

From: Communications
To: All Employee Message
Date: 6/18/2008 5:14:10 PM
Subject: Message From Chris Harte

[CONFIDENTIAL: This is a confidential communication intended only for Star Tribune employees. Do not forward, copy or share in any way. Please consult your employee handbook for an explanation of the company's policy on confidential information.] Update on the RAI process and other financial issues *By Chris Harte, Publisher* It's been a while since I've given you an update on our Restructuring Associates Inc. (RAI) process. You know that we brought in RAI and, with its help and guidance, have asked our unions to work collaboratively with the company to find ways to significantly reduce expenses. I have waited to update you because of uncertainty on several fronts. Obviously, our original deadline of June 1 to reach agreement on \$15 million in annual savings from union contracts has come and gone. We were making progress in some of these talks and thought it made sense to keep trying for another couple of weeks. We continue to move forward with the Guild, but talks have unfortunately stopped with the other major unions. Meanwhile, we are continuing to refine the 5-year financial projections requested by our lenders, a process that is a strong reminder that the expense cuts we need remain very real and immediate. The company has identified additional cuts it can make without union agreement -- on top of all the other, much larger, cuts we made last year and earlier this year. But they are not nearly enough. Because our deadline for identifying expense cuts is looming, we needed to establish a deadline for the RAI process. Yesterday, we notified the major Teamsters unions who represent mailers, pressmen and drivers that we need to know by Thursday afternoon (6/19) whether they are willing to come back to the table and finish the RAI process. We need them to try hard to come up with an agreement in principle on their portion of the full \$15 million in annual expense cuts by July 3 and to submit the contract changes to union members for ratification quickly thereafter. We are still hopeful that we can reach a collaborative solution. As I explained in recent employee meetings, the other ways of achieving expense reductions will surely be far worse for all of us who work here, and for the readers and advertisers we serve. I hope everyone now understands that material changes and expense reductions are necessary and inevitable. To be a viable business, we have to make the required changes to bring our expenses in line with our greatly reduced revenue. We have believed all along that the collaborative RAI process is the best way to do this. It remains our preferred way. I will update you further when there are developments and I am able to communicate them.