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Hearing Date: June 9, 2009
10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :
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STAR TRIBUNE HOLDINGS CORPORATION, :
et al., :
:
:
Debtors. :
:
----- X

**Chapter 11 Case No.
09-10244 (RDD)

(Jointly Administered)**

DECLARATION OF HANAN B. KOLKO

Hanan B. Kolko declares and says upon the penalty of perjury that the following is true:

1. I am a Shareholder and Director of the law firm of Meyer, Suozzi, English & Klein, P.C., which represents International Brotherhood of Teamsters Local No. 638 (“Local 638”) in this matter.

2. I submit this affidavit in Opposition to Debtor’s Motion to Reject its Collective Bargaining Agreement with Local 638 pursuant to 11 U.S.C. §1113.

3. I attach as Exhibit A a chart listing the number of full-time equivalent

employees employed by Debtor in its four largest bargaining units. This chart was supplied to me by counsel for Debtor pursuant to a discovery request.

4. I attach as Exhibit B an April, 1996 article by John Morton entitled "JOAs: No Guarantee of Saving a Paper," published in the April, 1996 Edition of The American Journalism Review.



Hanan B. Kolko

FTEs at the Star Tribune For the Four Largest Unions - January 2009 (P1)

Unions	Regular FTE	Overtime FTE	Holiday FTE	Total FTE
Fleet	141.5	11.35	4.97	157.82
Guild	290.94	1.91	0	292.85
Mailers	182	6.02	1.05	189.07
Pressmen	94.8	7.58	0.88	103.26
Total	709.24	26.86	6.9	743


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AJR Columns : THE NEWSPAPER BUSINESS

From AJR, April 1996

JOAs: No Guarantee of Saving a Paper

Will the Detroit News survive the marathon strike?

By John Morton

John Morton (mortonline@msn.com), a former newspaper reporter, is president of a consulting firm that analyzes newspapers and other media properties.

When the bitter strike against the Detroit Free Press and the Detroit News began last July, some employees and union officials suggested that the joint-operating agency that publishes both papers provoked the strike because of a secret agenda – to shut down the News.

Their theory was that profits would soar if the agency had to publish only one newspaper, and that the strike was part of a plot to bring this about. While I think this theory is flawed, for reasons I will explain below, its currency among embittered strikers is understandable.

In the 28 cities that have had joint-operating agencies at one time or another, readers in only 18 still enjoy the benefits of two editorially competitive newspapers. In the other 10, only one newspaper remains. This decline in editorial competition in joint-agency cities came about for essentially the same reasons as those behind the decline in the number of cities with two or more newspapers competing both editorially and commercially.

In 1933, when the first joint-operating agency was created in Albuquerque, New Mexico, there were 243 U.S. cities with two or more dailies competing across the board – for readers, advertising and news (down from 502 ten years earlier). The story since then is all too familiar: The Great Depression killed competition in about 100 cities. Shortages during World War II added to the toll. Then in the early 1950s, when only 91 competitive cities remained, the growth of television and the suburbs, among other things, began to kill off more number two newspapers.

By early this year, only eight cities had commercially competitive metropolitan papers, with some

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barely holding on.

Editorial competition, at least, survived in those additional markets in which joint-operating agencies were created to merge circulation, advertising and production functions. The 1930s brought creation of four joint agencies; the 1940s another four; the 1950s (when television began capturing large amounts of advertising) brought 10 new joint agencies; and the 1960s four more. In the 25 years since then, only six new joint agencies have been created.

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Not all of the JOAs were lasting: Chattanooga's was dissolved in 1966, then renewed in 1980; Anchorage's ended in a lawsuit after only a few years; Columbus, Ohio's disappeared when its contract expired after 25 years; and seven others ended for various reasons. JOAs still exist in St. Louis and Miami – two owners still share profits – although only one newspaper is published in each city.

What all this points up is that joint operation – while preserving competitive editorial voices, sometimes for lengthy periods – often only delays the inevitable. The negative trends that drove one newspaper to seek joint operation with its competitor continued after the joint agency was formed, although the financial impact of the trends was muted by the agency's high profits.

For example, the total weekday circulation of the weaker papers in joint agencies in existence in both 1970 and 1990 dropped more than 23 percent over those 20 years. The stronger papers' circulation increased a little less than 1 percent.

Circulation disparity usually is the fundamental cause for cutting down to one newspaper at a joint agency. For example, the Miami News had only about 13 percent of the Miami Herald's circulation when it closed. When the weaker paper's circulation sags, it loses advertising appeal, and the cost of selling, producing and distributing the paper overcomes the revenue it generates. In St. Louis, the losses of the Globe-Democrat became so large they wiped out the Post-Dispatch's profits.

Which brings me back to Detroit. Before the joint agency was formed in 1989, the afternoon News was dominant, especially in the Detroit metropolitan area, where most advertising revenue is generated. The News had been able to hold off the negative trends that sank other afternoon papers because Detroit remained largely a blue-collar market, which favors afternoon papers (factory workers go to work early and come home early) and also because it started a morning edition.

The News' circulation understandably declined after the joint agency was formed because it had to abandon the morning edition, and the Free Press is now the larger paper. But the News' circulation remains large and attractive to advertisers – before the strike more than 350,000 weekdays (the papers are combined on Sunday).

The strike clearly has had a negative effect on circulation and advertising, but by the end of the year management claimed both were gaining each month, reaching 80 percent of pre-strike circulation and 70 percent of advertising. Barring unexpected developments, the News will continue to have a large circulation.

So long as the News draws profitable advertising, the agency's owners will want to keep publishing it. That could change before the agency contract expires in 2086, but for now the News' existence seems safe. |

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