

LIQUIDATION ANALYSIS

Consolidated¹ Hypothetical Liquidation Analysis (unaudited)

This Liquidation Analysis should be read in conjunction with the accompanying Notes.
Based on the Debtors' May 3, 2009 Unaudited Balance Sheet Data.

<i>(\$ in thousands)</i>	Book Value	Recovery (%)		Recovery (\$)	
		Low	High	Low	High
Assets					
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
Total Assets / Proceeds	\$ 437,558			\$ 73,211	\$ 100,408
Wind-Down Expenses					
Wind-Down Operating Costs				\$ 18,245	\$ 9,123
Trustee Fees				2,196	3,012
Professional Fees				4,000	3,000
Total Wind-Down Expenses				\$ 24,442	\$ 15,135
Net Proceeds Available for Payment of Claims				\$ 48,769	\$ 85,273
Claim Amount					
First-Lien Claims					
Prepetition First-Lien Claims				392,924	392,924
First-Lien Claims				\$ 392,924	\$ 392,924
Excess in Proceeds over First-Lien Claims				\$ (344,155)	\$ (307,650)
Second-Lien Claims					
Prepetition Second-Lien Claims				96,000	96,000
Second-Lien Claims				\$ 96,000	\$ 96,000
Excess in Proceeds over Secured Claims				\$ (440,155)	\$ (403,650)
Administrative Claims					
503(b)(9) Claims				360	360
Post-Petition Claims				13,413	6,707
Total Administrative Claims				\$ 13,774	\$ 7,067
Excess in Proceeds over Secured and Administrative Claims				\$ (453,928)	\$ (410,717)
Net Proceeds Available for Payment of Unsecured Claims				\$ -	\$ -

¹ The Consolidated Debtors are Star Tribune Holdings Corporation and The Star Tribune Company.

NOTES

A. Introduction and Reservations²

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

² 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.