, were treated as “securities” and the receipt of any New Secured Term Notes or New Equity in respect of an Exchanged Claim were treated as a “reorganization” then, except as described below, (1) a Holder would recognize gain, but not loss, with respect to all or part of its Exchanged Claim, only to the extent of money or other property (that does not constitute a security) received and to the extent of the principal amount of consideration received exceeds the principal amount of the Exchanged Claim surrendered, (2) its tax basis in the consideration received would reflect its tax basis in its Exchanged Claim (decreased by the amount of money and the fair market value of other property, that does not constitute a security, received, and increased by any gain recognized), (3) its holding period with respect to such consideration would reflect the holding period of its Exchanged Claim, and (4) gain recognized would generally be treated as capital gain. A Holder should, however, recognize interest income to the extent it receives New Secured Term Notes or New Equity in respect of accrued interest or accrued market discount that have not already been included in income under the Holder’s method of accounting (as described above under “Allocation of Payments Between Principal and Interest”). The precise treatment of the exchange would depend, in part, on which components of the Exchanged Claims and whether the New Secured Term Notes were treated as “securities” for federal income tax purposes.

**c. Consequences to Holders of Interests in Star Tribune Holdings**

Holders of Interests in Star Tribune Holdings, which are being cancelled under the Plan, generally will be entitled to claim a worthless stock deduction (assuming that the taxable year that includes the Plan is the same taxable year in which the Interest first became worthless) in an amount equal to the holder’s adjusted basis in the Interest. A worthless stock deduction is a deduction allowed to a holder of a corporation’s stock (that is a capital asset in the hands of such holder) for the taxable year in which such stock becomes worthless, for the amount of the loss resulting therefrom. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset.

**d. Treatment of Other Claims**

The federal income tax consequences to a Holder who holds Claims other than the Exchanged Claims may be different from the tax consequences described above. Holders of such Claims should consult their tax advisers regarding the potential federal income tax consequences of holding such Claims.

**e. Information Reporting and Backup Withholding**

The Debtors or their paying agent may be obligated to furnish information to the IRS regarding the consideration received by Holders pursuant to the Plan. In addition, the Debtors generally will be required to report annually to the IRS with respect to each Holder, the amount

of dividends paid on the New Stock and the amount of any tax withheld from payment thereof. Certain Holders (including corporations) generally are not subject to information reporting.

Holders may be subject to backup withholding on the consideration received pursuant to the Plan. Backup withholding may also apply to interest paid or accrued on the New Secured Term Notes and dividends paid on the New Stock and to proceeds received upon sale or other disposition of the New Equity. Certain Holders (including corporations) generally are not subject to backup withholding. A Holder that is not otherwise exempt generally may avoid backup withholding by furnishing to the Debtors or their paying agent its taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the Holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

#### **Section 10.4 Treatment of the Disputed Claims Reserve**

For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will (i) treat each Claims Reserve as a discrete trust for federal income tax purposes (which trust may consist of separate and independent shares) in accordance with the trust provisions of the Internal Revenue Code (section 641, *et seq.*) and (ii) to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Claims and/or Disputed Claims will report, for income tax purposes, consistently with the foregoing.

**The foregoing discussion of U.S. federal income tax considerations is for general information purposes only and is not tax advice. Each holder should consult its tax adviser regarding the federal, state, local and foreign tax consequences of the Plan described herein. Neither the proponents nor their professionals will have any liability to any person or holder arising from or related to the federal, state, local and foreign tax consequences of the plan or the foregoing discussion.**

### **ARTICLE 11 RECOMMENDATION**

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the holders than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses, resulting in smaller distributions to the holders of Claims. **Accordingly, the Debtors**

**recommend that holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.**

Dated: New York, New York  
July 28, 2009

Respectfully submitted,

THE STAR TRIBUNE COMPANY (for itself and  
on behalf of Star Tribune Holdings Corporation)

By: /s/ Christopher M. Harte  
Name: Christopher M. Harte  
Title: Publisher & Chairman

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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

**DEBTORS' JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: July 28, 2009

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<sup>1</sup> 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.



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## INTRODUCTION

Star Tribune Holdings Corporation and The Star Tribune Company propose the following joint plan of reorganization under section 1121(a) of title 11 of the Bankruptcy Code.<sup>2</sup>

Pursuant to section 1125(b) of the Bankruptcy Code, votes to accept or reject a plan of reorganization cannot be solicited from holders of Claims or Interests entitled to vote on the plan until a disclosure statement has been approved by a bankruptcy court and distributed to such holders. On \_\_\_\_\_, the Bankruptcy Court entered the Approval Order that, among other things, approved the Disclosure Statement, set voting procedures and scheduled the Confirmation Hearing. The Disclosure Statement that accompanies this Plan contains, among other things, a discussion of the Debtors' history, businesses, properties and operations, projections for those operations, risk factors associated with the businesses and the Plan and a summary and analysis of the Plan and certain related matters, including, among other things, the securities to be issued under the Plan.

## ARTICLE 1 DEFINITIONS AND RULES OF INTERPRETATION

### Section 1.1 Definitions

Unless the context requires otherwise, the following terms used in the Plan shall have the following meanings:

1. “**Administrative Agents**” means the First Lien Agent and the Second Lien Agent.
2. “**Administrative Claim**” means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including Other Administrative Claims and Professional Fee Claims.
3. “**Affiliate**” has the meaning set forth in section 101(2) of the Bankruptcy Code.
4. “**Allowed**” means all or that portion, as applicable, of any Claim against any Debtor (i) that has been listed by the Debtors in the Schedules, as such Schedules may be amended by the Debtors from time to time, as liquidated in amount and not disputed or contingent, and for which no contrary or superseding Proof of Claim has been filed, (ii) that has been expressly allowed by Final Order or under the Plan, (iii) that has been compromised, settled or otherwise resolved pursuant to Final Order of the Bankruptcy Court or Section 9.2 of the Plan, (iv) that the Debtors do not timely object to in accordance with Section 9.1 of the Plan or (v) that is a Lender Claim; *provided, however*, that Claims allowed solely for the purpose of voting to accept or reject the Plan shall not be considered

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<sup>2</sup> Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Section 1.1 of this Plan.

“Allowed Claims” for any other purpose under the Plan or otherwise, except if and to the extent otherwise determined to be Allowed as provided herein. Unless otherwise specified under the Plan, under the Bankruptcy Code or by order of the Bankruptcy Court, Allowed Claims shall not, for any purpose under the Plan, include any interest, costs, fees or charges on such Claims from and after the Petition Date.

5. “**Approval Order**” means the Order (i) Approving the Disclosure Statement; (ii) Approving Solicitation Procedures; (iii) Allowing and Estimating Certain Claims for Voting Purposes; (iv) Approving Forms of Ballots and Establishing Procedures for Voting on the Debtors’ Joint Plan of Reorganization; and (v) Scheduling a Hearing and Establishing Notice and Objection Procedures in Respect of Confirmation of the Debtors’ Joint Plan of Reorganization, entered by the Bankruptcy Court on \_\_\_\_\_ [Docket No.\_\_\_\_].
6. “**Assumption Effective Date**” means the date upon which the assumption of an executory contract or unexpired lease under this Plan is deemed effective.
7. “**Assumption Party**” means a counterparty to an executory contract or unexpired lease to be assumed and/or assigned by the Debtors.
8. “**Avista Funds**” means Avista Capital Partners, LP, Avista Capital Partners (Offshore) LP, Avista Capital Holdings, LP, Avista Capital Partners GP, LLC and their respective Affiliates.
9. “**Avoidance Actions**” has the meaning set forth in Section 12.9 of this Plan.
10. “**Ballot**” means the voting form distributed to each holder of an Impaired Claim entitled to vote, on which the holder is to indicate acceptance or rejection of the Plan in accordance with the Voting Instructions and make any other elections or representations required pursuant to the Plan or the Approval Order.
11. “**Bankruptcy Code**” means title 11 of the United States Code, as now in effect or hereafter amended, to the extent applicable to the Chapter 11 Cases.
12. “**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York, or any other court with jurisdiction over the Chapter 11 Cases.
13. “**Bankruptcy Restructuring Agreements**” means, collectively, (i) the agreement, effective as of March 13, 2009, between Star Tribune and the Pressmen; (ii) the agreement, effective as of March 15, 2009, between Star Tribune and the Mailers; (iii) the agreement, effective as of March 19, 2009, between Star Tribune and the Typos; (iv) the agreement, effective as of April 7, 2009, between Star Tribune and the Platemakers; (v) the agreement, effective as of April 30, 2009 and May 1, 2009, between Star Tribune and the Guild; (vi) the agreement, effective as of June 18, 2009, between Star Tribune and the Fleet; (vii) the agreement, effective as of June 30, 2009, between Star Tribune and the Electricians; (viii) the agreement, effective as of July 1, 2009, between Star



Tribune and the Operating Engineers; and (ix) the agreement, effective as of July 2, 2009 between Star Tribune and the SEIU.

14. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, each as now in effect or as hereafter amended, to the extent applicable to the Chapter 11 Cases.
15. **“Bar Date Order”** means the Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof, entered by the Bankruptcy Court on April 14, 2009 [Docket No. 210].
16. **“Building Services”** means the Service Employees International Union, Local #26.
17. **“Business Day”** means any day other than a Saturday, a Sunday, a “legal holiday” (as defined in Bankruptcy Rule 9006(a)), or any other day on which banking institutions in New York, New York or Minneapolis, Minnesota are required or authorized to close by law or executive order.
18. **“Case Management Order”** means, prior to the Effective Date, the Order Approving Notice, Case Management and Administrative Procedures, entered by the Bankruptcy Court on January 16, 2009 [Docket No. 23], and, on and after the Effective Date, such order as modified by Section 16.17 of the Plan.
19. **“Cash”** means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer or any other customary payment method.
20. **“Cause of Action”** means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, Claims, counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date. Without limiting the generality of the foregoing, when referring to Causes of Action of the Debtors or their Estates, “Causes of Action” shall include (i) all rights of set-off, counterclaim or recoupment and Claims on contracts or for breaches of duties imposed by law or equity, (ii) Claims pursuant to sections 362, 510, 542, 543, 544 through 550 or 553 of the Bankruptcy Code and (iii) Claims and defenses such as fraud, mistake, duress, usury and any other defenses set forth in section 558 of the Bankruptcy Code. A non-exclusive list of Causes of Action is attached to the Plan as Schedule 13.10.

21. “**Chapter 11 Cases**” means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date in the Bankruptcy Court in the case styled *In re Star Tribune Holdings Corporation, et al.*, Case No. 09-10244 (RDD).
22. “**Claim**” means a “claim,” as defined in section 101(5) of the Bankruptcy Code.
23. “**Claims Agent**” means The Garden City Group, Inc., 105 Maxess Road, Melville, New York 11747.
24. “**Claims Objection Deadline**” means 11:59 p.m. (prevailing Eastern time) on the 365<sup>th</sup> calendar day after the Effective Date, subject to further extensions or exceptions as may be ordered by the Bankruptcy Court.
25. “**Claims Objection Procedures Order**” means the Order Establishing Procedures for Claims Objections, entered by the Bankruptcy Court on July 13, 2009 [Docket No. 337].
26. “**Claims Reserves**” has the meaning set forth in Section 9.4 of this Plan.
27. “**Claims Settlement Procedures Order**” means the Order Establishing Procedures for Claims Settlements, entered by the Bankruptcy Court on [\_\_\_\_\_], 2009 [Docket No. \_\_\_\_\_].
28. “**Class**” means any group of Claims or Interests classified by the Plan pursuant to section 1122(a) of the Bankruptcy Code.
29. “**Class 3 New Common Stock Allocation**” means the Plan Shares, minus the Class 4 New Common Stock Allocation.
30. “**Class 4 New Common Stock Allocation**” means (i) if the aggregate amount of Allowed Unsecured Claims is less than or equal to \$100,000,000, then 3.5% of the Plan Shares; (ii) if the aggregate amount of Allowed Unsecured Claims is greater than \$100,000,000 but less than or equal to \$105,000,000, then 3.7% of the Plan Shares; (iii) if the aggregate amount of Allowed Unsecured Claims is greater than \$105,000,000 but less than or equal to \$110,000,000, then 3.9% of the Plan Shares; (iv) if the aggregate amount of Allowed Unsecured Claims is greater than \$110,000,000 but less than or equal to \$115,000,000, then 4.1% of the Plan Shares; (v) if the aggregate amount of Allowed Unsecured Claims is greater than \$115,000,000 but less than or equal to \$120,000,000, then 4.3% of the Plan Shares; and (vi) if the aggregate amount of Allowed Unsecured Claims is greater than \$120,000,000, then 4.5% of the Plan Shares.
31. “**Collateral**” means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance and is not otherwise invalid under the Bankruptcy Code or other applicable law.

32. “**Collective Bargaining Agreements**” means those collective bargaining agreements set forth on Schedule 10.3(c). Schedule 10.3(c) shall be filed by the Debtors as specified in Section 16.7 of this Plan.
33. “**Compensation Plans**” means the (i) Reorganized Star Tribune Incentive Plan and (ii) Profit Sharing Plan.
34. “**Confirmation**” means confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.
35. “**Confirmation Date**” means the date on which the Confirmation Order is entered by the Bankruptcy Court on its docket.
36. “**Confirmation Hearing**” means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.
37. “**Confirmation Order**” means the order of the Bankruptcy Court entered pursuant to section 1129 of the Bankruptcy Code confirming the Plan.
38. “**Contingent Claim**” means any Claim, the liability for which attaches or is dependent upon the occurrence or happening of, or is triggered by, an event that has not yet occurred as of the date on which such Claim is sought to be estimated or on which an objection to such Claim is filed, whether or not such event is within the actual or presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the applicable Debtor now or hereafter exists or previously existed.
39. “**Convenience Claim**” means any Claim against either of the Debtors that would otherwise be a General Unsecured Claim, but as to which one of the following applies: (a) such Claim is in an Allowed amount greater than \$0 but less than or equal to \$150,000 or (b) such Claim is in an Allowed amount greater than \$150,000 and the holder of such Claim has elected to have such Claim treated as a Class 5 Convenience Class Claim in the Allowed amount of \$150,000 (and has waived any Claim with respect to the Allowed amount of such Claim in excess of \$150,000) by so indicating on the Ballot timely and properly submitted to vote such Claim; *provided, however*, that a General Unsecured Claim originally Allowed in an amount in excess of \$150,000 may not be sub-divided into multiple Claims of \$150,000 or less for purposes of receiving treatment as a Convenience Claim.
40. “**Core Parties**” has the meaning ascribed to it in the Case Management Order.
41. “**Creditor**” means any holder of a Claim.

42. **“Creditors’ Committee”** means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as constituted from time to time.
43. **“Customer Program”** means the Debtors’ customer programs and practices as to which the Debtors were authorized to honor pre-petition obligations and to otherwise continue in the ordinary course of business by the Order Pursuant to Sections 105(a), 363(b), 363(c), 365(a), 1107(a) and 1108 of the Bankruptcy Code and Rule 6006 of the Federal Rules of Bankruptcy Procedure Authorizing the Debtors to (i) Honor Prepetition Obligations to Customers and to Otherwise Continue Customer Programs and Practices in the Ordinary Course of Business and (ii) Authorize Financial Institutions to Honor and Process Related Checks and Transfers, entered by the Bankruptcy Court on January 16, 2009 [Docket No. 28].
44. **“Cure”** means a distribution made in the ordinary course of business following the Effective Date pursuant to an executory contract or unexpired lease assumed under section 365 or 1123 of the Bankruptcy Code (i) in an amount equal to the Proposed Cure (including if such Proposed Cure is zero dollars) or (ii) if a Treatment Objection is filed with respect to the applicable Proposed Cure, then in an amount equal to the unpaid monetary obligations owing by the Debtors and required to be paid pursuant to section 365(b) of the Bankruptcy Code, as may be (x) determined by Final Order or (y) otherwise agreed upon by the parties.
45. **“Debtor(s)”** means each of Star Tribune Holdings and Star Tribune. To the extent the context requires any reference to the Debtors after the Effective Date, Debtors shall mean the Reorganized Debtors.
46. **“Disallowed Claim”** means any Claim or any portion thereof that (i) has been disallowed by a Final Order of the Bankruptcy Court, (ii) is listed in the Schedules as “\$0,” contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, (iii) has been agreed to be equal to “\$0” or to be expunged pursuant to the Claims Settlement Procedures Order or otherwise or (iv) is not listed on the Schedules and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.
47. **“Disbursing Agent”** means Reorganized Star Tribune or any Person or Entity designated or retained by Reorganized Star Tribune, in its sole discretion and without the need for any further order of the Bankruptcy Court, to serve as disbursing agent pursuant to Section 7.1 of the Plan.

48. “**Disclosure Statement**” means the disclosure statement relating to this Plan, including all exhibits and schedules thereto, as amended, supplemented or modified from time to time, in each case, as approved pursuant to section 1125 of the Bankruptcy Code by the Bankruptcy Court in the Approval Order.
49. “**Disputed Claim**” means a Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim.
50. “**Distribution Date**” means any of (i) the Initial Distribution Date, (ii) the Interim Distribution Dates and (iii) the Final Distribution Date.
51. “**Distribution Record Date**” means the Confirmation Date.
52. “**Effective Date**” means the Business Day selected by the Debtors that is (i) on or after the Confirmation Date and on which no stay of the Confirmation Order is in effect and (ii) on or after the date on which the conditions to effectiveness of the Plan specified in Section 13.2 of the Plan have been either satisfied or waived as set forth herein.
53. “**Electricians**” means the International Brotherhood of Electrical Workers Local 292 (IBEW).
54. “**Employee Agreement**” means any agreement (other than a Collective Bargaining Agreement or standard form documents or policies executed or acknowledged by newly-hired employees) between any of the Debtors and any current or former directors, officers or employees of any of the Debtors.
55. “**Entity**” means an entity as defined in section 101(15) of the Bankruptcy Code.
56. “**Estate(s)**” means, individually, the estate of either of the Debtors and collectively, the estates of both of the Debtors created under section 541 of the Bankruptcy Code.
57. “**Final Distribution Date**” means a day (a) selected by the Reorganized Debtors in their sole discretion that is after the Initial Distribution Date and is no earlier than 20 calendar days after the date on which all Disputed Claims have become either Allowed Claims or Disallowed Claims or (b) otherwise established by the Bankruptcy Court.
58. “**Final Order**” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction that has not been reversed, stayed, modified or amended, and as to which the time to appeal, seek reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, seek a new trial, reargument or rehearing and, where applicable, petition for certiorari has expired and no appeal, motion for reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, motion for a new trial, reargument or rehearing or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought, or as to which any motion for reconsideration that has been filed

pursuant to Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure or any motion for a new trial, reargument or rehearing has been resolved by the court in which such motion was filed; *provided, however*, that the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024, or any analogous rule, may be filed relating to such order or judgment shall not cause such order or judgment not to be a Final Order.

59. **“First Lien Agent”** means Credit Suisse, Cayman Islands Branch, in its capacity as administrative agent under the First Lien Credit Agreement.
60. **“First Lien Credit Agreement”** means the agreement dated March 5, 2007 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time), among Snowboard Acquisition Corporation (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.
61. **“First Lien Lender Claims”** means all Claims of any First Lien Lender under the First Lien Credit Agreement or secured under the related security agreements, including, without limitation, the Claims of Credit Suisse International in respect of swap agreements, which Claims shall be Allowed in the aggregate amount of \$392,923,611.
62. **“First Lien Lenders”** means the Lenders party to the First Lien Credit Agreement.
63. **“Fleet”** means the Miscellaneous Drivers & Helpers Union Local #638.
64. **“Freelance Agreement”** means any agreement between Star Tribune or Star Tribune Holdings, on the one hand, and a freelance writer, photographer, designer or illustrator on the other hand, pursuant to which such individual creates material (including articles, columns, photo illustrations and page designs) for publication in the *Star Tribune* newspaper or another Star Tribune media property.
65. **“General Unsecured Claim”** means any pre-petition Claim against any of the Debtors that is not an Administrative Claim, Convenience Claim, First Lien Lender Claim, Intercompany Claim, Other Priority Claim, Other Secured Claim or Priority Tax Claim. For the avoidance of doubt, notwithstanding the liens granted in connection with the Second Lien Credit Agreement, the Second Lien Lender Claims are classified as General Unsecured Claims.
66. **“Guild”** means the Minnesota Newspaper Guild/Typographical Union, CWA Local 37002.
67. **“Harte Family Trust”** means the Christopher M. Harte 1992 Family Trust.
68. **“HSR Act”** means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

69. **“Impaired”** means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.
70. **“Indemnification Obligation”** means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors’ respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements or similar corporate documents or applicable law in effect as of the Effective Date.
71. **“Initial Distribution Date”** means a day selected by the Reorganized Debtors in their sole discretion that is as soon as reasonably practicable after, but not later than 45 calendar days after, the Effective Date.
72. **“Insurance Plans”** means the Debtors’ insurance policies and any agreements, documents or instruments relating thereto entered into prior to the Petition Date.
73. **“Intercompany Claim”** means any Claim by Star Tribune against Star Tribune Holdings or by Star Tribune Holdings against Star Tribune.
74. **“Interest”** means any equity security within the meaning of section 101(16) of the Bankruptcy Code including, without limitation, all issued, unissued, authorized or outstanding shares of stock or other equity interests (including common and preferred), together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire such equity interests at any time and all rights arising with respect thereto.
75. **“Interim Compensation Order”** means the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, entered by the Bankruptcy Court on February 6, 2009 [Docket No. 80].
76. **“Interim Distribution Date”** means the date that is 150 calendar days after the Initial Distribution Date or the most recent Interim Distribution Date thereafter, with such periodic Interim Distribution Dates occurring until the Final Distribution Date has occurred.
77. **“IRS”** means Internal Revenue Service of the United States of America.
78. **“Lender Claims”** shall consist of the First Lien Lender Claims and the Second Lien Lender Claims.
79. **“Letter of Credit”** means a documentary or standby letter of credit issued for the account of any of the Debtors, and any reimbursement agreement or similar agreement entered into prior to the Petition Date in connection therewith. The Letters of Credit are listed on Exhibit C to the Plan.

80. “**Machinists**” means District Lodge No. 77 of the International Association of Machinists & Aerospace Workers.
81. “**Mailers**” means Teamsters Local #120.
82. “**New Bylaws**” means the New Star Tribune Bylaws and the New Star Tribune Holdings Bylaws.
83. “**New Certificates of Incorporation**” means the New Star Tribune Certificate of Incorporation and the New Star Tribune Holdings Certificate of Incorporation.
84. “**New Common Stock**” means the 10,000,000 shares of common stock, par value \$0.01 per share, of Reorganized Star Tribune Holdings to be authorized pursuant to the New Star Tribune Certificate of Incorporation. Upon issuance, New Common Stock shall be designated either Class A New Common Stock, which shall be entitled to full voting rights pursuant to the New Star Tribune Certificate of Incorporation, or Class B New Common Stock, which shall be entitled to limited voting rights but shall otherwise be identical to Class A New Common Stock, in each case at the election of the recipient thereof. Each share of Class A New Common Stock shall at all times be convertible at the option of the holder thereof into a share of Class B New Common Stock, and vice versa.
85. “**Newco**” means, at the Debtors’ and the First Lien Agent’s discretion, one or more Delaware corporations or other entities to be formed on or before the Effective Date by the First Lien Lenders in the event the Debtors and the First Lien Agent elect to implement the Restructuring Transactions.
86. “**Newco LLC**” means, at the Debtors’ and the First Lien Agent’s discretion, one or more Delaware limited liability company or other entities to be formed on or before the Effective Date by Newco in the event the Debtors and the First Lien Agent elect to implement the Restructuring Transactions.
87. “**New Plan Securities**” means (i) the New Common Stock, (ii) the New Secured Term Notes and (iii) the New Warrants.
88. “**New Secured Loan Documents**” means the credit agreement to be entered into by Reorganized Star Tribune and the First Lien Lenders, as lenders, and guaranteed by Reorganized Star Tribune Holdings, effective as of the Effective Date, providing for the issuance by Reorganized Star Tribune of the New Secured Term Notes, containing terms and conditions generally consistent with those set forth in Exhibit A to the Plan and as may be more fully set forth in a Plan Supplement, and all ancillary agreements, documents and instruments to be issued or given in connection therewith. The New Secured Loan Documents may be an amendment and restatement or a replacement of the First Lien Credit Agreement.



89. **“New Secured Term Notes”** means the secured term notes authorized and to be issued by Reorganized Star Tribune in the principal amount of \$100,000,000 (exclusive of Letters of Credit listed on Exhibit C and assumed pursuant to Section 6.4 of the Plan), on the Effective Date, pursuant to the Plan, on the terms and subject to the conditions set forth in Exhibit A to the Plan and the New Secured Loan Documents.
90. **“New Star Tribune Bylaws”** means the bylaws of Reorganized Star Tribune, which shall be substantially in the form set forth in a Plan Supplement.
91. **“New Star Tribune Certificate of Incorporation”** means the certificate of incorporation of Reorganized Star Tribune, which shall be substantially in the form set forth in a Plan Supplement.
92. **“New Star Tribune Holdings Bylaws”** means the bylaws of Reorganized Star Tribune Holdings, which shall be substantially in the form set forth in a Plan Supplement.
93. **“New Star Tribune Holdings Certificate of Incorporation”** means the certificate of incorporation of Reorganized Star Tribune Holdings, which shall be substantially in the form set forth in a Plan Supplement.
94. **“New Stockholders’ Agreement”** means the stockholders’ agreement substantially in the form included in the Plan Supplement, governing the sale, disposition and treatment of the Plan Shares. The terms of the New Stockholders’ Agreement shall be subject to the consent of the First Lien Agent and the Creditors’ Committee, which consent shall not unreasonably be withheld.
95. **“New Warrant Agreement”** means the warrant agreement, containing terms and conditions generally consistent with those set forth in Exhibit B to the Plan and as may be more fully set forth in a Plan Supplement, governing the exercise of the New Warrants and limiting the sale, disposition and treatment of the New Warrants. The terms of the New Warrant Agreement shall be subject to the consent of the First Lien Agent and the Creditors’ Committee, which consent shall not unreasonably be withheld.
96. **“New Warrants”** means the four-year warrants to purchase an aggregate of 20.0% of the shares of Reorganized Star Tribune Holdings, struck at an exercise price representing a total equity value which, when added to the principal amount of the New Secured Term Notes, would equal the principal amount of the First Lien Lender Claims, subject to the terms of the New Warrant Agreement and the New Stockholders’ Agreement, all on the terms and subject to the conditions set forth in Exhibit B.
97. **“NOL”** means any net operating loss that could be carried forward or back to reduce taxes (including, without limitation, deductions and credits related to alternative minimum taxes).
98. **“Notice of Intent to Assume or Reject”** means a notice delivered by the Debtors or Reorganized Debtors pursuant to Article 10 of the Plan stating an intent to assume or

reject an executory contract or unexpired lease and including a proposed Assumption Effective Date or Rejection Effective Date, as applicable, and, if applicable, a Proposed Cure and/or a proposed assignment.

99. **“Operating Engineers”** means the International Union of Operating Engineers Local No. 70, AFL-CIO.
100. **“Ordinary Course Professionals Order”** means the Order Pursuant to Sections 105(a), 328 and 330 of the Bankruptcy Code and Bankruptcy Rule 2014(a) Authorizing the Debtors to Employ Ordinary Course Professionals, entered by the Bankruptcy Court on February 9, 2009 [Docket No. 81].
101. **“Other Administrative Claim”** means an Administrative Claim, including, but not limited to: (i) the actual, necessary costs and expenses of preserving the Estates and operating the businesses of the Debtors incurred on or after the commencement of the Chapter 11 Cases, including Cure amounts and other liabilities incurred by the Debtors in the ordinary course of their businesses, (ii) reclamation claims under section 546(c) of the Bankruptcy Code and Uniform Commercial Code section 2-702, (iii) except with respect to Professionals, compensation for legal, financial advisory, accounting and other services and reimbursement of expenses that would be awarded or Allowed pursuant to sections 327, 328, 330 or 331 of the Bankruptcy Code or otherwise for the period commencing on or after the Petition Date and ending on or before the Effective Date, (iv) claims under section 503(b)(9) of the Bankruptcy Code and (v) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) or (5) of the Bankruptcy Code. Other Administrative Claim shall not include Professional Fee Claims or fees and charges assessed against the Debtors’ Estates pursuant to section 1930 of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code (which shall be paid pursuant to Section 16.3 of this Plan).
102. **“Other Administrative Claim Bar Date”** means the date that is 30 calendar days after the Effective Date.
103. **“Other Priority Claim”** means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.
104. **“Other Secured Claim”** means any Secured Claim (including any Secured Claim for taxes due and owing by the Debtors), other than a Lender Claim.
105. **“Person”** or **“person”** means a person as defined in section 101(41) of the Bankruptcy Code.
106. **“Petition Date”** means January 15, 2009, the date on which the Debtors commenced the Chapter 11 Cases, and, where relevant, the time of the filing of the Debtors’ chapter 11 petitions on such date.

107. **“Plan”** means this Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, including all Plan Supplements and all exhibits, supplements, appendices and schedules to any of the foregoing, as any of them may be amended or modified from time to time hereunder or in accordance with applicable law.
108. **“Plan Consolidation”** means the deemed consolidation of the Estates of the Debtors with each other, solely for the purposes associated with the confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distribution.
109. **“Plan Documents”** means the agreements, instruments and documents to be executed, delivered, assumed and/or performed in conjunction with the consummation of the Plan on and after the Effective Date, including, without limitation, (i) the New Bylaws, (ii) the New Certificates of Incorporation, (iii) the New Secured Loan Documents, (iv) the New Warrant Agreement, (v) the Compensation Plans, (vi) the New Stockholders’ Agreement and (vii) any other instruments and documents listed in the Plan Supplement.
110. **“Plan Shares”** means the 1,524,648 shares of New Common Stock to be issued under this Plan to holders of Allowed First Lien Lender Claims (Class 3) and Allowed General Unsecured Claims (Class 4). For the avoidance of doubt, the Plan Shares shall not include any shares of New Common Stock issued upon exercise of the New Warrants.
111. **“Plan Supplement”** means, collectively, the documents, agreements, instruments, schedules and exhibits and forms thereof to be filed as specified in Section 16.7 of the Plan as a Plan Supplement, as each such document, agreement, instrument, schedule and exhibit and form thereof may be altered, restated, modified or replaced from time to time, including subsequent to the filing of any such documents. Subsequent to their initial filing pursuant to Section 16.7, the Debtors shall, unless otherwise provided under the Plan, be free to modify any such documents without further filings or notice to any party. Each such document, agreement, instrument, schedule or exhibit or form thereof is referred to herein as a **“Plan Supplement.”**
112. **“Platemakers”** means Graphic Communication Conference/International Brotherhood of Teamsters (GCC/IBT) Local 1-M.
113. **“Pressmen”** means Graphic Communication Conference/International Brotherhood of Teamsters (GCC/IBT) Local 1-M.
114. **“Priority Tax Claim”** means an unsecured Claim of a governmental unit entitled to priority pursuant to section 507(a)(8) or specified under section 502(i) of the Bankruptcy Code.
115. **“Pro Forma Shares”** means the Plan Shares pro forma for the dilution by the Reorganized Star Tribune Incentive Plan (including any additional shares issued to prevent dilution of the Plan Shares issued to the holders of Allowed General Unsecured Claims (Class 4)).

116. **“Professional”** means a person retained in the Chapter 11 Cases by separate Bankruptcy Court order pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, but not including any person retained pursuant to the Ordinary Course Professionals Order.
117. **“Professional Fee Claims”** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date through the last day of the calendar month immediately preceding the Confirmation Date.
118. **“Profit Sharing Plan”** means the profit sharing plan of the Debtors, as set forth in the Plan Supplement, pursuant to which 10% of the Reorganized Debtors’ net profits above \$5,000,000 (subject to the terms and conditions set forth in the Plan Supplement) shall be distributed to certain employees of the Reorganized Debtors.
119. **“Proof of Claim”** means a proof of claim filed by a holder of a Claim or Interest in accordance with the Bar Date Order.
120. **“Proposed Cure”** means, with respect to a particular executory contract or unexpired lease, the consideration that the Debtors propose (which may be zero or some amount greater than zero) (i) on the notices sent to Assumption Parties listed on Schedule 10.2(a) or (ii) on a Notice of Intent to Assume or Reject, in each case as full satisfaction of the Debtors’ obligations with respect to such executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code.
121. **“Ratable Proportion”** means the ratio (expressed as a percentage) of the amount of an Allowed Claim in a Class to the aggregate amount of all Allowed Claims in the same Class.
122. **“Reinstated”** or **“Reinstatement”** means (i) leaving unaltered the legal, equitable and contractual rights to which a Claim or Interest entitles the holder thereof so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding and without giving effect to any contractual provision or applicable law that entitles a Creditor to demand or receive accelerated payment of a Claim after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (B) reinstating the maturity of such Claim as such maturity existed before such default, (C) compensating the Creditor for any damages incurred as a result of any reasonable reliance by such Creditor on such contractual provision or such applicable law and (D) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Creditor; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, without limitation, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, “going dark” provisions and affirmative covenants regarding corporate existence, prohibiting certain transactions or action contemplated by the

Plan or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to accomplish Reinstatement.

123. “**Rejection Bar Date**” means the deadline for filing Proofs of Claim arising from the rejection of an executory contract or unexpired lease, which deadline shall be 30 calendar days after the entry of an order (including, without limitation, the Confirmation Order) approving the rejection of such executory contract or unexpired lease.
124. “**Rejection Claim**” means a Claim under section 502(g) of the Bankruptcy Code.
125. “**Rejection Effective Date**” means the date upon which the rejection of an executory contract or unexpired lease under this Plan is deemed effective, which shall not be later than 60 calendar days after the Effective Date unless otherwise agreed by the relevant Rejection Party.
126. “**Rejection Party**” means a counterparty to an executory contract or unexpired lease to be rejected by the Debtors under this Plan.
127. “**Released Parties**” has the meaning set forth in Section 12.6 of the Plan.
128. “**Reorganized Debtors**” means, collectively, each of the Debtors on and after the Effective Date.
129. “**Reorganized Star Tribune**” means Star Tribune on and after the Effective Date.
130. “**Reorganized Star Tribune Holdings**” means Star Tribune Holdings on and after the Effective Date.
131. “**Reorganized Star Tribune Incentive Plan**” means the management incentive plan of the Reorganized Debtors, which management incentive plan will be established and implemented by the initial board of the Reorganized Debtors as soon as reasonably practicable after the Effective Date and pursuant to which Reserved Employee Equity constituting 6% of the Pro Forma Shares shall be allocable to certain key employees of the Reorganized Debtors; *provided* that not less than half of the Reserved Employee Equity allocated to key employees of the Reorganized Debtors shall be allocable to key employees other than the chief executive officer and the chief financial officer.
132. “**Reserved Employee Equity**” means 10% of the Pro Forma Shares, which stock shall be (i) authorized and reserved on account of the Reorganized Star Tribune Incentive Plan and other future employee equity compensation or incentive programs as determined by the board of the Reorganized Debtors and (ii) subject to the registration rights provisions of the New Stockholders’ Agreement.
133. “**Restructuring Transactions**” means those transactions described in Section 6.8 of the Plan.

134. “**Schedules**” means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, as such schedules and statements have been or may be supplemented, modified or amended from time to time.
135. “**Second Lien Agent**” means Wilmington Trust Company, in its capacity as successor administrative agent under the Second Lien Credit Agreement.
136. “**Second Lien Credit Agreement**” means the agreement dated as of March 5, 2007 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time) among Snowboard Acquisition Corporation (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.
137. “**Second Lien Lender Claims**” means all Claims of the Second Lien Lenders under the Second Lien Credit Agreement. For the avoidance of doubt, notwithstanding the liens granted in connection with the Second Lien Credit Agreement, the Second Lien Lender Claims are classified as General Unsecured Claims.
138. “**Second Lien Lenders**” means the Lenders under the Second Lien Credit Agreement.
139. “**Secured Claim**” means any Claim (other than a Second Lien Lender Claim, which shall be classified as a General Unsecured Claim) or portion thereof (i) that is reflected in the Schedules or a Proof of Claim as a secured claim and is secured by a Lien on Collateral, to the extent of the value of such Collateral, as determined in accordance with section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code or (ii) to the extent that the holder thereof has a valid right of set-off pursuant to section 553 of the Bankruptcy Code.
140. “**Securities Act**” means the Securities Act of 1933, as amended.
141. “**Solicitation Agent**” means The Garden City Group, Inc., 105 Maxess Road, Melville, New York 11747.
142. “**Star Tribune**” means The Star Tribune Company, a Delaware company.
143. “**Star Tribune Holdings**” means Star Tribune Holdings Corporation, a Delaware corporation.
144. “**Steering Committee**” means those First Lien Lenders serving on the steering committee of First Lien Lenders.
145. “**Transfer**” and words of like import mean, with respect to any security or the right to receive a security or to participate in any offering of any security (each, a “**security**” for purposes of this definition), the sale, transfer, pledge, hypothecation, encumbrance,

assignment, constructive sale, participation in or other disposition of such security or the beneficial ownership thereof, the offer to make such a sale, transfer, constructive sale or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term “**constructive sale**” for purposes of this definition means a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any transaction that has substantially the same effect as any of the foregoing.

146. “**Treatment Objection**” means an objection to the Debtors’ proposed assumption or rejection of an executory contract or unexpired lease pursuant to the provisions of this Plan (including an objection to the proposed Assumption Effective Date or Rejection Effective Date, the Proposed Cure and/or any proposed assignment, but not including an objection to any Rejection Claim) that is properly filed with the Bankruptcy Court and served in accordance with the Case Management Order by the applicable Treatment Objection Deadline.
147. “**Treatment Objection Deadline**” means the deadline for filing and serving a Treatment Objection, which deadline shall be 4:00 p.m. (prevailing Eastern Time) on, (i) with respect to an executory contract or unexpired lease listed on Schedule 10.2(a) or 10.2(b), the 15th calendar day after the relevant Schedule is filed and notice thereof is mailed, (ii) with respect to an executory contract or unexpired lease the proposed treatment of which has been altered by an amended or supplemental Schedule 10.2(a) or 10.2(b), the 15th calendar day after such amended or supplemental schedule is filed and notice thereof is mailed, (iii) with respect to an executory contract or unexpired lease for which a Notice of Intent to Assume or Reject is filed, the 15th calendar day after such notice is filed and notice thereof is mailed and (iv) with respect to any other executory contract or unexpired lease, including any to be assumed or rejected by category pursuant to Sections 10.1, 10.3 or 10.4 of the Plan (without being listed on Schedule 10.2(a) or 10.2(b)), the deadline for objections to confirmation of the Plan established pursuant to the Approval Order or other order of the Bankruptcy Court.
148. “**Typos**” means the Minnesota Newspaper Guild/Typographical Union, CWA.
149. “**Unimpaired**” refers to any Claim or Interest that is not Impaired.
150. “**Union**” means each of the Platemakers, Mailers, Building Services, Electricians, Operating Engineers, Pressmen, Fleet, Machinists, Guild and Typos.
151. “**United States Trustee**” means the United States Trustee for the Southern District of New York.
152. “**Unliquidated Claim**” means any Claim, the amount of liability for which has not been fixed, whether pursuant to agreement, applicable law or otherwise, as of the date on which such Claim is sought to be estimated.

153. **“Unsecured Claim”** means General Unsecured Claims and Convenience Claims.
154. **“Voting Deadline”** means the date established by the Approval Order by which the Solicitation Agent must actually receive a valid Ballot properly voting on the Plan in order for such vote to count as a vote to accept or reject the Plan. Such deadline is 4:00 p.m. (prevailing Eastern Time) on [\_\_\_\_\_], 2009.
155. **“Voting Instructions”** means the instructions for voting on the Plan contained in the Approval Order, Article 7 of the Disclosure Statement and the Ballots.
156. **“Voting Record Date”** means the record date for voting on the Plan, which shall be [\_\_\_\_\_], 2009.
157. **“Workers’ Compensation Plan”** means each of the Debtors’ written contracts, agreements, agreements of indemnity, qualified self-insurance workers’ compensation bonds, policies, programs and plans for workers’ compensation and workers’ compensation insurance entered into prior to the Petition Date.

### **Section 1.2 Rules of Interpretation**

Unless otherwise specified, all article, section, exhibit, schedule or Plan Supplement references in this Plan are to the respective article in, section in, exhibit to, schedule to or Plan Supplement to the Plan, as the same may be amended, waived or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained herein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural and any pronoun stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter gender. Captions and headings in the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof. Whenever the words “include,” “includes” or “including” are used in this Plan, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any references herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions. In the event that a particular term of the Plan (including any exhibits, schedules or Plan Supplement hereto) conflicts with a particular term of the definitive documentation required to be implemented pursuant to the terms of the Plan or any settlement or other agreement contemplated hereunder, the definitive documentation shall control and shall be binding on the parties thereto.

With respect to any reference in this Plan to a consent, approval or acceptance by any party that shall not unreasonably be withheld, or to an issue, agreement, order or other document (or the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval or acceptance shall not be unreasonably conditioned, delayed or withheld.



### **Section 1.3 Computation of Time**

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. In the event that any payment, distribution, act or deadline under the Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

### **Section 1.4 References to Monetary Figures**

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

### **Section 1.5 Exhibits; Schedules; Plan Supplements**

All exhibits and schedules to the Plan, including Plan Supplements, are incorporated into and are a part of the Plan as if set forth in full herein. Copies of such exhibits, schedules and Plan Supplements can be obtained by downloading such documents from the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)) or the Bankruptcy Court's Website (located at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)). To the extent any exhibit, schedule or Plan Supplement is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit, non-schedule or non-Plan Supplement portion of the Plan shall control.

## **ARTICLE 2 PLAN CONSOLIDATION**

### **Section 2.1 Order Granting Plan Consolidation**

Unless previously approved by prior order of the Bankruptcy Court, the Plan shall serve as a motion seeking entry of an order approving the Plan Consolidation.

### **Section 2.2 Plan Consolidation**

(a) Solely for the purposes specified in the Plan (including voting, Confirmation and distributions) and subject to Section 2.2(b), (i) all assets and liabilities of the Debtors shall be treated as though they were merged, (ii) all guarantees of one Debtor of the obligations of the other Debtor shall be eliminated so that any Claim against either Debtor, any guarantee thereof executed by either Debtor and any joint or several liability of any of the Debtors shall be one obligation of the Debtors and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases against either of the Debtors shall be deemed filed against the Debtors collectively and shall be one Claim against and one obligation of the Debtors.

(b) The Plan Consolidation effected pursuant to this Section 2.2 shall not affect: (i) the legal or organizational structure of the Debtors, (ii) pre- or post-Petition Date Liens or security

interests, (iii) pre- or post-Petition Date guarantees that are required to be maintained (x) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (y) pursuant to the Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

**ARTICLE 3**  
**TREATMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS**

**Section 3.1 Treatment of Administrative Claims**

**(a) Other Administrative Claims**

Each holder of an Allowed Other Administrative Claim shall be paid, in Cash, the full unpaid amount of such Allowed Other Administrative Claim as set forth below.

For Allowed Other Administrative Claims that are Allowed as of the Effective Date, distributions shall be made on the Initial Distribution Date or as soon as practicable thereafter (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor or otherwise ordered by the Bankruptcy Court). For Other Administrative Claims that are Allowed after the Effective Date, distributions shall be made on or as soon as practicable after the date of Allowance (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor or otherwise ordered by the Bankruptcy Court).

Allowed Other Administrative Claims with respect to assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

**(b) Professional Fee Claims**

Each holder of a Professional Fee Claim shall be paid pursuant to the provisions of Section 8.1 hereof.

**Section 3.2 Treatment of Priority Tax Claims**

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtors, (a) a single Cash distribution in an amount equal to such Allowed Priority Tax Claim or (b) equal annual Cash payments over a period ending not later than the fifth anniversary of the Petition Date in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest compounded annually from the Effective Date on any outstanding balance calculated at a rate equal to the market yield on the Effective Date on U.S. Treasury securities at a five-year constant maturity,

quoted on an investment basis, as reported by the Federal Reserve Board; *provided* that the holder of an Allowed Priority Tax Claim shall be treated in a manner not less favorable than the holder of an Allowed General Unsecured Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

**ARTICLE 4**  
**CLASSIFICATION AND TREATMENT OF OTHER CLAIMS AND INTERESTS**

The following table designates the classes of Claims against and Interests in each of the Debtors and specifies which of those classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code and (iii) deemed to reject the Plan. As summarized in Article 2 above, this Plan is predicated upon the proposed Plan Consolidation.

**Section 4.1 Classes for the Debtors**

<b>Class</b>	<b>Designation</b>	<b>Plan Treatment of Allowed Claims</b>	<b>Projected Recovery Under the Plan</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
2	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept

<b>Class</b>	<b>Designation</b>	<b>Plan Treatment of Allowed Claims</b>	<b>Projected Recovery Under the Plan</b>	<b>Status</b>	<b>Voting Rights</b>
3	First Lien Lender Claims	Each holder of a First Lien Lender Claim shall receive its Ratable Proportion of (i) the Class 3 New Common Stock Allocation and (ii) the New Secured Term Notes.	29.8% to 36.1%	Impaired	Entitled to Vote
4	General Unsecured Claims	Each holder of an Allowed General Unsecured Claim shall receive its Ratable Proportion of (i) the Class 4 New Common Stock Allocation, subject to dilution by any New Common Stock (other than the Plan Shares) issued on or after the Effective Date; <i>provided, however,</i> that, when diluted in connection with the Reserved Employee Equity issued in connection with the Reorganized Star Tribune Incentive Plan, such holders shall only be diluted with respect to issuance of a maximum of 5% of the Pro Forma Shares and (ii) the New Warrants.	0.5% to 1.3% <sup>†</sup>	Impaired	Entitled to Vote
5	Convenience Claims	Each holder of an Allowed Convenience Claim shall receive Cash in an amount equal to 0.9% of such holder's Allowed Convenience Claim.	0.9% <sup>†</sup>	Impaired	Entitled to Vote

<sup>†</sup> The projected recovery ranges listed herein for Class 4 (General Unsecured Claims) and Class 5 (Convenience Claims) are estimates that are derived from the Financial Projections annexed to the Disclosure Statement as Appendix D and other assumptions, including an estimated \$150 million of Unsecured Claims, as more fully described in Section 6.3(b) of the Disclosure Statement and Appendix B attached thereto. Actual recoveries in Class 4 (General Unsecured Claims) may be different than projected recoveries based upon, among other things: (a) the market price of the shares of the New Common Stock and (b) the actual amount of Allowed Unsecured Claims against the Debtors.

<b>Class</b>	<b>Designation</b>	<b>Plan Treatment of Allowed Claims</b>	<b>Projected Recovery Under the Plan</b>	<b>Status</b>	<b>Voting Rights</b>
6a	Interests in Star Tribune Holdings	No distribution.	0%	Impaired	Deemed to Reject
6b	Interests in Star Tribune	Reinstatement of Interests.	Retained <sup>♦</sup>	Unimpaired	Deemed to Accept

#### **Section 4.2 Treatment of Claims and Interests**

##### **(a) Other Priority Claims (Class 1)**

Except to the extent that the Debtors and a holder of an Allowed Other Priority Claim agree to a different treatment, each such holder shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

##### **(b) Other Secured Claims (Class 2)**

Except to the extent that the Debtors and a holder of an Allowed Other Secured Claim agree to a different treatment, each holder of an Allowed Other Secured Claim shall receive, at the sole option of the Debtors and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder with respect to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event that the Debtors satisfy an Other Secured Claim under clause (i), (iii), (iv) or (v) above, the Liens securing such Other Secured Claim shall be deemed released without further action by any party.

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<sup>♦</sup> The Interests in Star Tribune will not be cancelled, but will be Reinstated for the benefit of Reorganized Star Tribune Holdings, in exchange for the agreement of Reorganized Star Tribune Holdings to make distributions under this Plan to Creditors of Star Tribune and to use certain funds and assets, to the extent authorized in this Plan, to satisfy certain obligations of Star Tribune.

Any distributions made pursuant to this Section 4.2 shall be made on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

**(c) First Lien Lender Claims (Class 3)**

The First Lien Lender Claims shall be deemed Allowed in the aggregate amount of \$392,923,611, inclusive of swaps, interest, fees and expenses thereunder or thereon, and the amount of letters of credit issued and outstanding as of the Petition Date under the First Lien Credit Agreement that are drawn as of the Effective Date, and the First Lien Lender Claims shall not be subject to set-off, counterclaim, recoupment, reduction or offset. On the Effective Date, each holder of a First Lien Lender Claim shall receive its Ratable Proportion of (i) the Class 3 New Common Stock Allocation and (ii) the New Secured Term Notes.

Distributions in respect of First Lien Lender Claims shall be subject to the provisions of the Class 3 Claims Reserve.

**(d) General Unsecured Claims (Class 4)**

Except to the extent that the Debtors and a holder of an Allowed General Unsecured Claim agree to a different treatment, each holder of an Allowed General Unsecured Claim against any of the Debtors shall receive, on or as soon as reasonably practicable after the later of (x) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (y) the Distribution Date that is at least 20 calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, its Ratable Proportion of (i) the Class 4 New Common Stock Allocation, subject to dilution by any New Common Stock (other than the Plan Shares) issued on or after the Effective Date; *provided, however*, that, when diluted in connection with the Reserved Employee Equity issued in connection with the Reorganized Star Tribune Incentive Plan, such holders shall only be diluted with respect to issuance of a maximum of 5% of the Pro Forma Shares and (ii) the New Warrants.

If any shares of New Common Stock remain in the Class 4 Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 9.4(f) of this Plan have been made, the Disbursing Agent shall, at the direction of Reorganized Star Tribune, effect a final distribution, so that each holder of an Allowed General Unsecured Claim shall receive its Final Ratable Proportion of those shares allocable to such Claim (or the actual Cash proceeds in lieu thereof, in the event of a sale) on or as soon as reasonably practicable after the Final Distribution Date. Such final distribution, if any, together with the initial distribution set forth in the previous paragraph, shall be in full satisfaction, release and discharge of and in exchange for each Allowed General Unsecured Claim against any of the Debtors.

**(e) Convenience Claims (Class 5)**

Except to the extent that the Debtors and a holder of an Allowed Convenience Claim agree to a different treatment, each holder of an Allowed Convenience Claim shall receive from Reorganized Star Tribune, on or as soon as reasonably practicable after the later of (i) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (ii) the Distribution Date that is at least 20 calendar days after such Convenience Claim becomes an Allowed Convenience Claim, in full satisfaction, release and discharge of and in exchange for such Claim, Cash in an amount equal to 0.9% of such holder's Allowed Convenience Claim.

**(f) Interests in Star Tribune Holdings (Class 6a)**

The holders of Interests in Star Tribune Holdings shall neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Star Tribune Holdings shall be cancelled and extinguished.

**(g) Interests in Star Tribune (Class 6b)**

The Interests of Star Tribune Holdings in Star Tribune shall be Reinstated.

**Section 4.3 Treatment of Intercompany Claims**

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors, in their sole discretion, retain the right to eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise.

**Section 4.4 Compliance with Laws and Effects on Distributions**

In connection with the consummation of the Plan, the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state, local or foreign taxing authorities, and all distributions hereunder, whether in Cash, New Common Stock or other property, will be subject to applicable withholding and reporting requirements.

**ARTICLE 5**

**ACCEPTANCE OR REJECTION OF THE PLAN**

**Section 5.1 Voting of Claims**

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 4 of the Plan shall be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

## **Section 5.2 Presumed Acceptance of Plan**

Other Priority Claims (Class 1), Other Secured Claims (Class 2) and Interests in Star Tribune (Class 6b) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

## **Section 5.3 Presumed Rejection of Plan**

Interests in Star Tribune Holdings (Class 6a) shall not receive any distribution under the Plan on account of such Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

## **Section 5.4 Acceptance by Impaired Classes**

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. First Lien Lender Claims (Class 3), General Unsecured Claims (Class 4) and Convenience Claims (Class 5) are Impaired, and the votes of holders of Claims in such Classes will be solicited.

## **Section 5.5 Nonconsensual Confirmation**

If any Impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority required by section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to (i) re-classify any Claim or Interest, including re-classifying any Impaired Claim or Interest as Unimpaired, (ii) amend the Plan in accordance with Article 14 of the Plan and/or (iii) undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

# **ARTICLE 6 IMPLEMENTATION OF THE PLAN**

## **Section 6.1 Continued Corporate Existence**

Except as otherwise provided in the Plan, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.



## **Section 6.2 Section 1145 Exemption**

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the issuance under the Plan of the New Plan Securities will each be exempt from registration under the Securities Act.

## **Section 6.3 Compensation Plans**

On the Effective Date or as soon as practicable thereafter, the Reorganized Debtors shall implement each of the Compensation Plans pursuant to the terms thereof. The terms of the Profit Sharing Plan shall be set forth in a Plan Supplement, which shall be filed no later than 10 calendar days before the Voting Deadline. The solicitation of votes on this Plan shall include and be deemed to be a solicitation of the holders of New Common Stock for approval of the Reorganized Star Tribune Incentive Plan and the authorization of the Reserved Employee Equity, and entry of the Confirmation Order shall constitute such approval.

On the next Interim Distribution Date that is no fewer than 30 days following the date on which the Reorganized Star Tribune Incentive Plan becomes effective (or as soon thereafter as reasonably practicable) and subject to the provisions of the Plan (including Articles 7 and 9), the Disbursing Agent shall distribute to holders of Allowed General Unsecured Claims sufficient shares of New Common Stock to limit the dilutive impact of the Reorganized Star Tribune Incentive Plan to 5% of the Pro Forma Shares.

## **Section 6.4 Letters of Credit**

Upon the Effective Date, Reorganized Star Tribune shall assume the reimbursement obligations under the Letters of Credit listed on Exhibit C, which reimbursement obligations shall be cash collateralized by Reorganized Star Tribune on the Effective Date.

## **Section 6.5 Authorization of New Plan Securities**

Without further act or action under applicable law, regulation, order or rule, Reorganized Star Tribune Holdings is authorized to issue the New Plan Securities (including any shares issued upon the exercise of the New Warrants or Reserved Employee Equity issued under the Reorganized Star Tribune Incentive Plan).

## **Section 6.6 New Stockholders' Agreement**

By their acceptance thereof, all persons receiving New Common Stock and/or New Warrants pursuant to the Plan are deemed to be parties to and bound by the New Stockholders' Agreement (including for this purpose any shares issued upon the exercise of the New Warrants or Reserved Employee Equity issued under the Reorganized Star Tribune Incentive Plan).

## **Section 6.7 Cancellation of Existing Securities and Related Agreements**

On the Effective Date, all the agreements and other documents evidencing the First Lien Lender Claims and Second Lien Lender Claims and rights of any holder of such Claims against, or Interest in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors, shall be cancelled; *provided, however*, that Interests in Reorganized Star Tribune held by Star Tribune Holdings shall be Reinstated; and *provided, further*, that at the election of the Debtors and the First Lien Agent, the First Lien Credit Agreement may remain in effect and be amended and restated consistent with the New Secured Loan Documents; and *provided further, however*, the agreements and other documents evidencing the Second Lien Lender claims shall continue in effect solely for the purposes of (a) allowing distributions to be made under this Plan pursuant to the Second Lien Credit Agreement and the Second Lien Agent to perform such other necessary functions with respect thereto and to have the benefit of all the protections and other provisions of the Second Lien Credit Agreement in doing so; (b) permitting the Second Lien Agent to maintain or assert any right or remedy it may have for indemnification, contribution or otherwise against the Second Lien Lenders under the Second Lien Credit Agreement with respect to fees and expenses incurred in carrying out its duties or exercising its rights and remedies thereunder; (c) permitting the Second Lien Agent to assert any right or remedy it may have for indemnification, contribution or other Claim under the Second Lien Credit Agreement, subject to any and all defenses the Debtors and the Reorganized Debtors may have under this Plan and applicable law to any such asserted right or Claims; and (d) permitting the Second Lien Agent to exercise its rights and obligations relating to the interests of the Second Lien Lenders and its relationship with the Second Lien Lenders pursuant to the Second Lien Credit Agreement, including all rights it may have to appear and be heard in these Chapter 11 Cases and any appeals.

## **Section 6.8 Restructuring Transactions**

On or as of the Effective Date, the distributions provided for under the Plan may be effectuated pursuant to the Restructuring Transactions described in Article 6 of the Plan, the documentation for which shall be satisfactory to the Debtors and the First Lien Agent. The Debtors reserve the right to amend the Plan to implement the Restructuring Transactions no later than ten days prior to the Confirmation Date, without the need for further approval or resolicitation of any party. Consistent with the Plan, the Debtors and the First Lien Agent may elect to effectuate the following restructuring transactions (the “**Restructuring Transactions**”), all of which shall occur *in seriatim*:

- (a) Newco shall be formed by the First Lien Lenders;
- (b) Newco shall form Newco LLC and hold 100% of the ownership interests in Newco LLC;
- (c) Star Tribune distributes to Star Tribune Holdings all of its Avoidance Actions and certain other assets;

- (d) Star Tribune merges into Newco LLC. Pursuant to the merger, Star Tribune Holdings shall receive (i) Newco stock in an amount corresponding to the Class 4 Common Stock Allocation and (ii) Newco warrants the terms of which shall be substantially identical to the New Warrants, which stock and warrants will be distributed to Holders of Allowed General Unsecured Claims; and
- (e) the Interests in Star Tribune Holdings will be cancelled.

### **Section 6.9 Other Transactions**

In addition, except as otherwise set forth in the Plan, prior to or as of the Effective Date, either or both of the Debtors may engage in any other transactions deemed necessary or appropriate (including, without limitation, merging, dissolving or transferring assets between them); *provided, however*, that, if the Restructuring Transactions are implemented, Reorganized Star Tribune Holdings shall remain in existence for the purpose of acting as Disbursing Agent, pursuing Avoidance Actions, and conducting such other business as it may choose and shall not be liquidated, as determined for United States federal income tax purposes, for at least five (5) years after the Effective Date.

## **ARTICLE 7 PROVISIONS GOVERNING DISTRIBUTIONS**

### **Section 7.1 Disbursing Agent**

The Disbursing Agent shall make all distributions required under this Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

### **Section 7.2 Timing and Delivery of Distributions**

#### **(a) Timing**

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 4.4 of the Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors shall receive the distributions provided for Allowed Claims in the applicable Classes as of such date. Distributions on account of Unsecured Claims Allowed as of the Effective Date shall be made on or as soon as reasonably practicable after the Initial Distribution Date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) shall be made pursuant to the provisions set forth in this Plan on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after the Allowance of each such Claim; *provided, however*, that distributions on account of the Claims set forth in Article 3 of this Plan shall be made as set forth therein and Professional Fee Claims shall be made as soon as reasonably practicable after their Allowance. Because of the

complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

**(b) De Minimis Distributions**

Notwithstanding any other provision of this Plan, neither the Reorganized Debtors nor the Disbursing Agent shall have any obligation to make a particular distribution to a specific holder of an Allowed Claim on an Initial Distribution Date or an Interim Distribution Date if (i) such Allowed Claim has an economic value less than \$50 and (ii) such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of this Plan, the Reorganized Debtors reserve the right in their sole discretion to distribute (or to direct the Disbursing Agent to distribute) Cash to the holder of an Allowed Claim in respect of any distribution that has an economic value less than \$250 and that would otherwise receive New Common Stock on account of such Claim. Such Cash distribution (which shall be equal to the value of the New Common Stock that the holder would otherwise have received) shall be in full satisfaction, release and discharge of and in exchange for any such Claim.

Notwithstanding any other provision of this Plan, none of the Reorganized Debtors nor the Disbursing Agent shall have any obligation to make any distributions under this Plan with a value of less than \$25, unless a written request therefor is received by the Reorganized Debtors from the relevant recipient at the addresses set forth in Section 16.14 hereof.

**(c) Delivery of Distributions**

With respect to all holders of Allowed Claims, distributions shall only be made to the record holders of such Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors and the Disbursing Agent and each of the foregoing's respective agents, successors and assigns with respect to Claims shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors and Disbursing Agent and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

### **Section 7.3 Manner of Payment under Plan**

(a) At the option of the Debtors, any Cash payment to be made hereunder may be made by check, wire transfer or any other customary payment method.

(b) The Disbursing Agent shall make distributions of New Plan Securities or Cash as required under the Plan on behalf of the applicable Reorganized Debtor. Any distributions of New Common Stock or Cash that revert to the Reorganized Debtors or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) shall revert solely in Reorganized Star Tribune and Reorganized Star Tribune Holdings shall not have (nor shall it be considered to ever have had) any ownership interest in the amounts distributed.

#### **(c) Book Entry of New Common Stock and New Warrants**

Reorganized Star Tribune Holdings expects to deliver all shares of New Common Stock and New Warrants in book entry form through a registry managed by its transfer agent. The Debtors do not intend to issue physical stock certificates or warrant certificates to Creditors under this Plan. Delivery of New Common Shares and New Warrants in book entry form will not be made until after a holder of First Lien Lender Claims or General Unsecured Claims, as applicable, provides customary identifying information to Reorganized Star Tribune Holdings or its transfer agent to enable the establishment of a book entry account with respect to such holder.

#### **(d) Allocation of Plan Distributions Between Principal and Interest**

To the extent that any Allowed General Unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

#### **(e) Compliance Matters**

In connection with the Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed by any federal, state or local taxing authority and all distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and similar encumbrances.

**(f) Fractional Shares**

No fractional shares of New Common Stock will be issued or distributed under this Plan. The actual distribution of shares of New Common Stock on the Interim Distribution Dates and the Final Distribution Date will be rounded to the next higher or lower whole number as follows: (i) fractions less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number and (ii) fractions equal to or greater than one-half ( $\frac{1}{2}$ ) shall be rounded to the next higher whole number. The total number of shares of New Common Stock to be distributed herein will be adjusted as necessary to account for such rounding. No consideration will be provided in lieu of fractional shares that are rounded down.

**(g) Fractional Interests in New Warrants**

No fractional interests in New Warrants, or Cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan would otherwise result in the issuance of a number of New Warrants that is not a whole number, the actual distribution of New Warrants shall be rounded as follows: (i) fractions of one-half ( $\frac{1}{2}$ ) or greater shall be rounded to the next higher whole number; and (ii) fractions of less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number. The total number of shares of New Warrants to be distributed herein will be adjusted as necessary to account for such rounding. No consideration will be provided in lieu of fractional interests that are rounded down.

**Section 7.4 Undeliverable or Non-Negotiated Distributions**

If any distribution is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Disbursing Agent is notified in writing of such holder's then-current address, at which time the undelivered distribution shall be made to such holder without interest or dividends. Undeliverable distributions shall be returned to Reorganized Star Tribune until such distributions are claimed. All distributions under the Plan that remain unclaimed for one year after the relevant Distribution Date shall indefeasibly revert to Reorganized Star Tribune. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and such funds shall revert to Reorganized Star Tribune, notwithstanding any federal or state escheat laws to the contrary.

## **Section 7.5 Claims Paid or Payable by Third Parties**

### **(a) Claims Paid by Third Parties**

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor shall, within 30 calendar days of receipt thereof, repay and/or return the distribution to the applicable Reorganized Debtor, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

The Claims Agent shall expunge any Claim from the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Claims Agent of such subrogation rights.

### **(b) Claims Payable by Third Parties**

To the extent that one or more of the Debtors' insurers agrees to satisfy a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon satisfaction) on the official claims register by the Claims Agent without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

## **Section 7.6 Distributions on Account of Allowed Second Lien Lender Claims**

All distributions on account of Allowed Second Lien Lender Claims shall be made to the Second Lien Agent. If a distribution is made to the Second Lien Agent, the Second Lien Agent shall administer the distribution in accordance with this Plan and the Second Lien Credit Agreement and shall be reasonably compensated for its services and disbursements related to distributions pursuant to this Plan (and for the reasonable and related fees and expenses of any counsel engaged by the Second Lien Agent with respect to administering or implementing such distributions), by the Debtors, Reorganized Star Tribune, Reorganized Star Tribune Holdings or the Distribution Agent, as appropriate, in the ordinary course upon the presentation of invoices by the Second Lien Agent; *provided, however*, that such fees and expenses of the Second Lien Agent (including, without limitation, the fees and expenses incurred by its counsel) shall not exceed \$5,000 unless the Reorganized Debtors or the Distribution Agent request that the Second Lien Agent serve as the transfer agent, in which case the parties shall negotiate a separate fee for such services. Compensation of the Second Lien Agent for services relating to distributions under this Plan shall be made without the need for filing any application or request with, or approval by, the Bankruptcy Court. The Bankruptcy Court shall, however, retain jurisdiction to resolve any dispute with respect to the reasonableness of any such fee or expense.

The Second Lien Agent shall not be required to give any bond, surety or other security for the performance of its duties with respect to the administration and implementation of distributions.

Any and all distributions on account of Allowed Second Lien Lender Claims shall be subject to the right of the Second Lien Agent to exercise its rights and remedies under the Second Lien Credit Agreement for any unpaid fees and expenses incurred prior to the Effective Date and any fees and expenses of the Second Lien Agent incurred in making distributions pursuant to this Plan, and any fees and expenses of the Second Lien Agent incurred in responding to any objection to the payment of the fees and expenses of the Second Lien Agent.

Notwithstanding any of the foregoing, nothing herein shall be deemed to impair, waive or extinguish any rights and remedies of the Second Lien Agent under the Second Lien Credit Agreement.

## **ARTICLE 8**

### **FILING OF ADMINISTRATIVE CLAIMS**

#### **Section 8.1 Professional Fee Claims**

##### **(a) Final Fee Applications**

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 45 calendar days after the Confirmation Date. Such requests shall be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys at least three Business Days prior to the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to the final requests shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order with respect to a given request, or all timely objections are subsequently resolved, such Professional shall submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections shall be determined by the Bankruptcy Court at a hearing to be held no sooner than 10 calendar days after the objection deadline. Notwithstanding Section 7.2(a) of this Plan, distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed.

##### **(b) Payment of Interim Amounts**



Professionals shall be paid pursuant to the “Monthly Statement” process set forth in the Interim Compensation Order with respect to all calendar months ending prior to the Confirmation Date.

**(c) Confirmation Date Fees**

Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals in the ordinary course of business (including with respect to the month in which the Confirmation Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

**Section 8.2 Other Administrative Claims**

**(a)** A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court’s docket and (ii) posted on the Debtors’ Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)). No other notice of the Other Administrative Claim Bar Date will be provided.

**(b)** All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 8.1 of this Plan) must be filed with the Claims Agent and served on counsel for the Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to this Section 8.2 that are not properly filed and served by the Other Administrative Claim Bar Date shall not appear on the register of claims maintained by the Claims Agent and shall be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

**(c)** The Reorganized Debtors, in their sole and absolute discretion, may settle Other Administrative Claims in the ordinary course of business without further Bankruptcy Court approval.

**(d)** Unless the Debtors or the Reorganized Debtors object to a timely-filed and properly-served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

**(e)** Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed with respect to Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court or (iii) are for Cure amounts.

**ARTICLE 9**  
**DISPUTED CLAIMS**

**Section 9.1      Objections to Claims**

(a) The Reorganized Debtors shall be entitled to object to all Claims; *provided, however,* that the Reorganized Debtors shall not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Reorganized Debtors shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

(b) Claims objections filed before, on or after the Effective Date shall be filed, served and administered in accordance with the Claims Objection Procedures Order, which shall remain in full force and effect; *provided, however,* that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

**Section 9.2      Resolution of Disputed Claims**

On and after the Effective Date, the Reorganized Debtors shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to Claims and to compromise, settle or otherwise resolve any Disputed Claims without notice to or approval by the Bankruptcy Court or any other party.

**Section 9.3      Estimation of Claims and Interests**

The Debtors may, in their sole and absolute discretion, determine, resolve and otherwise adjudicate Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim and the Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however,* that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes at only \$1.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim

that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

#### **Section 9.4 Payments and Distributions with Respect to Disputed Claims**

##### **(a) No Distributions Pending Allowance**

Notwithstanding any other provision in the Plan, no payments or distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

##### **(b) Class 3 Claims Reserve**

Pursuant to Article 4 of this Plan, the ultimate recovery to holders of First Lien Lender Claims (Class 3) is dependent upon the total amount of Allowed Unsecured Claims (Class 4 and Class 5). Unless (i) the total amount of Allowed Unsecured Claims is finally determined on or before the Initial Distribution Date or (ii) the Reorganized Debtors determine in their discretion that the total amount of Allowed Unsecured Claims will equal or exceed the amount of \$120,000,000, the Disbursing Agent shall hold in reserve (the “**Class 3 Claims Reserve**”) an appropriate portion of the Class 3 New Common Stock Allocation, together with all earnings thereon, if any (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed to the holders of First Lien Lender Claims on the Interim Distribution Dates and/or the Final Distribution Date, as required by this Plan. In the event that it is determined that the total Allowed Unsecured Claims equal or exceed the amount of \$120,000,000, then the Disbursing Agent shall transfer the remaining shares of New Common Stock in the Class 3 Claims Reserve to the Class 4 Claims Reserve.

##### **(c) Class 4 Claims Reserve**

That portion of the Class 4 New Common Stock Allocation and New Warrants that is not distributed in connection with the Initial Distribution Date pursuant to Article 4 of this Plan shall be held in reserve (the “**Class 4 Claims Reserve**” and, together with the Class 3 Claims Reserve, the “**Claims Reserves**”), together with all earnings thereon, if any (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Interim Distribution Dates and the Final Distribution Date, as required by this Plan.

##### **(d) Voting Issues**

Any New Common Stock held under this Section 9.4 shall be deemed voted by the Disbursing Agent proportionally in the same manner as the rest of the New Common Stock is voted.

**(e) Tax Matters**

For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent shall (i) treat each Claims Reserve as a discrete trust for federal income tax purposes (which trust may consist of separate and independent shares) in accordance with the trust provisions of the Internal Revenue Code (section 641, *et seq.*) and (ii) to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Claims and/or Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

**(f) Distributions After Allowance**

(i) To the extent that a Disputed General Unsecured Claim becomes an Allowed Claim after the Effective Date or the holders of First Lien Lender Claims become entitled to a subsequent distribution due to the finalization of the total amount of Allowed Unsecured Claims, the Disbursing Agent will, out of the relevant Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 7.2(a) of this Plan. Subject to Section 9.6 of this Plan, all distributions made under this paragraph (i) on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the relevant Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class.

(ii) To the extent that a Convenience Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof the distribution, if any, to which such holder is entitled under this Plan in accordance with Section 7.2(a) and Section 9.6 of this Plan.

**Section 9.5 No Amendments to Claims**

A Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or the Debtors to file or amend a Claim. Any new or amended Claim (other than (i) Claims filed by the Rejection Bar Date that are related to executory contracts or unexpired leases rejected pursuant to this Plan or an order of the Bankruptcy Court or (ii) Claims filed by a governmental unit (as defined in section 101(27) of the Bankruptcy Code), consistent with the terms of the Bar Date Order) filed after the Confirmation Date without such prior authorization will not appear on the register of claims maintained by the Claims Agent and will be deemed disallowed in full and expunged without

any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

### **Section 9.6 No Interest**

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan or the Confirmation Order, post-petition interest shall not accrue or be paid on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim with respect to the period from and after the Effective Date; *provided, however*, that nothing in this Section 9.6 shall limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

## **ARTICLE 10 EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **Section 10.1 Rejection of Executory Contracts and Unexpired Leases**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party shall be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Effective Date, (iii) that is assumed, rejected or otherwise treated pursuant to Section 10.3 or Section 10.4 of the Plan, (iv) that is listed on Schedule 10.2(a) or 10.2(b) of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned Schedules shall be of no effect.

### **Section 10.2 Schedules of Executory Contracts and Unexpired Leases**

(a) Schedules 10.2(a) and 10.2(b) of this Plan shall be filed by the Debtors as specified in Section 16.7 of this Plan as Plan Supplements and shall represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or prior to 3:00 p.m. (prevailing Eastern time) on the third Business Day immediately prior to the commencement of the Confirmation Hearing, (i) to amend Schedules 10.2(a) and 10.2(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right shall be extended to 3:00 p.m.

on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (i) each of the executory contracts and unexpired leases listed on Schedule 10.2(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (ii) each of the executory contracts and unexpired leases listed on Schedule 10.2(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon.

(b) The Debtors shall file initial versions of Schedules 10.2(a) and 10.2(b) and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the relevant Assumption Parties and Rejection Parties. With respect to any executory contract or unexpired lease first listed on Schedule 10.2(b) later than the date that is 10 calendar days prior to the Voting Deadline, the Debtors shall use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

(c) With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 10.2(b) to object to Confirmation of this Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of this Plan.

(d) The listing of any contract or lease on Schedule 10.2(a) or 10.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease.

### **Section 10.3 Categories of Executory Contracts and Unexpired Leases to be Assumed**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of this Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

**(a) Customer Programs, Insurance Plans, Surety Bonds and Workers' Compensation Plans**

Subject to the terms of the first paragraph of this Section 10.3, each Customer Program, Insurance Plan, Surety Bond and Workers' Compensation Plan shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 10.3(a) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by this Section 10.3(a) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

**(b) Certain Indemnification Obligations**

Each Indemnification Obligation to a director, officer or employee that was employed by any of the Debtors in such capacity on or after the Petition Date shall be deemed assumed effective as of the Effective Date; *provided, however*, that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 10.4 shall also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan shall (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligation and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in this Plan, the Reorganized Debtors may in their sole discretion (but have no obligation to) honor each Indemnification Obligation to a director, officer or employee that was no longer employed by either of the Debtors in such capacity on or after the Petition Date, unless such obligation (i) shall have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 10.2(b) or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent to Assume or Reject.

**(c) Collective Bargaining Agreements**

Subject to the terms of the first paragraph of this Section 10.3, each Collective Bargaining Agreement, as amended (including, without limitation, by the applicable Bankruptcy Restructuring Agreement), shall be deemed assumed effective as of the Effective Date; *provided, however*, that nothing in this Section or otherwise in the Plan shall be deemed to effect an assumption of any pension plan, retirement plan, savings plan, health plan or other employee benefit plan rejected, discontinued, withdrawn from, terminated or for which the authority to effectuate the foregoing was granted. The consideration, if any, set forth in the applicable Bankruptcy Restructuring Agreements shall be the sole consideration for, and shall be deemed to satisfy, all Claims and Interests arising under the relevant Collective Bargaining Agreements

(including all predecessors thereto). Upon assumption of the Collective Bargaining Agreements, the following Proofs of Claim shall be deemed withdrawn, disallowed and forever barred from assertion automatically and without any further notice to or action, order or approval of the Bankruptcy Court: (i) all Proofs of Claim filed by the Debtors' Unions and (ii) all Proofs of Claim filed by Union-represented employees, pertaining, in each case, to rights collectively bargained for or disposed of pursuant to the Collective Bargaining Agreements, including, without limitation, Claims on account of grievances, reinstatement and pension obligations; *provided, however*, that the Debtors reserve the right to seek adjudication of any Collective Bargaining Agreement-related dispute that concerns distributions, Claims, restructuring transactions or other aspects of the Plan between the Debtors and the relevant Union in the Bankruptcy Court. Nothing contained in Section 10.3 of the Plan shall affect the treatment of any Claim to the extent (i) previously Allowed by a Final Order of the Bankruptcy Court or (ii) filed by the Machinists and related to any post-petition consensual or non-consensual modification of the terms of employment set forth in the Machinists' Collective Bargaining Agreement; *provided* that the Debtors and the Reorganized Debtors reserve all rights to object to any such Claim(s).

**(d) Freelance Writer Agreements**

Subject to the terms of the first paragraph of this Section 10.3, each Freelance Agreement shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 10.3(a)(d) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any individual or entity, including, without limitation, any counterparty to a Freelance Agreement. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by this Section 10.3(a)(d) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

**Section 10.4 Other Categories of Agreements and Policies**

**(a) Employee Agreements**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date shall be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan, (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline or (vi) that is an agreement related to payment or potential repayment of employee relocation expenses (each such relocation agreement shall instead be deemed assumed effective as of the Effective Date). The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.



**(b) Employee Benefits**

As of the Effective Date, whether or not such employee benefits are provided for in an Employee Agreement that has been rejected in these Chapter 11 Cases (by operation of this Plan or otherwise), the Debtors and the Reorganized Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of either of the Debtors who served in such capacity at any time; *provided, however*, that this provision does not address Collective Bargaining agreements or the terms of employment of employees represented by labor unions; and *provided, further*, that the Debtors shall not be permitted to honor severance benefits for a severance period of more than nine months for any employee who is severed more than six months following the Effective Date. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else herein, at the discretion of the Reorganized Debtors, the assumed plans shall be subject to modification in accordance with the terms thereof.

The Debtors intend to execute amended employment agreements with certain of their employees on or before the Confirmation Date.

**(c) Non-Qualified Plans**

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of (i) the Pension Supplement Plan, (ii) the Senior Management Group Supplement Plan, (iii) the Credited Service Supplement Plan, (iv) the Executive Supplemental Savings Plan, (v) the Deferred Compensation Plan for Management Employees and (vi) any other non-qualified deferred compensation or retirement obligations of the Debtors will be deemed rejected and terminated effective as of the Effective Date and no further benefits will be payable thereunder; *provided, however*, that the Reorganized Debtors may in their sole discretion (but shall have no obligation to) honor or satisfy the benefits accrued for current employees.

**(d) Certain Retiree Benefits**

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors shall continue to pay retiree health and welfare benefits of the Debtors at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code at any time prior to confirmation of the Plan, and for the duration of the period for which the Debtors have obligated themselves to provide such benefits. The Reorganized Debtors may unilaterally modify or terminate any retiree benefits (including health and welfare benefits) in accordance with the terms of the plan, program, policy or document under which such benefits

are established or maintained; *provided, however*, that nothing herein shall be construed to enlarge the Reorganized Debtors' rights to modify such retiree benefits (including such retiree benefits that are vested, if any) under applicable non-bankruptcy law.

## **Section 10.5 Assumption and Rejection Procedures and Resolution of Treatment Objections**

### **(a) Proposed Assumptions**

(i) With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of this Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed fully satisfied by the Proposed Cure, if any, which shall be the Cure.

(ii) Any objection to the assumption of an executory contract or unexpired lease that is not timely filed and properly served shall be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption shall be forever barred from assertion and shall not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

### **(b) Proposed Rejections**

(i) With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of this Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

(ii) Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served shall be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

**(c) Resolution of Treatment Objections**

(i) Both on and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

(ii) With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least 14 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

(iii) Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption, unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 10.5(d).

(iv) No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

**(d) Reservation of Rights**

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Debtors or Reorganized Debtors, the Debtors and the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure with respect to such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

**Section 10.6 Rejection Claims**

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or Reorganized Debtors may contest any Rejection Claim in accordance with Section 9.1 of the Plan.

### **Section 10.7 Assignment**

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to this Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

### **Section 10.8 Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases**

(a) Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed pursuant to the Plan shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing or providing for its assumption, or applicable federal law.

(b) The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default shall be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

### **Section 10.9 Modifications, Amendments, Supplements, Restatements or Other Agreements**

Unless otherwise provided by this Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any

other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to pre-petition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the pre-petition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create post-petition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any pre-petition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

## **ARTICLE 11**

### **PROVISIONS REGARDING CORPORATE GOVERNANCE OF THE REORGANIZED DEBTORS**

#### **Section 11.1 Corporate Action**

(a) On the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby with respect to each of the Reorganized Debtors shall be deemed authorized and approved in all respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of the New Certificates of Incorporation, (ii) the approval of the New Bylaws, (iii) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (iv) the issuance of the New Plan Securities, (v) the adoption and/or implementation of the Compensation Plans and (vi) the execution, delivery and performance of the Plan Documents. The New Bylaws and New Certificates of Incorporation shall contain provisions necessary (a) to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such certificates of incorporation and bylaws as permitted by applicable law and (b) to effectuate the provisions of the Plan, in each case without any further action by the stockholders or directors of the Debtors or the Reorganized Debtors. After the Effective Date, any of the Reorganized Debtors may file restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

(b) All matters provided for herein involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

(c) On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any

and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

### **Section 11.2 Directors and Officers of the Reorganized Debtors**

(a) On the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of the board of directors of such Reorganized Debtor.

(b) The initial board of directors of each of the Reorganized Debtors shall consist of between five and seven members, all but one of whom shall be selected by the First Lien Agent and the Steering Committee; the remaining member of each board of directors shall be the chief executive officer of Reorganized Star Tribune. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, by 10 calendar days prior to the Voting Deadline, the identity and affiliations of the Persons proposed to serve on the Reorganized Debtors' respective boards of directors. Each of the members of such initial boards of directors shall serve a one-year term. After selection of the initial boards of directors, the holders of the New Common Stock will elect members of the boards of directors of the Reorganized Debtors in accordance with the applicable certificate of incorporation, applicable bylaws and applicable nonbankruptcy law.

(c) Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, the principal officers of each Debtor immediately prior to the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date. Each such officer shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

(d) The Debtors will also disclose, by 10 calendar days prior to the Voting Deadline, the nature of the compensation payable to each Person proposed to serve on the Reorganized Debtors' boards of directors, as well as Reorganized Star Tribune's chief executive officer.

## **ARTICLE 12 EFFECT OF CONFIRMATION**

### **Section 12.1 Vesting of Assets**

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of each of the Debtors shall vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of

the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

## **Section 12.2 Releases and Discharges**

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral element of the transactions incorporated into the Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors and (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

## **Section 12.3 Discharge and Injunction**

**Except as otherwise specifically provided herein or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims, and shall terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided herein or in the Confirmation Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Interests (and all representatives, trustees or agents on behalf of each holder) shall be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.**

**Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise provided herein, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective**

**Date.** Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, the Debtors.

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to this Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

#### **Section 12.4 Term of Injunction or Stays**

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

#### **Section 12.5 Exculpation**

Pursuant to the Plan, none of the Debtors, Reorganized Debtors, the Creditors' Committee, the Avista Funds, the Harte Family Trust, the Administrative Agents or the Steering Committee, or any of their respective Affiliates, members, officers, directors, employees, advisors, actuaries, accountants, attorneys, financial advisors, investment bankers, consultants, professionals or agents, shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or agreement in the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct, ultra vires acts or gross negligence.



## Section 12.6 Release by the Debtors

Pursuant to the Plan, as of the Effective Date, the Debtors, their Estates and the Reorganized Debtors release all of the Released Parties (defined below) from any and all Causes of Action (other than the rights of the Debtors or the Reorganized Debtors to enforce this Plan and the Plan Documents including contracts, instruments, releases, indentures and other agreements or documents delivered thereunder) held, assertable on behalf of or derivative from the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor, any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts or gross negligence) taking place before the Effective Date. For the purposes of this Plan, "Released Parties" means all present officers and directors of the Debtors, all present and former members of the Creditors' Committee, the Steering Committee, the Avista Funds, the Harte Family Trust, the Administrative Agents and/or any of their or the Debtors' respective Affiliates, members, officers, directors, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents; *provided, however*, that if any Released Party directly or indirectly brings or asserts any claim or Cause of Action in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, then the release set forth in this Section 12.6 of the Plan (but not any release or indemnification or any other rights or claims granted under any other section of this Plan or under any other document or agreement) shall automatically and retroactively be null and void *ab initio* with respect to such Released Party; *provided further* that the immediately preceding clause shall not apply to the prosecution in the Bankruptcy Court (or any appeal therefrom) of the amount, priority or secured status of any pre-petition Claim against the Debtors.

## Section 12.7 Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, holders of Claims that (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all Causes of Action whatsoever, including derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or

hereafter arising, in law, equity or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor, any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts or gross negligence) taking place before the Effective Date. A holder of a Claim who does not cast a Ballot or who is not entitled to cast a Ballot will be deemed to have opted out of the releases set forth in this paragraph.

#### **Section 12.8 Set-off and Recoupment**

The Debtors and Reorganized Debtors may, but shall not be required to, set-off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

#### **Section 12.9 Avoidance Actions**

Except as otherwise provided herein or in a Final Order entered in these Chapter 11 Cases, the Reorganized Debtors shall retain any and all avoidance claims accruing to the Debtors under sections 502(d), 544, 545, 547, 548, 549, 550 and 551 of the Bankruptcy Code (collectively, the "**Avoidance Actions**") and prosecute such claims at the discretion of the Reorganized Debtors; *provided, however*, upon the occurrence of the Effective Date, the First Lien Lenders shall be deemed to have waived and released any lien on or security interest in the Avoidance Actions and the proceeds thereof.

#### **Section 12.10 Preservation of Causes of Action**

(a) Except as expressly provided in this Article 12, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any

property of the Debtors' Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 12.10.

(b) Except as set forth in this Article 12, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or with respect to any Claim left Unimpaired by the Plan. The Reorganized Debtors shall have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

### **Section 12.11 Compromise and Settlement of Claims and Controversies**

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole and absolute discretion, and after the Effective Date, such right shall pass to the Reorganized Debtors.

## **ARTICLE 13**

### **CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN**

#### **Section 13.1 Conditions to Confirmation**

The following are conditions precedent to Confirmation of the Plan that must be satisfied or waived in accordance with Section 13.3 of the Plan:

(a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance acceptable to the Debtors; and

(b) The Plan Supplements shall have been filed by the Debtors.

### **Section 13.2 Conditions to Effectiveness**

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 13.3 of the Plan:

- (a) The Confirmation Order, in form and substance acceptable to the Debtors, shall have been entered and become a Final Order;
- (b) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed as determined by the Debtors in their sole and absolute discretion;
- (c) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order, in each case as determined by the Debtors in their sole and absolute discretion;
- (d) Each of the New Certificates of Incorporation, New Bylaws and the Compensation Plans will be in full force and effect as of the Effective Date; and
- (e) The Plan Documents shall have been executed and delivered by all of the parties thereto.

### **Section 13.3 Waiver of Conditions to Confirmation or Effectiveness**

Upon written notice to the First Lien Agent and the Creditors' Committee, the Debtors may waive any of the conditions set forth in Section 13.1 and Section 13.2 hereof at any time, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition prior to the Confirmation Date or the Effective Date may be asserted by the Debtors, in their sole and absolute discretion (with written notice to the First Lien Agent and the Creditors' Committee), as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

## **ARTICLE 14**

### **MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN**

#### **Section 14.1 Plan Modifications**

(a) Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b)

of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests; *provided, however*, that the Debtors shall give written notice of any such technical adjustments and modifications to the First Lien Agent and the Creditors' Committee.

#### **Section 14.2 Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date**

The Debtors reserve the right to revoke, withdraw or delay consideration of the Plan prior to the Confirmation Date, either entirely or with respect to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Debtors revoke or withdraw the Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 120 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then, absent further order of the Bankruptcy Court (a) the Plan shall be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, shall be deemed null and void and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person; (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases, including, without limitation, assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

### **ARTICLE 15 RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT**

On and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters with respect to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

**(b)** To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

**(c)** To hear and determine all matters with respect to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

**(d)** To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

**(e)** To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

**(f)** To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

**(g)** To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

**(h)** To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

**(i)** To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;

**(j)** To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

**(k)** To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

**(l)** To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

**(m)** To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplements;

(n) To recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

(o) To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

(p) To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

(q) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;

(r) To hear any other matter not inconsistent with the Bankruptcy Code; and

(s) To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims.

## **ARTICLE 16 MISCELLANEOUS**

### **Section 16.1 Exemption from Transfer Taxes and Recording Fees**

Pursuant to section 1146(b) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Plan Securities, any joint operating agreement, merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

## **Section 16.2 Expedited Tax Determination**

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods through the Effective Date.

## **Section 16.3 Payment of Statutory Fees**

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

## **Section 16.4 No Listing of Plan Securities**

None of the Plan Securities shall be listed on a national securities exchange or a qualifying interdealer quotation system.

## **Section 16.5 Dissolution of the Creditors' Committee**

Upon the Effective Date, the Creditors' Committee shall dissolve automatically and its members shall be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code.

## **Section 16.6 Second Lien Agent Fees**

The Debtors shall pay the reasonable fees and expenses of the Second Lien Agent through the Effective Date, including the reasonable fees and expenses of its professionals, up to \$100,000 in the aggregate. Any disputes regarding reasonableness shall be submitted to the Bankruptcy Court for resolution.

## **Section 16.7 Plan Supplements**

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in this Plan, be contained in Plan Supplements filed from time to time, all of which shall be filed with the Bankruptcy Court no later than 10 calendar days prior to the Voting Deadline. Unless otherwise expressly provided in the Plan, the Debtors shall remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan Supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan Supplements on the Debtors' Case Information Website (located at [www.startribunereorg.com](http://www.startribunereorg.com)) or the Bankruptcy Court's Website (located at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)).



### **Section 16.8 Claims Against Other Debtors**

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that either of the Debtors are subject to or liable for any Claim against the other Debtor.

### **Section 16.9 Substantial Consummation**

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

### **Section 16.10 Section 1125 of the Bankruptcy Code**

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

### **Section 16.11 Severability**

In the event that any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

### **Section 16.12 Governing Law**

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit hereto or a Schedule or Plan Documents provide otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and

enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

### **Section 16.13 Binding Effect**

The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

### **Section 16.14 Notices**

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee, the First Lien Agent and/or the Steering Committee, or the United States Trustee must be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

The Star Tribune Company  
425 Portland Avenue  
Minneapolis, Minnesota 55488  
Attn: Randy Lebedoff  
Telephone: (612) 673-4000  
Facsimile: (612) 673-7933

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017  
Attn: Marshall S. Huebner  
Timothy E. Graulich  
Telephone: (212) 450-4000  
Facsimile: (212) 701-6001

If to the Creditors' Committee:

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, New Jersey 07068  
Attn: Sharon Levine  
Scott Cargill  
Telephone: (973) 597-2500  
Facsimile: (973) 597-2400

If to the First Lien Agent and/or the Steering Committee:

Latham & Watkins LLP  
885 Third Avenue  
New York, New York 10022  
Attn: Mark Broude  
Jude Gorman  
Telephone: (212) 906-1200  
Facsimile: (212) 751-4864

If to the United States Trustee:

33 Whitehall Street, Suite 2100  
New York, New York 10004  
Attn: Brian Masumoto  
Telephone: (212) 510-0500  
Facsimile: (212) 668-2255

#### **Section 16.15 Reservation of Rights**

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Prior to the Effective Date, none of the filing of this Plan, any statement or provision contained herein or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including with respect to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

#### **Section 16.16 Further Assurances**

The Debtors, Reorganized Debtors and all holders of Claims receiving distributions hereunder and all other parties in interest may and shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

#### **Section 16.17 Case Management Order**

Except as otherwise provided herein, the Case Management Order shall remain in full force and effect, and all "Court Papers" (as defined in the Case Management Order) shall be filed and served in accordance with the procedures set forth in the Case Management Order; *provided* that on and after the Effective Date, "Court Papers" (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Robert D. Drain, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408 (by a hard copy, with all exhibits, unless the Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Timothy E. Graulich, (iii) the attorneys for the First Lien Agent, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn:

Mark Broude and (iv) The Garden City Group, 105 Maxess Road, Melville, New York 11747, Attn: Craig Johnson; *provided* that final requests for payment of Professional Fee Claims filed pursuant to Section 8.1(a) of this Plan (and all “Court Papers” related thereto) shall also be served on the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Brian Masumoto.

Dated: New York, New York  
July 28, 2009

Respectfully submitted,

THE STAR TRIBUNE COMPANY (for itself and  
on behalf of Star Tribune Holdings Corporation)

By: /s/ Christopher M. Harte

Name: Christopher M. Harte

Title: Publisher & Chairman

## Exhibit A

<b>Terms of New Secured Term Notes</b>	
<b>Issuer:</b>	Reorganized Star Tribune.
<b>Guarantors:</b>	Reorganized Star Tribune Holdings.
<b>Principal Amount:</b>	\$100,000,000. The New Secured Notes are payable in two tranches: Tranche A in the principal amount of \$60,000,000 and Tranche B in the principal amount of \$40,000,000.
<b>Agent:</b>	Credit Suisse.
<b>Maturity:</b>	Five years.
<b>Interest rate:</b>	Tranche A will bear cash pay interest at LIBOR + 3% (with a LIBOR floor of 5%). At the election of the Reorganized Debtors (which election may be made, in the discretion of the Reorganized Debtors, with respect to any portion (including all) of the interest due in respect of Tranche B), Tranche B will either (i) bear cash pay interest at LIBOR + 3% (with a LIBOR floor of 5%) or (ii) be payable-in-kind at 11%.
<b>Covenants:</b>	TBD.
<b>Ranking:</b>	Senior secured first lien priority.
<b>Collateral:</b>	All assets.
<b>Governing Law:</b>	State of New York.

## Exhibit B

<b>Terms of New Warrants</b>	
<b>Issuer:</b>	Reorganized Star Tribune Holdings.
<b>Expiration Date:</b>	Four years from the Effective Date (the “ <b>Participation Period</b> ”).
<b>Exercise Price:</b>	An exercise price representing a total equity value which, when added to the principal amount of New Secured Term Notes, would equal the principal amount of the First Lien Lender Claims, subject to the terms of the New Warrant Agreement and the New Stockholders’ Agreement.
<b>Amount:</b>	20.0% of the shares of Reorganized Star Tribune Holdings, subject to dilution.
<b>Registration Rights:</b>	The shares underlying the warrants will receive the benefit of the registration rights provisions of the New Stockholders’ Agreement, which will be substantially in the form contained in the Plan Supplement.
<b>Exercisability:</b>	TBD.
<b>Anti-dilution:</b>	Adjustments for stock splits and combinations, dividends and other distributions, issuances or deemed issuances of equity at prices below the exercise price of the warrants, mergers, consolidations and capital reorganizations, and other typical anti-dilution protections.
<b>Triggering Events:</b>	<p>If, at any time during the Participation Period, the Debtors consummate a transaction or series of transactions resulting in (1) a merger or consolidation (other than one in which stockholders of Reorganized Star Tribune Holdings own a majority by voting power of the outstanding shares of the surviving or acquiring entity), or (2) a sale, lease, transfer or other disposition of all or substantially all of the assets of Reorganized Star Tribune Holdings, or (3) a material purchase of the equity of Reorganized Star Tribune Holdings, or (4) the securities of Reorganized Star Tribune Holdings being publicly traded, or (5) a merger or consolidation (after which stockholders of Reorganized Star Tribune Holdings own a majority by voting power of the outstanding shares of the surviving or acquiring entity but in which the value of the equity is determined), or (6) a monetizing event to be defined in the definitive documentation (each of (1) through (6), a “<b>Liquidity Event</b>”), 100% of the equity of Reorganized Star Tribune Holdings shall be valued in a manner consistent with the merger consideration or the value of all of the assets of Reorganized Star Tribune Holdings or the purchase price for the securities of Reorganized Star Tribune Holdings.</p> <p>If the Liquidity Event results in the equity holders of Reorganized Tribune receiving cash on account of their equity, the holders of Allowed General Unsecured Claims shall be</p>

	<p>deemed to have exercised all of their warrants on a cashless basis and simultaneously will receive cash in the Liquidity Event transaction for all equity held by them on the same basis as the other equity holders of Reorganized Tribune.</p> <p>If the Liquidity Event results in the equity holders of Reorganized Star Tribune Holdings receiving securities of another entity or other assets for their equity in Reorganized Star Tribune Holdings, the holders of Allowed General Unsecured Claims shall also be entitled to exercise all warrants on a cashless basis and to participate in such distribution of securities or other assets on the same basis as all other equity holders of Reorganized Star Tribune Holdings, or to have their warrants adjusted as per paragraph (b) under “Covenants” below.</p> <p>Reorganized Star Tribune Holdings shall not consummate any merger, consolidation, asset sale, change of control or similar transaction unless the acquiring party, if other than Reorganized Star Tribune Holdings, assumes all of the obligations of Reorganized Star Tribune Holdings under the settlement, including assuming the warrants and making appropriate adjustments to the securities to be received by warrant holders upon exercise.</p>
<p><b>Cashless Exercise:</b></p>	<p>After the occurrence of any Liquidity Event (a “<b>Triggering Event</b>”), the warrants will thereafter have a cashless exercise feature, with the then current market price determined consistently with the Triggering Event value of Reorganized Star Tribune Holdings, divided by the number of shares of Reorganized Star Tribune Holdings common stock then outstanding. Any warrant holder exercising a warrant on a cashless exercise basis after a Triggering Event shall be entitled to receive common stock of Reorganized Star Tribune Holdings reflecting its proportionate share of the amount by which the valuation of Reorganized Star Tribune Holdings in the Triggering Event exceeds the Initial Threshold, subject to adjustments to be provided in the warrants and subject to dilution as indicated above under “Amount”. On a cashless exercise, the spread will be paid by the issuance of common stock of Reorganized Star Tribune Holdings valued consistently with the most recent Triggering Event value.</p>
<p><b>Covenants:</b></p>	<p>The Reorganized Debtors shall not issue senior securities during the Participation Period other than the New Secured Term Notes.</p>
<p><b>Governing Law:</b></p>	<p>State of New York</p>

**Exhibit C**

<b>Outstanding Letters of Credit</b>	
<b>Beneficiary</b>	<b>Amount</b>
National Union Fire Insurance Company	\$429,650.00
American Motorist Insurance Company	\$70,000.00
Royal Indemnity Company	\$385,000.00
One Beacon Insurance Company	\$529,529.00
Zurich American Insurance	\$1,900,000.00
<b>Total:</b>	<b>\$3,314,179.00</b>



## **PLAN SCHEDULES**

**SCHEDULE 10.2(a)**

**Executory Contracts and Unexpired Leases to be Assumed**

[To Come]

**SCHEDULE 10.2(b)**

**Executory Contracts and Unexpired Leases to be Rejected**

[To Come]

**SCHEDULE 10.3(c)**

**List of Assumed Collective Bargaining Agreements**

[To Come]

## SCHEDULE 12.10

### **Retained Causes of Action**

1. Arbitration against National Union Fire Insurance Company of Pittsburgh, PA pursuant to which the Star Tribune is seeking insurance coverage under a Directors, Officers and Private Company Liability Insurance Policy for the defense costs incurred and settlement costs paid with respect to a lawsuit brought by Northwest Publications, LLC d/b/a St. Paul Pioneer Press, captioned *Northwest Publ'n, LLC v. The Star Tribune Co.*, No. 62-C6-07-003489, filed in 2007 in the District Court for the Fourth Judicial District, County of Ramsey, State of Minnesota.

**VALUATION ANALYSIS**

## Valuation Analysis<sup>1</sup>

### A. Overview

The Debtors have been advised by Blackstone Advisory Services L.P. (“**Blackstone**”) with respect to the valuation of the Reorganized Debtors in connection with the Plan and Disclosure Statement. Blackstone has prepared a valuation analysis (the “**Valuation Analysis**”) of the consolidated Reorganized Debtors for the purpose of estimating value available for distribution to holders of Claims (“**Creditors**”) pursuant to the Plan and to analyze the relative recoveries to Creditors thereunder. The Valuation Analysis has also been undertaken for the purpose of evaluating whether the Plan meets the so-called “best interests test” under section 1129(a)(7) of the Bankruptcy Code.

This Valuation Analysis should be read in conjunction with the Plan and the Disclosure Statement.

Blackstone developed a valuation for the consolidated Reorganized Debtors (the “**Valuation**”) based on the financial projections for the consolidated Reorganized Debtors provided in Appendix D of the Disclosure Statement (the “**Financial Projections**”).

Based on the Financial Projections, the enterprise value (the “**Enterprise Value**”) of the consolidated Reorganized Debtors is estimated to range from approximately \$118 million to \$144 million. This valuation range assumes an Effective Date of September 27, 2009 and reflects the going concern value of the consolidated Reorganized Debtors after giving effect to the implementation of the Plan.<sup>2</sup>

The estimated equity value available for distribution (the “**Equity Value**”) is estimated to range from approximately \$18 million to \$44 million.<sup>3</sup>

With respect to the Financial Projections, Blackstone assumed that such projections have been reasonably prepared on the basis of best currently available estimates and good faith judgments of the Debtors as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis incorporates numerous qualifications and contingencies, including but not limited to: (i) the Debtors’ ability to achieve all aspects of the Financial Projections, (ii) the state of the capital and credit markets as of the Effective Date and (iii) no material adverse change to the industry or in the Debtors’ operations due to economic slowdowns, as well as other unexpected events not forecasted by the Debtors.

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<sup>1</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Disclosure Statement to which this Valuation Analysis is attached.

<sup>2</sup> The Financial Projections and the Valuation Analysis do not incorporate the effects of any Fresh Start Accounting principles. It is not anticipated that Fresh Start Accounting principles would have a significant effect on the Valuation Analysis; however, neither the Financial Projections nor the Valuation Analysis will be updated if Fresh Start Accounting is used.

<sup>3</sup> The Valuation Analysis does not include the effects of the Profit Sharing Plan, the terms of which are under discussion and which shall be included in a Plan Supplement. This Valuation Analysis will not be updated to account for the Profit Sharing Plan.

In preparing this Valuation Analysis, Blackstone (i) reviewed certain internal financial and operating data of the Debtors, including projections provided by management relating to the Debtors' businesses and prospects; (ii) met with certain members of senior management of the Debtors' to discuss operations, capital structure considerations, and future prospects; (iii) reviewed publicly available financial data and considered the market value of public companies that Blackstone deemed generally comparable to the operating businesses of the Debtors; (iv) considered certain economic and industry information relevant to the Debtors' operating businesses; and (v) conducted such other studies, analyses, inquiries and investigations as Blackstone deemed appropriate.

## **B. Valuation Methodology.**

The following is a brief summary of the financial analyses performed by Blackstone to arrive at this Valuation Analysis. Blackstone relied primarily on the comparable company analysis ("**Comparable Company Analysis**") and the discounted cash flow analysis ("**DCF**"). Blackstone also analyzed the net present value that could be realized from a sale of the Company's real estate at its headquarters based on certain assumed realized sale proceeds. This analysis takes into account the cost to rent an appropriate amount of office space and the loss of parking lot revenues. The net present value derived from this analysis is added to the results of the following valuation methods. Blackstone completed these financial analyses and reviewed the assumptions with the management of the Debtors.

Blackstone's estimated valuation must be considered as a whole and selecting just one methodology or portions of the analysis, without considering the analysis as a whole, could create a misleading or incomplete conclusion.

### **1. Comparable Company Analysis.**

A Comparable Company Analysis estimates the value of a company based on a comparison of such company's financial statistics with the financial statistics of public companies that are similar to the particular company being analyzed. Criteria for selecting comparable companies for this analysis include, among other relevant characteristics, similar lines of businesses, business risks, growth prospects, maturity of businesses, market presence, size and scale of operations. The analysis establishes benchmarks for valuation by deriving financial multiples and ratios for the comparable companies, standardized using common variables such as revenue or EBITDA.

In performing the Comparable Company Analysis for the Valuation, the publicly traded companies (the "**Consolidated Peer Group**") deemed generally comparable include: EW Scripps Co., Gannett Co. Inc., Journal Communications Inc., Lee Enterprises, McClatchy Co., Media General, The New York Times Company and Washington Post Co. Blackstone deemed multiples of trailing-twelve-months EBITDA, 2009E EBITDA and 2010E EBITDA most relevant for analyzing the Consolidated Peer Group.

### **2. Discounted Cash Flow Analysis.**

The DCF methodology relates the value of an asset or business to the present value of expected future cash flows generated by that asset or business. The DCF discounts the expected



future cash flows by a theoretical or observed discount rate, in this case determined by estimating the average cost of debt and equity for the subject company based upon analysis of similar publicly traded companies. This approach has two components: (i) calculating the present value of the projected un-levered after-tax free cash flows for a determined period and (ii) adding the present value of the terminal value of cash flows. The terminal value represents the portion of Enterprise Value that lies beyond the time horizon of the available projections.

The DCF calculations were performed on un-levered after-tax free cash flows for the period beginning September 27, 2009 and running through December 23, 2012 (the “**Projection Period**”) discounted to the Effective Date of September 27, 2009. Blackstone utilized management’s Financial Projections for performing these calculations.

In performing the DCF calculation, Blackstone made assumptions for (i) the weighted average cost of capital (the “**Discount Rate**”), which is used to calculate the present value of future cash flows and (ii) the terminal EBITDA multiple, which is used to determine the value of the Debtors represented by the time period beyond the Projection Period. Blackstone used a range of Discount Rates from 10.4% to 14.4% for the Reorganized Debtors, which reflects a number of company and market-specific factors, and is calculated based on the cost of capital for companies that Blackstone deemed comparable. Blackstone used a terminal EBITDA multiple of 4.50x – 5.50x for the Reorganized Debtors, a multiple range consistent with the ranges used in the Comparable Company Analysis.

The Discounted Cash Flow Analysis assumes that Reorganized Star Tribune does not inherit any Net Operating Losses (“**NOLs**”) from the Debtors, as previously accumulated NOLs are used to shield cancellation-of-indebtedness income resulting from emergence.

### **C. Recoveries.**

As described above, Blackstone estimates an Equity Value range of \$18 million to \$44 million. The midpoint of the equity valuation range is approximately \$30 million. Based on the New Secured Term Notes, the Equity Value estimate and a Claim from the First Lien Lenders of approximately \$393 million, Blackstone estimates the hypothetical recovery to the First Lien Lenders to be 29.8% to 36.1%. Based on the Equity Value estimate and an estimated pool of Unsecured Claims for the Reorganized Debtors of \$150 million, Blackstone estimates the hypothetical recovery to the holders of Unsecured Claims to be 0.5% to 1.3% as based on the receipt by the holders of General Unsecured Claims of up to 4.5% of the New Common Stock.<sup>4</sup>

The projected recovery ranges listed above are estimates derived from the Financial Projections and other assumptions, including an estimated \$150 million of Unsecured Claims. The projected recoveries are substantially based on the assumptions in the business plans underlying the Financial Projections in Appendix D. The projected recoveries do not take into account shares of the Reorganized Debtors to be issued under the Reorganized Star Tribune Incentive Plan; the deduction of such shares will cause the projected recoveries to be lower than those specified dependant upon future management and company performance. The actual

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<sup>4</sup> The stated recovery ranges do not account for potential dilution from the issuance of stock under the Reorganized Star Tribune Incentive Plan or the New Warrants.

recoveries may be different than projected recoveries based upon, among other things: (x) the market price of shares of New Common Stock, (y) the dilutive or accretive effects of issuance of shares of New Common Stock by Reorganized Star Tribune from time to time (including the dilutive effect of future issuances under the Star Tribune Incentive Plan) and (z) the actual amount of Allowed Unsecured Claims against the Debtors.

#### **D. Additional Valuation Considerations.**

Blackstone considered valuation analyses based upon precedent or comparable transactions, which estimate value by examining public merger and acquisition transactions that involve companies similar to the Reorganized Debtors. However, due to newspaper industry dynamics in recent years and the general scarcity of recent data points in this respect, Blackstone concluded precedent transactions were not applicable to this Valuation Analysis.

THE SUMMARY SET FORTH ABOVE DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES PERFORMED BY BLACKSTONE. THE PREPARATION OF A VALUATION ESTIMATE INVOLVES VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THESE METHODS IN THE PARTICULAR CIRCUMSTANCES, ALL OF WHICH ARE NOT ABLE TO BE DESCRIBED IN A SUMMARY DESCRIPTION. IN PERFORMING ITS ANALYSES, BLACKSTONE MADE NUMEROUS ASSUMPTIONS WITH RESPECT TO INDUSTRY PERFORMANCE, BUSINESS AND ECONOMIC CONDITIONS AND OTHER MATTERS. THE ANALYSES PERFORMED BY BLACKSTONE ARE NOT NECESSARILY INDICATIVE OF ACTUAL VALUES OR FUTURE RESULTS, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN SUGGESTED BY SUCH ANALYSES.

In addition, Blackstone did not independently verify management's Financial Projections in connection with the estimates of Enterprise Value and estimated Equity Value for the Debtors contained herein, and no independent valuations or appraisals of the Debtors were sought or were obtained in connection herewith. Valuation estimates were developed solely for the analysis of implied relative recoveries to holders of Claims under the Plan. Such estimates reflect computations of the estimated Valuation through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein.

The value of an operating business is subject to numerous uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated valuations set forth herein are not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, neither the Debtors, Blackstone, nor any other person assumes responsibility for such estimates' accuracy. In addition, the valuation of newly-issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by

pre-petition Creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors which generally influence the prices of securities.

Blackstone's valuation represents a hypothetical value that reflects the estimated intrinsic value of the Debtors derived through the application of various valuation techniques. Such analysis does not purport to represent valuation levels which would be achieved in, or assigned by, the public or private markets for debt and equity securities. Estimates of value do not purport to be appraisals or necessarily reflect the values which may be realized if assets are sold as a going concern, in liquidation, or otherwise.

This Valuation Analysis was developed solely for purposes of the formulation and negotiation of the Plan and to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THIS VALUATION ANALYSIS WAS PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT THESE ANALYSES IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. BLACKSTONE, THE DEBTORS AND THE REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE VALUATION ANALYSIS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THESE ARE INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE VALUATION ANALYSIS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE VALUATION ANALYSIS.

## **LIQUIDATION ANALYSIS**

## Consolidated<sup>1</sup> Hypothetical Liquidation Analysis (unaudited)

This Liquidation Analysis should be read in conjunction with the accompanying Notes.  
Based on Debtors' May 3, 2009 Unaudited Balance Sheet Data.

<i>(\$ in thousands)</i>	<b>Book Value</b>	<b>Recovery (%)</b>		<b>Recovery (\$)</b>	
		<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Assets</b>					
Cash & Equivalents	\$ 36,945	100.0%	100.0%	\$ 36,945	\$ 36,945
Accounts Receivable	22,155	73.1%	84.8%	16,194	18,794
Inventories	3,339	34.7%	52.7%	1,159	1,761
Other Current Assets	9,224	9.3%	14.2%	855	1,305
PP&E, net	146,814	11.9%	24.6%	17,521	36,144
Intangibles, net	210,012	0.0%	2.3%	-	4,890
Other Assets	9,069	5.9%	6.3%	537	569
<b>Total Assets / Proceeds</b>	<b>\$ 437,558</b>			<b>\$ 73,211</b>	<b>\$ 100,408</b>
<b>Wind-Down Expenses</b>					
Wind-Down Operating Costs				\$ 18,245	\$ 9,123
Trustee Fees				2,196	3,012
Professional Fees				4,000	3,000
<b>Total Wind-Down Expenses</b>				<b>\$ 24,442</b>	<b>\$ 15,135</b>
<b>Net Proceeds Available for Payment of Claims</b>				<b>\$ 48,769</b>	<b>\$ 85,273</b>
<b>Claim Amount</b>					
<b>First-Lien Claims</b>					
Prepetition First-Lien Claims				392,924	392,924
<b>First-Lien Claims</b>				<b>\$ 392,924</b>	<b>\$ 392,924</b>
<b>Excess in Proceeds over First-Lien Claims</b>				<b>\$ (344,155)</b>	<b>\$ (307,650)</b>
<b>Second-Lien Claims</b>					
Prepetition Second-Lien Claims				96,000	96,000
<b>Second-Lien Claims</b>				<b>\$ 96,000</b>	<b>\$ 96,000</b>
<b>Excess in Proceeds over Secured Claims</b>				<b>\$ (440,155)</b>	<b>\$ (403,650)</b>
<b>Administrative Claims</b>					
503(b)9 Claims				360	360
Post-Petition Claims				13,413	6,707
<b>Total Administrative Claims</b>				<b>\$ 13,774</b>	<b>\$ 7,067</b>
<b>Excess in Proceeds over Secured and Administrative Claims</b>				<b>\$ (453,928)</b>	<b>\$ (410,717)</b>
<b>Net Proceeds Available for Payment of Unsecured Claims</b>				<b>\$ -</b>	<b>\$ -</b>

<sup>1</sup> The Consolidated Debtors are Star Tribune Holdings Corporation and The Star Tribune Company.

## NOTES

### **A. Introduction and Reservations<sup>2</sup>**

In connection with the Plan and Disclosure Statement, the following hypothetical liquidation analysis (the “**Liquidation Analysis**”) has been prepared by Debtors’ management with the assistance of their financial advisors. This Liquidation Analysis should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their financial advisors, have prepared this Liquidation Analysis for the purpose of evaluating whether the Plan meets the so-called best interests test under section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis has been prepared assuming the Debtors current chapter 11 cases convert to chapter 7 proceedings under the Bankruptcy Code on September 27, 2009 (the “**Liquidation Date**”) and their assets are liquidated in a traditional liquidation with the loss of going concern value attributable to these assets. A chapter 7 trustee (the “**Trustee**”) would be appointed or elected to commence the liquidation of all of the Debtors’ assets. To maximize recovery, the liquidation is assumed to occur over a three to six month period (the “**Wind Down Period**”). The Liquidation Analysis is based on unaudited book values as of May 3, 2009, and these values, in total, are assumed to be representative of the Debtors’ assets and liabilities as of the Liquidation Date. However, the Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation, or other avoidance actions.

Estimating recoveries in any hypothetical chapter 7 liquidation case is an uncertain process due to the number of unknown variables and is necessarily speculative. Thus extensive use of estimates and assumptions has been made that, although considered reasonable by Debtors’ management and their financial advisors, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors. THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS OR A TRUSTEE’S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THE CHAPTER 11 CASES ARE CONVERTED TO CHAPTER 7, ACTUAL RESULTS MAY VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THE LIQUIDATION ANALYSIS.

The Liquidation Analysis indicates the values, which may be obtained upon disposition of assets, pursuant to a hypothetical chapter 7 liquidation, as an alternative to continued operation of the business as proposed under the Plan. Accordingly, values discussed herein are different than amounts referred to in the Plan, which illustrates the value of the Debtors business as a going concern.

In preparing the Liquidation Analysis, the amount of Allowed Claims has been projected based upon a review of scheduled Claims and all Proofs of Claims associated with pre-petition and post-petition obligations. Additional Claims were estimated to include certain post-petition

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<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Disclosure Statement to which this Liquidation Analysis is attached.

obligations on account of which Claims have not been asserted, but which would be asserted in a hypothetical chapter 7 liquidation. These potential Claims include, without limitation, Claims for trade payables incurred during the chapter 11 cases. In the event litigation were necessary to resolve Claims asserted in a chapter 7 liquidation, the delay could be prolonged and Claims could further increase. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered. No Order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the estimated amounts set forth in the Liquidation Analysis. THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH IN THE LIQUIDATION ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY AND SIGNIFICANTLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE LIQUIDATION ANALYSIS.

NOTHING CONTAINED IN THIS HYPOTHETICAL LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF DEBTORS.

EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THIS LIQUIDATION ANALYSIS WAS PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT THESE ANALYSES IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE LIQUIDATION ANALYSIS (OR ANY OTHER PART OF THE DISCLOSURE STATEMENT) TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THIS LIQUIDATION ANALYSIS IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE LIQUIDATION ANALYSIS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE LIQUIDATION ANALYSIS.

THIS LIQUIDATION ANALYSIS WAS DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

## B. Assumptions and Notes

### 1. Assets

- Cash & Equivalents – Reflects cash and equivalents held in all bank accounts, including Star Tribune Holdings cash.
- Accounts Receivable – Accounts Receivable consists primarily of gross advertising accounts receivable, carrier accounts receivable and subscriber receivables. Recovery on gross advertising accounts receivable is assumed at 80% – 90%, subject to existing allowances for doubtful accounts. Recovery on carrier accounts receivable is assumed at 60% – 80%. Recovery on subscriber receivables related to grace periods and service copies is assumed at 10% – 20%.
- Inventories – Inventories are comprised of newsprint, ink and other various supplies. Recovery on newsprint inventories is assumed at 40% – 60%, based on prevailing market prices, estimated transport and handling costs, and potential discounts due to required purchaser resizing. Ink inventories are assumed to yield no recovery, as extraction costs for these inventories would outweigh sale proceeds. Minimal recoveries are assumed on certain other inventories.
- Other Current Assets – Other Current Assets include a deposit for credit card processing, as well as prepaid expenses and prepaid insurance. Recoveries on the credit card processing deposit and prepaid expenses are assumed to be 0%, while recovery on the prepaid insurance is expected at 25% – 50%.
- PP&E, net – Property, Plant & Equipment consists of land and buildings of the Headquarters Facility and the Heritage Plant, printing equipment, autos and trucks. Recovery on the land and buildings is assumed at approximately 19% to 29%, based on depressed market conditions and discussion with potential buyers. Printing presses are assumed to recover a range of 0% – 15% due to the lack of buyer market for used equipment. Recoveries on autos and trucks were in the range of 49% to 64% based on Kelley Blue Book values.
- Intangibles, net – Intangibles are comprised of trademarks, subscriber lists, advertising lists and goodwill. Recoveries on the trademark and subscriber lists are assumed at 0% – 5% while the remaining intangible assets are assumed at 0%.
- Other Assets – Other Assets primarily represents loan origination fees, with no associated recovery. Certain other deposits, notes receivable and bonds are assumed to have an average recovery range of 37% to 39%.



**2. Wind-Down Expenses**

- Wind-Down Operating Costs – Wind-down operating costs are assumed to comprise 30 to 60 days of compensation expense, plus 3 to 6 months of certain building operating expenses (including electricity, property taxes and maintenance) that would be required to maintain the properties during a sale process.
- Trustee Fees – Trustee fees are assumed to be 3% of the gross proceeds from the liquidation of the assets.
- Professional Fees – Professional fees represent estimates for the professional fees during a chapter 7 liquidation.

**3. Secured Claims**

- Prepetition First-Lien and Second-Lien Debt – Secured claims include prepetition first-lien and second-lien debt.

**4. Administrative Claims**

- 503(b)(9) Claims – 503(b)(9) claims estimated at approximately \$360,000.
- Post-Petition Claims – Post-petition claims are assumed to be a range of one to two months of operating expenses, excluding compensation.

## **FINANCIAL PROJECTIONS**

## **A. Introduction.**

As a condition to confirmation of a plan of reorganization, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Debtors' management analyzed the ability of the Debtors to meet their obligations under the Plan with sufficient liquidity and capital resources to conduct their businesses. As a consequence, the Debtors' management developed and prepared the following Projections of Star Tribune's financial statements (the "**Projections**") for the fiscal years 2009 through 2012 (the "**Projection Period**").

**THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH THEIR BUSINESS PLANS, BUDGETS OR STRATEGIES OR MAKE EXTERNAL PROJECTIONS OR FORECASTS OF THEIR ANTICIPATED FINANCIAL POSITIONS OR RESULTS OF OPERATIONS. ACCORDINGLY, THE DEBTORS (INCLUDING STAR TRIBUNE) DO NOT ANTICIPATE THAT THEY WILL, AND DISCLAIM ANY OBLIGATION TO, FURNISH UPDATED BUSINESS PLANS, BUDGETS OR PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO STOCKHOLDERS AFTER THE EFFECTIVE DATE OR TO INCLUDE SUCH INFORMATION IN DOCUMENTS REQUIRED TO BE FILED WITH THE SECURITIES EXCHANGE COMMISSION OR ANY STOCK EXCHANGE OR OTHERWISE MAKE SUCH INFORMATION PUBLICLY AVAILABLE.**

## **B. Projections.**

The Projections should be read in conjunction with the assumptions, qualifications and explanations set forth herein and the Disclosure Statement.

The Projections set forth below have been prepared based on the assumption that the Effective Date will be September 28, 2009 (the start of the Debtor's fiscal period). Although the Debtors are seeking to cause the Effective Date to occur as soon as practicable, there can be no assurance as to when or if the Effective Date will actually occur.

Star Tribune's Projected Consolidated Statements of Operations set forth below present the projected consolidated results of operations of Star Tribune for 2009 through 2012.

**Projected Consolidated Statement of Operations**  
(Unaudited)

(\$ in 000s)	<b>4Q</b>	<b>Fiscal Year</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Revenues</b>				
Advertising	\$ 38,205	\$ 136,019	\$ 145,270	\$ 152,011
Circulation	11,369	44,647	43,977	43,317
Other revenue	990	3,829	3,829	3,829
<b>Total revenue</b>	<b>50,564</b>	<b>184,495</b>	<b>193,077</b>	<b>199,158</b>
<b>Operating Expenses</b>				
Compensation	27,475	87,017	91,399	94,069
Newsprint	6,746	25,792	26,873	26,874
Other cash expenses	12,844	50,770	51,785	52,821
Depreciation & amortization	3,341	14,662	16,411	16,964
<b>Total operating expenses</b>	<b>50,406</b>	<b>178,241</b>	<b>186,468</b>	<b>190,728</b>
Operating income	157	6,254	6,609	8,430
Interest expense, net	2,257	9,318	9,781	10,293
<b>Pretax income</b>	<b>(2,100)</b>	<b>(3,064)</b>	<b>(3,172)</b>	<b>(1,862)</b>
Income tax expense / (benefit)	(850)	(1,240)	(1,284)	(754)
<b>Net income</b>	<b>\$ (1,250)</b>	<b>\$ (1,824)</b>	<b>\$ (1,888)</b>	<b>\$ (1,109)</b>
Adjusted EBITDA <sup>(1)</sup>	9,472	20,916	23,020	25,395

Please read in conjunction with associated notes.

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<sup>1</sup> Includes add back for one-time pension charge in 4Q 2009.

Star Tribune's Projected Consolidated Balance Sheets set forth below present the projected consolidated financial position of Star Tribune including the contemplated new capital structure of Star Tribune, giving effect to confirmation and consummation of the transactions contemplated by the Plan, as of the end of each fiscal year from 2009 to 2012.

**Projected Consolidated Balance Sheets**  
(Unaudited)

(\$ in 000s)	Fiscal Year			
	2009	2010	2011	2012
<b>Assets</b>				
Cash and equivalents	\$ 26,825	\$ 31,121	\$ 38,621	\$ 48,983
Trade receivables	25,190	26,458	27,806	29,122
Other receivables	521	521	521	521
Inventory	2,744	2,727	2,859	2,843
Deposits	3,314	3,314	3,314	3,314
Deferred income taxes	4,893	4,893	4,893	4,893
Other current assets	2,108	2,108	2,108	2,108
Total current assets	65,595	71,142	80,122	91,783
PP&E, net	71,876	65,904	57,773	48,669
Intangibles, net	180,121	178,681	177,241	175,801
Other assets	1,454	1,454	1,454	1,454
<b>Total Assets</b>	<b>319,046</b>	<b>317,181</b>	<b>316,590</b>	<b>317,707</b>
<b>Liabilities</b>				
Accounts payable	3,901	3,806	3,910	3,962
Accrued compensation	19,272	18,022	17,598	17,128
Unearned revenue	13,024	12,763	12,572	12,383
Accrued interest	2,326	2,375	2,486	2,580
Other accrued liabilities	4,687	4,682	4,677	4,672
Total current liabilities	43,209	41,648	41,242	40,725
Long-term debt	100,000	104,678	109,873	115,689
Capital leases	532	112	-	-
Deferred income taxes	65,358	62,620	59,240	56,168
Other liabilities	81,197	81,197	81,197	81,197
<b>Total Liabilities</b>	290,296	290,255	291,553	293,778
<b>Shareholders' Equity</b>	28,750	26,926	25,037	23,929
<b>Total liabilities and shareholders' equity</b>	<b>\$ 319,046</b>	<b>\$ 317,181</b>	<b>\$ 316,590</b>	<b>\$ 317,707</b>

Please read in conjunction with associated notes.

Star Tribune's Projected Consolidated Statements of Cash Flows set forth below present the projected consolidated cash flows of Star Tribune from 4Q 2009 through 2012.

**Projected Consolidated Statements of Cash Flows**  
(Unaudited)

(\$ in 000s)

	<b>4Q</b>	<b>Fiscal Year</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Cash flows from operating activities</b>				
Net income	\$ (1,250)	\$ (1,824)	\$ (1,888)	\$ (1,109)
Adjustments to reconcile net income to net cash flows from operating activities:				
Change in net working capital	(107)	(2,861)	(1,997)	(1,911)
Noncash interest expense	2,326	4,727	5,306	5,910
Depreciation and amortization	3,341	14,662	16,411	16,964
Deferred income taxes	(850)	(2,738)	(3,379)	(3,073)
Stock option expense	-	-	-	-
<b>Cash flows from operating activities</b>	<b>3,460</b>	<b>11,965</b>	<b>14,452</b>	<b>16,782</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(722)	(7,670)	(6,952)	(6,420)
<b>Cash flows from investing activities</b>	<b>(722)</b>	<b>(7,670)</b>	<b>(6,952)</b>	<b>(6,420)</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and equivalents - beginning of period	24,088	26,825	31,121	38,621
Change in cash and equivalents	2,737	4,295	7,500	10,362
<b>Cash and equivalents - end of period</b>	<b>\$ 26,825</b>	<b>\$ 31,121</b>	<b>\$ 38,621</b>	<b>\$ 48,983</b>

Please read in conjunction with associated notes.

### **C. Accounting Policies.**

The Projections have been prepared using accounting policies that are consistent with those applied in the Debtors' historical financial statements.

The Debtors believe, at this point, they will qualify for treatment under fresh start accounting principles outlined in SOP 90-7. The Projections include assumed fresh start adjustments to various financial accounts of the Debtors that are based upon management estimates. The most material of these assumptions is that assets and liabilities included in the Projections have been adjusted to reflect the capital structure upon emergence and estimated fresh start adjustments.

### **D. Summary of Significant Assumptions.**

The Debtors, with the assistance of various professionals, prepared the Projections for the 4th fiscal quarter of 2009 and the fiscal years 2010-2012. The Projections reflect numerous assumptions, including various assumptions regarding the anticipated future performance of Star Tribune and the newspaper industry, general business and economic conditions and other matters, most of which are beyond the control of the Debtors and their management. Therefore, although the Projections are necessarily presented with numerical specificity, the actual results achieved during the Projection Period will vary from the projected results. These variations may be material. Although Star Tribune believes that the assumptions underlying the Projections, when considered on an overall basis, are reasonable in light of current circumstances, no representation can be or is being made with respect to the accuracy of the Projections or the ability of Star Tribune to achieve the projected results of operations. In deciding whether to vote to accept or reject the Plan, claimants must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections. See Article 8 of the Disclosure Statement.

Additional information relating to the principal assumptions used in preparing the Projections is set forth below:

#### **General Market Conditions**

The Projections take into account the current market environment in which the Debtors compete, including many economic and financial forces that are beyond the control of the Debtors and management. The Debtors operate in the newspaper market in the Minneapolis-St. Paul area. Economic growth or slowdowns on a global or regional basis may impact Star Tribune's revenues, as well as changes in the newspaper industry may impact performance.

#### **Methodology**

The Projections were prepared based on several key assumptions, as discussed below.

## Revenues and Operating Expenses

**Advertising Revenue.** The Projections assume advertising revenue declines by 27.0% in 2009 and 3.7% in 2010, and grows by 6.8% in 2011 and 4.6% in 2012. The advertising revenue forecast was constructed on a bottoms-up basis in 2009 and from quarterly growth rates by subcategory for subsequent years.

**Circulation Revenue.** Circulation revenue is forecast to decline by 3.0% in 2009, 2.0% in 2010, 1.5% in 2011 and 1.5% in 2012, reflecting circulation volume declines offset by price increases.

**Other Revenue.** Other revenue, including commercial printing, is forecast to decline by 23.4% in 2009 and 10.5% in 2010, and to be flat in subsequent years.

**Compensation.** The compensation forecast reflects a bottoms-up analysis of compensation expense in 2009, rolled forward in subsequent years subject to certain inflation rates. The Projections incorporate approximately \$20 million of union-related savings that have been realized or are estimated during the bankruptcy process.

**Newsprint.** The newsprint forecast reflects the decline in circulation volume, rising trends in newsprint pricing and changes in advertising and news pages.

**Other Cash Expenses.** Other cash expenses reflect a variety of costs forecasted on a departmental level for 2009 and subject to inflation rates in subsequent years.

**Depreciation & Amortization.** Depreciation and amortization are projected based on estimated fresh start adjustments to current book values of PP&E and intangibles, and on depreciable life assumptions for existing PP&E and intangibles and PP&E generated through new capital spending.

## Interest Expense

The Projections reflect interest expense incurred related to borrowings under the Tranche A and Tranche B of the New Secured Term Notes. Tranche A is projected to possess the following terms: a principal balance of \$60 million, a maturity of 5 years and an interest rate of LIBOR + 3.0%, subject to a LIBOR floor of 5.0%. Tranche B is projected to possess the following terms: a principal balance of \$40 million, a maturity of 5 years and an interest rate of (i) LIBOR + 3.0%, subject to a LIBOR floor of 5.0% if paid in cash, or (ii) 11.0% all-in if paid-in-kind (“**PIK**”), at Star Tribune’s option. The Projections assume Star Tribune elects the PIK option for the entirety of the forecast period.

## Income Taxes

The Projections calculate income tax expense at the Star Tribune’s average tax rate of 40.5%, applied to pre-tax income. Cash taxes are calculated by adjusting pre-tax income to reflect the difference between book depreciation and amortization and tax depreciation and are assumed to be paid currently.



The Projections assume all deferred taxes related to net operating losses (“**NOLs**”) are eliminated due to the size of cancellation of indebtedness income (“**CODI**”). It is therefore assumed the Star Tribune will begin to pay taxes on pre-tax income in its 2010 tax year.

#### Cancellation of Indebtedness Income

The Projections assume CODI eliminates all previously accrued NOLs.

#### Capital Expenditures

Capital expenditures for the 2009-2012 period are based on Star Tribune’s capital spending budget and primarily comprise maintenance capital expenditures.

#### Capital Structure

The Debtors’ emergence capital structure is assumed as follows:

(a) Tranche A of the New Secured Term Notes: On or after the Effective Date, the Reorganized Debtors will be indebted under Tranche A of the New Secured Term Notes, which is projected to possess the following terms: a principal balance of \$60 million, a maturity of 5 years and an interest rate of LIBOR + 3.0%, subject to a LIBOR floor of 5.0%. Tranche A will be allocated pro rata among first-lien lenders under the Plan and will represent restated debt involving no new-money funding.

(b) Tranche B of the New Secured Term Notes: On or after the Effective Date, the Reorganized Debtors will be indebted under Tranche B of the New Secured Term Notes, which is projected to possess the following terms: a principal balance of \$40 million, a maturity of 5 years and an interest rate of (i) LIBOR + 3.0%, subject to a LIBOR floor of 5.0% if paid in cash, or (ii) 11.0% all-in if PIK, at Star Tribune’s option. Tranche B will be allocated pro rata among first-lien lenders under the Plan and will represent restated debt involving no new-money funding.

(c) New Common Stock: For purposes of the Projections, value has been ascribed to the New Common Stock, commensurate with the equity value as further described in Appendix B.

#### Working Capital

Accounts receivable, inventories, accounts payable, deferred compensation, and unearned revenue are projected according to historical relationships with respect to purchase and sales volumes.

#### Fresh-Start Reporting

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh-start accounting rules in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7 Financial Reporting by Entities in Reorganization under the Bankruptcy Code. Estimated adjustments

have been made to the opening balance sheet in the Projections to approximate fresh-start accounting.