

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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**In re:** :   
:   
: **Chapter 11 Case No.**  
:   
**STAR TRIBUNE HOLDINGS** :   
**CORPORATION, et al.,** : **09-10244 (RDD)**  
:   
: **(Jointly Administered)**  
:   
**Debtors.**<sup>1</sup> :   
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**INITIAL INTERIM ORDER (I) AUTHORIZING THE USE OF  
CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION  
TO CERTAIN PRE-PETITION SECURED PARTIES, (III) GRANTING  
RELATED RELIEF, (IV) SCHEDULING AN INTERIM HEARING,  
AND (V) SCHEDULING A FINAL HEARING**

Upon the motion (the “**Motion**”),<sup>2</sup> dated January 15, 2009, of Star Tribune Holdings Corporation (“**Star Tribune Holdings**”) and The Star Tribune Company (“**Star Tribune**”) and, together with Star Tribune Holdings, the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Cases**”) pursuant to sections 105, 361, 362, 363(c)(2), 364(e) and 552 of the Bankruptcy Code, and Bankruptcy Rules 2002, 4001 and 9014, seeking, among other things:

- (a) authorization for the Debtors to use cash collateral in which any First Lien Lender or Second Lien Lender (each as defined below) has an interest pursuant to any Loan Document;

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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.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Motion.

(b) the granting of adequate protection to each lender (collectively, the “**First Lien Lenders**”) under and in connection with (i) the First Lien Senior Secured Credit Agreement dated as of March 5, 2007 (as amended, supplemented or otherwise modified from time to time, the “**First Lien Credit Agreement**”) among Snowboard Acquisition Corp. n/k/a Star Tribune, as borrower (the “**Borrower**”), each lender party thereto and Credit Suisse, as administrative agent and collateral agent (the “**First Lien Agent**”) and (ii) each loan document executed in connection with the First Lien Credit Agreement (collectively with the First Lien Credit Agreement, the “**First Lien Loan Documents**”);

(c) the granting of adequate protection to each lender (collectively, the “**Second Lien Lenders**” and, together with the First Lien Lenders, the “**Lenders**”) under and in connection with (i) the Second Lien Senior Secured Credit Agreement dated as of March 5, 2007 (as amended, supplemented or otherwise modified from time to time, the “**Second Lien Credit Agreement**”) among the Borrower, each lender party thereto and Credit Suisse, as administrative agent and collateral agent (the “**Second Lien Agent**” and, together with the First Lien Agent, the “**Agents**”) and (ii) each loan document executed in connection with the Second Lien Credit Agreement (collectively with the Second Lien Credit Agreement, the “**Second Lien Loan Documents**” and, collectively with the First Lien Loan Documents, the “**Loan Documents**”);

(d) pursuant to Bankruptcy Rule 4001, that a initial interim hearing (the “**Initial Interim Hearing**”) on the Motion be held before this Court to consider entry of this Initial Interim Order;

(e) pursuant to Bankruptcy Rule 4001, that an interim hearing (the “**Interim Hearing**”) on the Motion be held before this Court on January 20, 2009 to consider entry of an interim order authorizing the use of cash collateral and granting adequate protection to the Lenders; and

(f) that this Court schedule a final hearing (the “**Final Hearing**”) to consider entry of a final order authorizing the use of cash collateral and granting adequate protection to the Lenders.

Due and appropriate notice of the Motion, the relief requested therein and the Initial Interim Hearing was served by the Debtors on the thirty largest unsecured creditors of the Debtors (on a consolidated basis), creditors holders the five largest secured claims, the IRS, each Agent, counsel for the first-lien pre-petition lenders, counsel for an ad hoc committee of second-lien pre-petition lenders, and the Office of the United States trustee for the Southern District of New York (the “**U.S. Trustee**”).

The Initial Interim Hearing has held by this Court on January 16, 2009.

Upon the record made by the Debtors at the Initial Interim Hearing and after due deliberation and consideration and sufficient cause appearing therefor,

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction and Venue.* This Court has subject-matter jurisdiction over the Cases, the Motion and the parties and property affected hereby pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. *Notice.* Under the circumstances, the notice given by the Debtors of the Motion and the Initial Interim Hearing constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001(b) and Local Bankruptcy Rule 4001-2.

3. *Findings Regarding the Use of Cash Collateral.*

(a) Good cause has been shown for the entry of this Initial Interim Order.

(b) The Debtors have an immediate need to use cash collateral to permit, among other things, the orderly continuation of the operation of their businesses. The Debtors' access to sufficient working capital and liquidity through the use of cash collateral and other financial accommodations is vital to the preservation and maintenance of the Debtors' going concern values and successful reorganization.

(c) The terms of the use of cash collateral are fair and reasonable and constitute reasonably equivalent value and fair consideration.

(d) Absent granting the relief sought by this Initial Interim Order, the Debtors' estates will be immediately and irreparably harmed. The use of cash collateral in accordance with this Initial Interim Order is therefore in the best interest of the Debtors' estates. In these Motions the Debtors sought pursuant to this Initial Interim Order the use of only that amount of cash collateral, as provided in the Initial Budget, defined below, that is necessary to avoid immediate and irreparable harm to their estates.

4. *Use of Cash Collateral.* The Debtors shall not use any cash collateral (as defined in section 363(a) of the Bankruptcy Code) that is subject to any Pre-Petition

Security Interest (“**Cash Collateral**”) except as permitted herein or as otherwise approved by this Court. Subject to the terms and conditions of this Initial Interim Order, the Debtors are hereby authorized to use Cash Collateral during the period (the “**Initial Interim Period**”) from the Petition Date through January 21, 2009, and the Lenders are directed promptly to turn over to the Debtors all Cash Collateral received or held by them.

5. *Interim Carve-Out.* The Debtors are also authorized to use Cash Collateral to pay the following costs, fees and expenses (collectively, the “**Interim Carve-Out**”): (a) all fees required to be paid to the Clerk of the Bankruptcy Court or to the U.S. Trustee pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code and (b) all reasonable fees and expenses incurred by a trustee appointed pursuant to section 726(b) of the Bankruptcy Code in an amount not exceeding \$100,000 in the aggregate.

6. *Adequate Protection of Interests.* Each Lender is entitled, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code, to adequate protection of its Pre-Petition Security Interests for and equal in amount to the net post-petition diminution in the value (each such diminution, a “**Diminution in Value**”) of the Pre-Petition Security Interests of such Lender during the Initial Interim Period, calculated in accordance with section 506(a) of the Bankruptcy Code, including, without limitation, any Diminution in Value resulting from the sale, lease or use by the Debtors of property (including, without limitation, Cash Collateral) subject to any Pre-Petition Security Interest and the stay of enforcement of any Pre-Petition Security Interest arising from section 362 of the Bankruptcy Code. For the avoidance of doubt, to the extent it is

determined that the First Lien Lenders were undersecured as of the Petition Date, the Diminution in Value of the Second Lien Security Interests shall conclusively be deemed to be zero.

7. *First Lien Adequate Protection.* As adequate protection, the First Lien Agent, on behalf of itself and the First Lien Lenders, is hereby granted the following (collectively, the “**First Lien Adequate Protection**”):

(a) Adequate Protection Lien. Subject to paragraph 6 herein, as security for and solely to the extent of any Diminution in Value of the liens and security interests granted to the First Lien Agent for the benefit of the First Lien Lenders pursuant to the First Lien Loan Documents (the “**First Lien Security Interests**”) during the Initial Interim Period, the First Lien Agent is hereby granted for its benefit and the benefit of the First Lien Lenders, effective and perfected as of the date of entry of this Initial Interim Order and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements, a first-priority security interest in and lien on all the pre- and post-petition property of the Debtors other than the Excluded Assets (the “**First Lien Adequate Protection Lien**”), subject and subordinate only to (i) any valid, enforceable, perfected and unavoidable liens on the Debtors’ assets and property in existence as of the Petition Date or duly perfected after the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code (other than the First Lien Security Interests) and (ii) the Interim Carve-Out.

(b) Super-Priority Claim. Subject to paragraph 6 herein, to the extent of any Diminution in Value of the First Lien Security Interests during the Initial Interim Period, the First Lien Agent, on behalf of itself and the First Lien Lenders, is hereby granted an administrative claim (the “**First Lien Super-Priority Claim**”) as provided for in section 507(b) of the Bankruptcy Code. The First Lien Super-Priority Claim shall, subject and subordinate only to the Interim Carve-Out, be an allowed claim against each Debtor (jointly and severally) with priority over any and all administrative expenses and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all other administrative expenses or other claims arising under any other provision of the Bankruptcy Code, including, without limitation, sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 726 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed First Lien Super-Priority Claim shall be payable from and have recourse to all pre- and post-petition property of the Debtors other than the Excluded Assets.

(c) Reasonable Fees and Expenses. The Debtors shall promptly pay or reimburse the reasonable costs and expenses of the First Lien Agent’s financial and legal advisors accrued during the Initial Interim Period in accordance with the First Lien Credit Agreement, including, without limitation, Latham & Watkins,

LLP, in accordance with the arrangements existing immediately prior to the Petition Date, subject to review by the Court.

(d) Information. During the Initial Interim Period, the Debtors shall continue to provide the First Lien Agent with (i) financial and other reporting substantially in compliance with the First Lien Credit Agreement, (ii) access to the Debtors' business premises to the extent permitted under the First Lien Credit Agreement and (iii) other additional information as the First Lien Agent may reasonably request from time to time. Any information provided pursuant to this paragraph 7(d) shall be subject to the confidentiality provisions of the First Lien Credit Agreement, which provisions shall remain in full force and effect.

(e) Compliance With Initial Budget. Except as otherwise expressly provided in this Initial Interim Order, any further order of this Court or with the consent of the First Lien Agent, Cash Collateral may only be used for the purposes identified in the initial budget agreed to by the First Lien Agent and described on the record to the Court (as may be modified or updated from time to time with the prior written consent of the First Lien Agent or upon order of the Court, the "**Initial Budget**").

8. *Second Lien Adequate Protection*. As adequate protection, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, is hereby granted the following (collectively, the "**Second Lien Adequate Protection**" and, collectively with the First Lien Adequate Protection, the "**Adequate Protection**"):

(a) Adequate Protection Lien. Subject to paragraph 6 herein, as security for and solely to the extent of any Diminution in Value of the liens and

security interests granted to the Second Lien Agent for the benefit of the Second Lien Lenders pursuant to and in connection with the Second Lien Loan Documents during the Initial Interim Period (the “**Second Lien Security Interests**”), the Second Lien Agent is hereby granted for its benefit and the benefit of the Second Lien Lenders, effective and perfected as of the date of entry of this Initial Interim Order and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements, a junior security interest in and lien on all the pre- and post-petition property of the Debtors other than the Excluded Assets (the “**Second Lien Adequate Protection Lien**”), subject and subordinate only to (i) the First Lien Security Interests, (ii) the First Lien Adequate Protection Lien, (iii) any valid, enforceable, perfected and unavoidable liens on the Debtors’ assets and property in existence as of the Petition Date (other than the Second Lien Security Interests) or duly perfected after the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code and (iv) the Interim Carve-Out.

(b) Super-Priority Claim. Subject to paragraph 6 and to the extent of any Diminution in Value of the Second Lien Security Interests during the Initial Interim Period, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, is hereby granted an administrative claim (the “**Second Lien Super-Priority Claim**”) as provided for in section 507(b) of the Bankruptcy Code. The Second Lien Super-Priority Claim shall, subject to the Interim Carve-Out, be an allowed claim against each Debtor (jointly and severally) with priority immediately junior to the First Lien Super-Priority Claim and priority over any

and all other administrative expenses and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under any other provision of the Bankruptcy Code, including, without limitation, sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 726 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed Second Lien Super-Priority Claim shall be payable from and have recourse to all pre- and post-petition property of the Debtors other than the Excluded Assets.

9. *Excluded Assets.* The “**Excluded Assets**” are (i) all claims and causes of action (collectively, “**Avoidance Actions**”), and all products and proceeds thereof, arising under or permitted by sections 502(d), 506(c), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code and any other avoidance claims and avoidance causes of action arising under or permitted by state or federal law, *provided* that, subject only to and effective upon entry of an order granting the relief requested following the Final Hearing, any proceeds or property recovered, unencumbered or otherwise the subject of successful Avoidance Actions (other than any Avoidance Action in which any Agent or Lender is a defendant, or in which any Pre-Petition Security Interest, Loan Document or payment thereunder is contested), whether by judgment, settlement or otherwise (“**Avoidance Proceeds**”), shall not be Excluded Assets, and (ii) any asset that the Debtors are prohibited by law or contract from encumbering.

10. *Reservation of Rights of First Lien Agent.* Under the circumstances and given that the adequate protection provided herein is consistent with the Bankruptcy Code, including section 506(b) thereof, the Court finds that the adequate protection provided herein is reasonable and sufficient to protect the interests of the Lenders. However, in the event of a material change of circumstances, the First Lien Agent may request further or different adequate protection, and the Debtors or any other party may contest any such request.

11. *Preservation of Rights Granted Under the Initial Interim Order.*

(a) During the Initial Interim Period, no claim or lien having a priority superior to or *pari passu* with those granted by this Initial Interim Order to the First Lien Agent on behalf of the First Lien Lenders shall be granted or allowed while any portion of the First Lien Debt remains outstanding, unless (i) the First Lien Agent has consented in writing to such grant or allowance or (ii) such superior or *pari passu* claim or lien is permitted under the First Lien Loan Documents.

(b) During the Initial Interim Period, the liens and security interests included in the First Lien Adequate Protection shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or (ii) subordinated to or made *pari passu* with any other lien or security interest, whether under section 364(d) of the Bankruptcy Code or otherwise, except to the extent permitted hereunder.

(c) If an order dismissing any of the Cases under section 1112 of the Bankruptcy Code or otherwise is at any time entered, (i) such order shall provide, in accordance with sections 105 and 349 of the Bankruptcy Code, that until all First Lien Debt shall have been paid and satisfied in full, the First Lien Adequate Protection shall (A) continue in full force and effect, (B) remain binding on all parties in interest and (C) maintain the priorities and status provided in this Initial Interim Order and (ii) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in clause (i).

(d) If any or all of the provisions of this Initial Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, stay, modification or vacatur shall not affect (i) the validity of Adequate Protection obligations incurred prior to the actual receipt of written notice by each Agent of the effective date of such reversal, stay, modification or vacatur or (ii) the validity or enforceability of any lien or priority authorized or created hereby or pursuant to the Adequate Protection. Notwithstanding any such reversal, stay, modification or vacatur, any use of Cash Collateral prior to the actual receipt of written notice by each Agent of the effective date of such reversal, stay, modification or vacatur shall be governed in all respects by the original provisions of this Initial Interim Order, and each Agent and each Lender shall be entitled to all the rights, remedies, privileges and benefits granted in section 364(e) of the Bankruptcy Code and this Initial Interim Order with respect to all uses of Cash Collateral and all Adequate Protection.

12. *Priorities Among Lenders.* Notwithstanding anything to the contrary herein or in any other order of this Court, in determining the relative priorities and rights of the Lenders as among themselves (including, without limitation, the relative priorities and rights of the Lenders with respect to Adequate Protection granted hereunder), such priorities and rights shall continue to be governed by the Loan Documents.

13. *Limitation on Charging Expenses Against Collateral.* Subject only to and effective upon entry of an order granting the relief requested following the Final Hearing, except to the extent of the Interim Carve-Out, no expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Lenders' collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law without the prior written consent of the applicable Agents and applicable Lenders, as the case may be, and no such consent shall be implied from any other action, inaction, or acquiescence by any of the Agents or the Lenders.

14. *Order Governs.* In the event of any inconsistency between the provisions of this Initial Interim Order and the Motion, the provisions of this Initial Interim Order shall govern.

15. *Binding Effect; Successors and Assigns.* The provisions of this Initial Interim Order, including all findings herein, shall be binding upon all parties in interest in these Cases, including, without limitation, each Agent, each Lender, the Creditors' Committee, each Debtor and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the

Debtors) and shall inure to the benefit of each Agent, each Lender, each Debtor and their respective successors and assigns.

16. *Interim Hearing.* The Interim Hearing will be held by this Court on January 20, 2009 at 10:00 a.m. (prevailing Eastern time).

17. *Notice.* By January 17, 2009, the Debtors shall serve a copy of this Initial Interim Order (which shall constitute adequate notice of the Interim Hearing) on the parties having been given notice of the Initial Interim Hearing, to any party that has filed a request for notices with this Court. Any party in interest objecting to the relief sought at the Interim Hearing shall serve a written objection, upon (a) Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Timothy E. Graulich, attorneys for the Debtors, (b) Latham & Watkins, LLP, 885 Third Avenue, New York, New York 10022, Attn: Mark A. Broude, attorneys for the First Lien Agent and (c) the U.S. Trustee, and shall file such objection with the Clerk of the United States Bankruptcy Court, Southern District of New York (with a copy to chambers), in each case to allow actual receipt by no later than January 19, 2009 at 4:00 p.m. (prevailing Eastern time).

Dated: New York, New York  
January 16, 2009

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE