

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :
: **Chapter 11 Case No.**
:
STAR TRIBUNE HOLDINGS : **09-10244 (RDD)**
CORPORATION, et al., :
: **(Jointly Administered)**
:
Debtors.¹ :
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INTERIM ORDER AUTHORIZING THE DEBTORS TO (i) PAY PRE-PETITION WAGES, SALARIES, EMPLOYEE BENEFITS AND OTHER COMPENSATION, (ii) MAINTAIN THEIR EMPLOYEE BENEFITS PROGRAMS AND PAY RELATED ADMINISTRATIVE OBLIGATIONS, (iii) ALLOW EMPLOYEES TO PROCEED WITH OUTSTANDING WORKERS' COMPENSATION CLAIMS AND (iv) AUTHORIZE APPLICABLE BANKS AND OTHER FINANCIAL INSTITUTIONS TO RECEIVE, PROCESS, HONOR, AND PAY ALL CHECKS PRESENTED FOR PAYMENT AND TO HONOR ALL FUND TRANSFER REQUESTS

Upon the motion (the “**Motion**”)² of Star Tribune Holdings Corporation (“**Star Tribune Holdings**”) and The Star Tribune Company (together with Star Tribune Holdings, the “**Debtors**”), pursuant to sections 105(a), 362(d) and 363(b) of the Bankruptcy Code for authorization to (i) pay certain pre-petition wages, salaries, and other compensation owing to Employees, (ii) maintain certain Employee benefits programs and pay related administrative obligations, (iii) permit Employees with claims under the Workers’ Compensation Programs to proceed with such claims and insurers to continue using collateral and security under the Workers’ Compensation Programs and (iv) authorize applicable banks and other financial institutions to receive, process, honor

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

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Motion.

and pay all checks presented for payment and to honor all fund transfer requests, as more fully described in the Motion; and upon consideration of the Declaration of David Montgomery in support of the Debtors' first-day pleadings; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (a) the Office of the United States Trustee for the Southern District of New York, (b) attorneys to the agent for the Debtors' first lien pre-petition lenders, (c) attorneys to an ad hoc committee of the Debtors' second-lien pre-petition lenders, (d) those creditors holding the five largest secured claims against the Debtors' estates on a consolidated basis, (e) those creditors holding the 30 largest unsecured claims against the Debtors' estates on a consolidated basis, (f) the Internal Revenue Service and (g) Avista Capital Partners, and it appearing that no other or further notice need be provided; and the interim relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion and having held a hearing on January 16, 2009, with appearances of parties in interest noted in the transcript thereof (the "**Hearing**"); and, upon the record of the Hearing, the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and the Court having determined that immediate relief is necessary to avoid irreparable harm; and upon

all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to sections 105(a), 362(d) and 363(b) of the Bankruptcy Code, and subject to section 363(c)(2) of the Bankruptcy Code, the relief requested in the Motion is granted on an interim basis as provided herein; and it is further

ORDERED that the Debtors shall be, and hereby are, authorized, but not required, to pay, in their sole discretion, all amounts required under or related to the Pre-Petition Employee Obligations; and it is further

ORDERED that the Debtors are authorized, but not required, to, in their sole discretion, continue to pay and honor their obligations arising under or related to their plans, practices, programs and policies for their employees, including, without limitation, those giving rise to the Pre-Petition Employee Obligations (collectively, the “**Employee Programs**”), as those Employee Programs were in effect as of the Petition Date and as such Employee Programs may be modified, terminated, amended or supplemented from time to time in the ordinary course of the Debtors’ business; *provided, however*, that, pending the final hearing, the Debtors shall not pay Reimbursement Obligations in excess of \$1,000 per Reimbursement Obligation and shall not reimburse any luxury items or personal services; and *provided further* that, pending the final hearing, the Debtors shall pay Severance Obligations only consistent with and to the extent of the limitation imposed by section 507(a)(4) of the Bankruptcy Code; and it is further

ORDERED that (a) the automatic stay is modified to allow Employees to proceed with claims under the Workers’ Compensation Programs in the appropriate judicial or administrative fora, and to permit insurers under the Workers’ Compensation Programs to

continue to access collateral and security provided by the Debtors pursuant to the Workers' Compensation Programs and (b) the notice requirements under Bankruptcy Rule 4001(d) with respect to (a) above are waived; and it is further

ORDERED that all applicable banks and other financial institutions (collectively, the "**Banks**") shall be, and hereby are, authorized, when and as requested by the Debtors in the Debtors' sole discretion, without any duty of inquiry or liability to any party for following such instructions, to receive, process, honor and pay checks drawn on the Debtors' payroll or disbursement accounts and any other checks or transfers that are (as directed and advised by the Debtors in the Debtors' sole discretion) related to Pre-Petition Employee Obligations, Employee Programs and Workers' Compensation Programs and the costs and expenses incident thereof, whether those checks or other transfer instructions were presented before or after the date of the commencement of these chapter 11 cases; and it is further

ORDERED that, notwithstanding anything to the contrary in any other order of this Court, the Banks (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires or automated clearing house transfers ("**ACH Transfers**") should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH Transfers are dated prior to, on, or subsequent to the Petition Date, and whether the Banks believe the payment is or is not authorized by an order of this Court and (b) have no duty to inquire as to whether such payments are authorized by an order of this Court; and it is further

ORDERED that the Banks shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b)

the honoring of any pre-petition check or item in a good faith belief that the Court has authorized such pre-petition check or item to be honored or (c) an innocent mistake made despite implementation of reasonable item handling procedures; and it is further

ORDERED that nothing in the Motion or this order (the “**Interim Order**”) shall be deemed a request by the Debtors for authority to assume, and nothing in this Interim Order shall be deemed authorization to assume, any plan, practice, program, policy, executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that nothing in the Motion or this Interim Order shall be construed as impairing the Debtors’ right to contest the validity or amount of any Pre-Petition Employee Obligation, including payroll taxes that may be due to any taxing authority; and it is further

ORDERED that on or before January 17, 2009, the Debtors shall serve a copy of the Interim Order and the Motion on the Notice Parties and any person or entity that has filed a request for notice; and it is further

ORDERED that any objection to the relief requested in the Motion on a permanent basis must, by 4:00 p.m. (prevailing Eastern Time) on February 2, 2009 (the “**Objection Deadline**”), be: (a) filed with the Court (with a copy to chambers) and (b) actually received by (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian Masumoto, (ii) attorneys for the Debtors, Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Timothy E. Graulich, (iii) attorneys for any official committee of unsecured creditors then appointed in these cases and (iv) attorneys to the agent for the Debtors’

first lien pre-petition lenders, Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022, Attn: Mark A. Broude; and it is further

ORDERED that a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on February 4, 2009; and it is further

ORDERED that if timely objections are received the Court shall hold a hearing held on February 6, 2009 at 10:00 a.m. (prevailing Eastern Time) to consider the timely objections to the Motion; and it is further

ORDERED that if no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order substantially in the form of this Interim Order *nunc pro tunc* to the date of the commencement of these chapter 11 cases, which Order shall be submitted and may be entered with no further notice or opportunity to be heard afforded any party; Motion shall be approved and it is further

ORDERED that the notice procedures set forth in the Motion are good and sufficient notice and satisfy Bankruptcy Rule 9014 by providing the counterparties with notice and an opportunity to object and be heard at a hearing; and it is further

ORDERED that notwithstanding Bankruptcy Rule 6003 and the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

Dated: New York, New York
January 16, 2009

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE