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

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<b>In re:</b>	:
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	: <b>Chapter 11 Case No.</b>
	:
<b>STAR TRIBUNE HOLDINGS</b>	: <b>09-10244 (RDD)</b>
<b>CORPORATION, et al.,</b>	:
	: <b>(Jointly Administered)</b>
	:
<b>Debtors.<sup>1</sup></b>	:
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**DECLARATION OF RANDY M. LEBEDOFF IN FURTHER SUPPORT  
OF THE STAR TRIBUNE COMPANY’S MOTION TO REJECT ITS  
COLLECTIVE BARGAINING AGREEMENT WITH DISTRICT LODGE  
NO. 77 OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS PURSUANT TO 11 U.S.C. § 1113**

Randy M. Lebedoff declares and says:

1. I submit this declaration in further support of the Star Tribune Company’s  
(the “**Star Tribune**” or the “**Company**”) Motion to Reject Its Collective  
Bargaining Agreement with District Lodge No. 77 of the International  
Association of Machinists and Aerospace Workers (the “**Machinists**”) pursuant to

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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.

11 U.S.C. § 1113 (the “**1113 Motion**”). I incorporate by reference my prior declaration,<sup>2</sup> dated June 30, 2009 (the “**Lebedoff Decl.**”), in support of the 1113 Motion.

2. Except as otherwise indicated, all facts set forth herein are based upon my personal knowledge of the Star Tribune’s contract discussions with its unionized workforces, information learned from my review of relevant documents, information supplied to me by other members of the Star Tribune’s management, the Star Tribune’s professionals, or employees of the Star Tribune working at my request; or my opinion based upon my experience, knowledge and information concerning the Company’s contract discussions with its unions. I am authorized to submit this declaration on behalf of the Company, and if called upon to testify, I could and would testify competently to the facts set forth herein.

3. In particular, I submit this declaration to respond to certain arguments and inaccurate statements that appear in the Machinists’ Memorandum of Law (the “**Objection**” or “**Obj.**”) and the Declaration of Donald P. Yetman (“**Yetman Obj. Decl.**”) in Opposition to the Company’s 1113 Motion.

4. Since May 2008, I have served as one of the lead negotiators for the Star Tribune in its efforts to achieve modifications to collective bargaining agreements (“**CBAs**”) with the Company’s unions in order to obtain cost savings needed to save the Company. (See Lebedoff Decl. ¶ 5.) Since January 15, 2009 (the “**Petition Date**”), the Star Tribune has reached final Letters of Agreement

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<sup>2</sup> Unless otherwise stated, all terms defined in my prior declaration continue to have the same meanings here.

(“LOAs”) with 9 of its 10 unions providing for substantial flexibility and annualized savings. These 9 unions include the Company’s four largest unions (the Pressmen, Mailers, Guild and Fleet) and five of its six smaller unions (the Typos, Platemakers, Electricians, Operating Engineers and the SEIU).<sup>3</sup> All of these agreements reflect critically needed reductions to retirement costs including the freezing of all Company-sponsored retirement plans and withdrawing from all multi-employer defined benefit pension plans. This across-the-board attempt to control pension costs applies equally to non-union workers, whose pension benefits will be completely frozen. I was personally involved in negotiating all 9 of these agreements. In all of the discussions leading up to the finalized agreements, the Company stressed that several of the modifications being requested from the unions, especially pension relief, were being sought across-the-board, and that no individual union was being targeted.

5. The Machinists are the only union which has yet to reach an agreement with the Company with respect to CBA modifications. This is because the union has not agreed to allow the Company to withdraw from its multi-employer pension plan, even though the other 9 unions at the Company, representing 98% of union employees at the Star Tribune’s unionized employees, have agreed to this necessary relief, and the Company has announced that similar relief will be implemented for 100% of non-union workers. The sole remaining disputed issue with respect to the negotiations between the Star Tribune and its 10 unions is the

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<sup>3</sup> As of the Star Tribune’s 1113 Motion filed on June 30, the Company had reached only tentative agreements with the Electricians, Operating Engineers and the SEIU. The Electricians ratified its LOA on June 30. The Operating Engineers ratified its LOA on July 1. The SEIU ratified its LOA on July 2.

piece of the Company's 1113 Proposal to the Machinists seeking to withdraw from that union's multi-employer pension plan, the IAM National Pension Fund (the "**IAM Fund**").

6. The Machinists' insistence on remaining in the IAM Fund caused the Company to bring its 1113 Motion to reject the Machinists' CBA. The Star Tribune must withdraw from the IAM Fund as soon as practicable to complete the Company-wide effort to reduce and control its employee retirement costs.

7. The Machinists' Objection improperly characterizes the Company's withdrawal from all multi-employer pension plans. (*See* Obj. 11, 13.) The Star Tribune's efforts to withdraw from such plans is part of an across-the-board approach driven by the urgent need to control pension costs. Taking its unions as a whole, the Company determined that the uncertainty of future pension contribution increases, and crippling withdrawal liabilities for the various multi-employer pension plans, prevented the Star Tribune from effectively reorganizing. The Company determined that it needed to freeze or withdraw from these pension plans to survive, and to reach agreements to that effect with its unions. In this respect, the Machinists remain the holdout.

8. As with all of its unions, the Star Tribune proposed the changes that it determined were needed to the Machinists' CBA to achieve quantifiable annualized savings (or "above the line" savings) that were fair and necessary. It also proposed modifications which will result in more difficult-to-quantify savings (or "below the line" savings), which included pension relief.

9. The Machinists' attempt to portray the Company's agreement with the Electricians to continue payments to a multi-employer defined contribution plan as being inconsistent with its across-the-board approach to reducing retirement costs. (*See* Obj. 20.) But, the Objection omits several key facts that explain why the agreement with the Electricians is consistent with the Company's across-the-board approach to pension relief. First, the Electricians' plan is a multi-employer defined *contribution* plan, whereas Company-sponsored pension plans and multi-employer pension plans are all defined *benefit* plans. This distinction is meaningful because the multi-employer defined benefit plans may impose withdrawal liability and contribution increases on the Company. Participation in a defined contribution plan runs no risk of withdrawal liability and no risk of increased contributions due to plan underfunding, which are risks to participating in a multi-employer defined benefit plan. Second, management believes that if the Company eliminated its contribution obligations to the Electricians' defined contribution plan, it would risk losing high-performing Electricians to other Minneapolis metro employers.

10. The Company's agreement with the Electricians to continue contributions to their defined contribution plan to align with market compensation was made with the understanding that (1) the Electricians agreed to freeze their Plan A benefits; (2) they would not receive any Company contributions to the Company's 401(k) program if a matching contribution is restored; and (3) they are not eligible to participate in the Company's profit-sharing program. All of the other unions who have agreed to CBA modifications have also agreed to participation in the

401(k) program with a matching contribution if it is restored, and will be included in the profit-sharing plan. The Company match in the 401(k) plan, if it is restored, and participation in the profit sharing plan, were both offered to the Machinists to compensate for the withdrawal from the IAM Fund.

**I. The Star Tribune Has Satisfied Its Burden Of Providing Necessary and Sufficient Information to the Machinists To Evaluate the 1113 Proposal.**

11. The Machinists repeatedly claim in their Objection that the Star Tribune did not provide them with sufficient information necessary for the union to evaluate the 1113 Proposal, particularly the proposed withdrawal from the IAM Fund.

12. Since March of 2008, the Company has provided its unions with information regarding its financial situation. Two unions, the Guild and the Mailers, signed confidentiality agreements and sent financial advisors to review the Company's financial records.<sup>4</sup> The Machinists did not. From the very beginning of the § 1113 process, the Company made every effort to provide the Machinists with all of the information necessary for their understanding and evaluation of the 1113 Proposal.

13. On the morning of Friday, June 19, 2009, I spoke to Mr. Donald Yetman, the Machinists' business agent and lead bargaining representative, regarding the Company's need to resume CBA negotiations. (See Lebedoff Decl. ¶ 29.) I told Mr. Yetman in the same conversation that I would be sending him an 1113

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<sup>4</sup> Later, as part of the Star Tribune's preparation for its bankruptcy filing, the Company and its financial advisors organized its financial data in an online Data Room so that it would be more easily accessible to those unions who had signed confidentiality agreements.

Proposal later that day. (*Id.*) I also mentioned that the 1113 Proposal contained a confidentiality agreement that he would need to sign and return to me as soon as possible so I could share sensitive Company information with the union. (*Id.*) In the early afternoon that same day, I sent the 1113 Proposal to Mr. Yetman by fax, U.S. mail and as an e-mail attachment. (*Id.*, Exhibit A.) The 1113 Proposal was accompanied by the confidentiality agreement. I wrote in my cover e-mail to Mr. Yetman that it was “urgent” for the Company to meet with the union. (*Id.*) I provided Mr. Yetman with my personal telephone numbers for my home and cellphone, in addition to my business telephone at the Star Tribune, in the hopes that Mr. Yetman or the union would not hesitate to contact me at anytime if he had questions or was prepared to negotiate. (*See id.*)

14. I received a signed confidentiality agreement from Mr. Yetman on Tuesday, June 23, 2009, at a negotiating session between the Company and the Machinists regarding the 1113 Proposal. (*See* Lebedoff Decl. ¶ 29; Lebedoff Decl., Exhibit G.) When I received the executed confidentiality agreement, I forwarded Mr. Yetman’s contact information to the Star Tribune’s financial advisor, the Blackstone Group, who granted Mr. Yetman access to the Company’s online Data Room on that very same day. The Data Room contains all the information the Machinists would need to evaluate the Company’s 1113 Proposal. Mr. Yetman mischaracterizes my statements during our June 23, 2009 negotiation because the sharing of the Company’s confidential financial data was definitely not raised for the “first time” during our conversation. (*See* Obj. 22; Yetman Decl. ¶ 14.)

15. On June 25, 2009, I received an information request from Mr. Yetman seeking certain documents because he claimed they would be helpful in assessing the Company's 1113 Proposal. That day, I requested that the Machinists' counsel, Marianne Robbins, also be given access to the Data Room. That evening, I provided the Machinists with detailed responses to each of their information requests. (See Lebedoff Decl. ¶ 34; Lebedoff Decl., Exhibits H and G.) I understand from Blackstone that Ms. Robbins was given access to the Data Room that very same day.

16. The Machinists' assertion that the Data Room was not "specifically tailored" to the union in evaluating the 1113 Proposal is unfounded. (See Obj. 22.) On the late evening of June 25, 2009, both Mr. Yetman and Ms. Robbins complained of computer problems preventing them from opening the e-mail attachments to my response to their information requests. Star Tribune's counsel worked with Blackstone to create a specially marked folder called "Machinists" in the Data Room.<sup>5</sup> (See Lebedoff Decl. ¶ 34.)

17. The Data Room can be accessed from any Internet browser, allows most documents to be printed or downloaded at anytime by anyone with access, and is thematically organized into nine folders<sup>6</sup>, multiple sub-folders and in certain

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<sup>5</sup> As further described in the Lebedoff Decl., Ms. Robbins did not call me on the evening of June 25, 2009 to confirm whether she received the documents that I re-sent to her via e-mail, or whether she needed further information. (See Lebedoff Decl. ¶ 34.) Ms. Robbins also declined my offer to fax all of the documents to her. (*Id.*) Instead, Ms. Robbins wrote me via e-mail to state that she needed to discuss with Mr. Yetman what was needed. (*Id.*) Because of the apparent computer problems, I went to Mr. Yetman's offices on the morning of June 26, 2009, and provided him with hard copies of the documents I had e-mailed him the previous day and re-sent to Ms. Robbins the previous evening. (*Id.* at ¶ 35.)

<sup>6</sup> The Data Room consists of 10 folders if the Machinists' specially marked folder is also included as part of the count.

instances, sub-subfolders. If the Machinists ever had difficulty accessing or navigating the Data Room, the union could have simply let me know and I would have asked Blackstone to assist them.

18. The Machinists' Objection complains that after my June 25 response to their information request, the union still needed additional information and had outstanding information requests. (*See* Obj. 22–23; Yetman Obj. Decl. ¶¶ 15–16.) This is not accurate. The Machinists never told me that they felt that my June 25 response was either incomplete, or deficient, and did not raise any concerns about the response in either of the negotiating sessions held between the parties on Friday, June 26, 2009 and Monday, June 29, 2009. (*See* Lebedoff Decl. ¶¶ 36–37.) In fact, between the negotiating parties' session on June 29 and the Machinists' Objection filed on July 15, I did not hear from the Machinists on any issue, except I understand that the Machinists requested certain information regarding the Electricians' defined contribution plan, which Star Tribune's counsel promptly provided. To the extent the Machinists had outstanding information requests after June 25, aside from the discrete request relating to the Electricians' plan, the union could have asked for more information, instead of communicating their requests through court filings following a three week delay in raising the issue.

19. The Company promptly provided the Machinists with all the information they requested in their June 25 information request, which was 5 days *before* the Company filed its 1113 Motion. It does not appear that the information provided to the union was reviewed carefully. For example, the Machinists mistakenly claim that the Pressmen were participants in the Central States Pension Fund

(“Central States”). (Obj. 11, 20; Yetman Obj. Decl. ¶ 18.) However, a review of the information provided to the union would have revealed that the Fleet, but not the Pressmen, were participants in Central States Plan, from which the Company withdrew on June 18, 2009. In addition, the Machinists complain in several instances that the Star Tribune did not provide headcount information and concessions reached with other unions. (*See, e.g.*, Obj. 23.) However, as a July 20, 2009 letter from Star Tribune’s counsel to the Machinists counsel describes in further detail, this information was provided to the Machinists directly on June 25 by e-mail, through the Data Room and in hard copy through the form of the Company’s Disclosure Statement, which is also publicly available. Attached hereto as Exhibit A is a true and correct copy of that July 20 letter (without the attachments). The Disclosure Statement also summarized all of the final agreements reached as of June 18, the date of the Disclosure Statement’s filing. Again, if the Machinists or their counsel needed additional information that had not been provided by the Company or Star Tribune’s counsel, it simply could have asked instead of complaining in court papers 3 weeks later.

20. The July 20, 2009 letter from the Company’s counsel to Ms. Robbins attached 11 documents, including details regarding recent LOAs reached with the Electricians, Operating Engineers and SEIU. The Machinists never asked me or the Star Tribune’s attorneys for such information, but the Machinists’ Objection repeatedly complains about this issue. (Obj. 20, 24.) Again, if the Machinists had simply asked me or the Company’s counsel for such information, instead of making the request in court filings, it would have been immediately provided.

21. The Machinists' opposition also sets forth the union's interest in learning more about how the Star Tribune's contribution obligations and funding status with respect to Company-sponsored pension Plan A are impacted by of the LOA with the Fleet, which added 41 Fleet employees and retirees to Plan A. (Obj. 7; Yetman Obj. Decl. ¶ 18.) This matter was discussed in the June 1113 negotiating sessions, and I believed those discussions satisfied their request. When the request was renewed in the Machinists' Objection, the Company immediately asked its actuaries to prepare a response. *See* Sirany Reply Decl., Exhibit A. Based on the actuaries' analysis, including the Star Tribune's accommodation to the Fleet, the Company does not have to make any cash contributions to Plan A until 2012. (*Id.*)

**II. The Star Tribune Conducted Its 1113 Negotiations Fairly, Reasonably and in Good Faith.**

22. The Machinists' primary objection to the 1113 Motion is that the Star Tribune has failed to provide the union with sufficient information regarding the cost savings for withdrawing from the IAM Fund and the associated withdrawal liability. (*See* Obj. 4, 24; Yetman Obj. Decl. ¶ 19, 22.) First, in terms of savings from contribution costs, the Company stated during the June 26, 2009 negotiating session that the Star Tribune needed all of the savings it could possibly achieve across its business, including the cessation of contributions to the IAM Fund. (*See* Lebedoff Decl. ¶ 36.) These had been estimated to be as much as \$70,000 in 2008. The Machinists complain about their need for a more precise estimate of those savings, but had sufficient information such that they were able to calculate the 2009 figure themselves as "closer to \$56,000 annually." (Obj. 19–20.)

Second, precise information regarding the withdrawal liability from the IAM Fund will not be available until autumn (Sirany Decl. ¶ 8), but it is undisputed that the plan may impose withdrawal liabilities on companies beginning in 2009. (Sirany Reply Decl. ¶ 5; Skolnick Reply Decl. ¶ 5.)

23. The Machinists criticize the Company for the lack of discussions with the Machinists concerning CBA modifications between the end of March 2009 and the delivery of the 1113 Proposal on June 19. (Obj. 4–5; Yetman Obj. Decl. ¶ 10.) However, during that period, the Company’s greatest objective was reaching agreements with its largest unions which was critical to achieving overall savings and flexibility.

24. The Machinists’ Objection and Mr. Yetman’s Declaration mischaracterize the three negotiating sessions held pursuant to § 1113 on June 23, June 26 and June 29, which all occurred before the filing of the 1113 Motion on June 30. Mr. Yetman states that the Company requested withdrawing an outstanding union grievance, but “ultimately acknowledged that withdrawal of the discharge grievance would be inappropriate, and dropped that demand,” (Yetman Obj. Decl. ¶ 14.) I asked that the Machinists discuss and withdraw all pending grievances as part of this process. I did not intend that request to apply to grievances involving individual discharges, and when that was brought up, I agreed to exclude that immediately.

25. Mr. Yetman also claims that during the June 23 meeting, the Company “insisted” on obtaining concessions from the Machinists that were “identical” to agreements reached with the other unions, and that the Star Tribune was not

seeking “tailored” modifications. (*See* Yetman Obj. Decl. ¶ 12.) These allegations are also inaccurate. On June 23, the Star Tribune told the Machinists that its rationale for seeking a withdrawal from the IAM Fund was that it was part of an overall savings plan which was to freeze all defined benefit pension obligations and reduce the Company’s pension costs across its business. The Company never asserted that modifications among the unions’ CBAs were to be “identical,” but simply that a withdrawal from the IAM Fund was entirely consistent with this across-the-board approach. At no time during this meeting, nor any others, did the Star Tribune ever suggest that the contribution costs and withdrawal liability of the IAM Fund are equal to that of other multi-employer pension plans, such as Central States. The Company viewed the seven multi-employer pension plans collectively in terms of their financial burden on costs and liability, and has sought to withdraw from these plans because of the Star Tribune’s dire financial condition.

26. Finally, Mr. Yetman contends that by the end of the June 23 meeting, the Star Tribune had not yet provided the union with information necessary to evaluate the 1113 Proposal. (Yetman Obj. Decl. ¶ 14.) As discussed above, Mr. Yetman did not provide a signed confidentiality agreement until that date, so it was due to his own delay in executing the agreement that he was unable to access the information until that day.

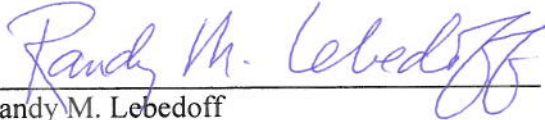
27. During the final negotiating session on June 29, the Machinists repeated their insistence on remaining in the IAM Fund and confirmed that they would not agree to any other solution that involved a withdrawal. (Lebedoff Decl. ¶ 37.)

The Star Tribune was left with no choice but to file its 1113 Motion because of the parties' impasse over withdrawal from the IAM Fund.

*[Remainder of Page Intentionally Left Blank]*

I, Randy M. Lebedoff, declare under penalty of perjury that the foregoing  
is true and correct.

Dated: Minneapolis, Minnesota  
July 23, 2009

  
\_\_\_\_\_  
Randy M. Lebedoff  
Senior Vice President and General Counsel  
The Star Tribune Company

**R. LEBEDOFF  
REPLY DECLARATION  
EXHIBIT A**

New York  
Menlo Park  
Washington DC  
London  
Paris  
Madrid  
Tokyo  
Beijing  
Hong Kong

# Davis Polk

## Avi Gesser

Davis Polk & Wardwell LLP 212 450 4429 tel  
450 Lexington Avenue 212 701 5429 fax  
New York, NY 10017 avi.gesser@davispolk.com

Re: Information Sharing Allegation in the Machinists' Section 1113 Opposition Papers

July 20, 2009

Marianne Goldstein Robbins  
Previant, Goldberg, Uelman,  
Gratz, Miller, & Brueggeman, S.C.  
1555 N. RiverCenter Drive - Suite 202  
Milwaukee, WI 53212

Dear Ms. Robbins:

We write in response to the allegation in the Machinists' recently filed 1113 opposition papers that the Company has not provided sufficient information to the union to assist them in evaluating the 1113 Proposal. This is baseless, and it is unfortunate that the Machinists have chosen to raise information requests for the first time in court filings, instead of merely asking the Company or its attorneys for that information.

As you know, the Machinists faxed a letter to the Company on June 25 with the first and only informational request to the Star Tribune since CBA negotiations began in summer 2008. That very same day, the Company sent a comprehensive response with almost 20 attachments. Because the Machinists complained of computer problems, the Company posted all of the information in its online Data Room in a specially marked "Machinists" folder for viewing, printing and downloading, but since there were technical problems on your end, Randy Lebedoff personally drove the next morning to the union's offices to provide hard copies of the requested information. It was only three weeks later on July 15 in the Machinists' court papers that we learned that the Machinists were not completely satisfied with the Company's response. Had the Machinists made these requests in a timely manner, you would have had this information weeks ago. In any event, we are attaching it now. Please let me know as soon as possible if there is any additional information that you or the union may need.

I note that the Machinists' brief complains in several instances that the Company did not provide headcount information, or information regarding the concessions reached with the other unions. To the extent such information is helpful, section 2 of the Disclosure Statement, which was provided to you on June 25 by e-mail, in the Data Room and in hard copy, plainly sets forth headcount information for all of the Company's unions as of its bankruptcy filing on January 15. The Disclosure Statement has also been publicly available since it was filed on June 18 at [www.startribunereorg.com](http://www.startribunereorg.com). Section 4.3(b) of the Disclosure Statement summarizes all of the LOAs reached (as of June 18), which should satisfy the Machinists' request to learn more about concessions. The Company's motions discussing the LOAs in greater detail are also all publicly available at [www.startribunereorg.com](http://www.startribunereorg.com), but I or Ms. Lebedoff would have been more than happy to send them to you by e-mail and post them in the "Machinists" folder if you had just asked.

It is strange that the opposition brief makes much of something that the Machinists have never asked me or the Company for—details regarding the recent LOAs reached with the Electricians, Operating Engineers and the SEIU. In any event, please find attached these motions and the LOA exhibits thereto.

The Machinists brief states that the union is now interested to learn more about how the movement of a certain group of Fleet employees and retirees into Plan A will affect the contribution and funding status of that pension plan. As soon as the Machinists' brief was filed on the evening of Wednesday, July 15, the Company asked its actuaries to prepare such information. Please find attached a document sent to the Company on the afternoon of Friday, July 17. As the document demonstrates, even with the addition of certain of the Fleet, the Company does not have to make any cash contributions to Plan A until at least 2012. This document has not been shared with the Fleet, other unions or any other interested parties (such as the Company's lenders or the Creditors' Committee), and should be treated as confidential pursuant to the confidentiality agreement.

Finally, because the brief states that the union has received almost no information on the Electricians' local defined contribution plan, I am attaching again the three PDF documents that we sent to you on July 9. Please also find attached in PDF form the retirement plan investment manual for the plan that was sent to you by overnight courier in hard copy. These documents as well should be treated as confidential pursuant to the confidentiality agreement.

Please let me know if you have any questions about the documents attached, or if there are any other outstanding informational requests. The Star Tribune can also make the Company's financial advisor, the Blackstone Group, directly available to you and the Machinists, especially to assist with accessing and navigating the Data Room. For your convenience, all of the documents attached are already posted in the "Machinists" folder in the Data Room.

The Company is available at anytime in person or by phone to meet with you or the Machinists to walk through this information, and to discuss any serious counterproposal. The Star Tribune still hopes to reach a resolution with the Machinists that will avoid the need for any further involvement from the Bankruptcy Court.

Very truly yours,



Avi Gesser

Attachments

By E-Mail