

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X

In re:	:
	:
	: Chapter 11 Case No.
	:
STAR TRIBUNE HOLDINGS	: 09-10244 (RDD)
CORPORATION, et al.,	:
	: (Jointly Administered)
	:
Debtors. ¹	:
	:

----- X

**INTERIM ORDER AUTHORIZING DEBTORS TO (i) PAY PRE-PETITION
CLAIMS OF CRITICAL VENDORS AND
(ii) AUTHORIZE FINANCIAL INSTITUTIONS TO HONOR
AND PROCESS RELATED CHECKS AND TRANSFERS**

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) and 363(b) of the Bankruptcy Code, for authority to pay in the ordinary course of business pre-petition claims of critical vendors (the “**Critical Vendors**”), as more fully described in the Motion; and upon consideration of the Affidavit of David W. Montgomery pursuant to Local Bankruptcy Rule 1007-2 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

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.

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 (collectively, the "**Notice Parties**"), 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 the relief requested in the Motion is hereby granted in its entirety, on an interim basis subject to the terms of this Order; *provided, however*, that until the twenty-first day after the Petition Date, the relief requested by the Debtors is granted only to the extent that it is necessary to avoid irreparable harm; and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, and subject to section 363(c)(2) of the Bankruptcy Code, the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment in the light of maximizing the net benefit to their estates, to pay some or all of the pre-petition claims of those Critical Vendors (the “**Vendor Claims**”), who agree to continue to supply goods or services to the Debtors on such Critical Vendor’s “**Customary Trade Terms**” for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors. As used herein, “**Customary Trade Terms**” means, with respect to a Critical Vendor, (a) the normal and customary trade terms, practices and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, and availability, and other applicable terms and programs), that were most favorable to the Company and in effect between such Critical Vendor and the Company prior to the Petition Date or (b) such other trade terms as agreed by the Debtors and such Critical Vendor; and it is further

ORDERED that after the date hereof, the Debtors shall determine, in the ordinary course of business, but in light of their rights under the Bankruptcy Code, who is a Critical Vendor by considering, among other things, (a) which suppliers were sole source or limited source suppliers, without whom the Debtors could not continue to operate without disruption, (b) which suppliers would be prohibitively expensive to replace, (c) which suppliers present an unacceptable risk should they cease the provision of truly essential services or supplies and (d) the extent to which suppliers may be able to obtain or have obtained trade liens on equipment, supplies or goods of the Debtors; and it is further

ORDERED that the Debtors shall maintain a matrix summarizing (a) the name of each Critical Vendor paid on account of Vendor Claims, (b) the amount paid to each Critical Vendor on account of its Vendor Claim and (c) the goods or services provided by such Critical Vendor. This matrix will be provided to the U.S. Trustee and any official committee of unsecured creditors (the “**Committee**”), *provided, however*, that the Committee and its professionals shall keep the matrix confidential and shall not disclose any of the information in the matrix to anyone, including, but not limited to, any member of the Committee, without prior written consent from the Debtors; and it is further

ORDERED that the Debtors shall undertake all appropriate efforts to cause Critical Vendors to enter into an agreement (the “**Vendor Agreement**”) including provisions substantially in the form attached to the Motion as Exhibit B; and it is further

ORDERED that the Debtors are authorized, but not required, to enter into Vendor Agreements when the Debtors determine, in the exercise of their reasonable business judgment as described by this Order, that it is appropriate to do so. However, the Debtors’ inability to enter into a Vendor Agreement shall not preclude them from paying a Vendor Claim when, in the exercise of their reasonable business judgment, such payment is necessary to the Debtors’ operations; and it is further

ORDERED that if the Debtors, in their discretion, determine that a Critical Vendor has not complied with the terms and provisions of the Vendor Agreement or has failed to continue to provide Customary Trade Terms following the date of the agreement, or on such terms as were individually agreed to between the Debtors and such Critical Vendor, the Debtors may terminate a Vendor Agreement, together with the other benefits to the Critical Vendor as contained in this Order, *provided, however*, that the

Vendor Agreement may be reinstated if (a) such determination is subsequently reversed by the Court for good cause after it is shown that the determination was materially incorrect after notice and a hearing following a motion from the Critical Vendor; (b) the underlying default under the Vendor Agreement is fully cured by the Critical Vendor not later than five business days after the date the initial default occurred; or (c) the Debtors, in their discretion, reach a subsequent agreement with the Critical Vendor; and it is further

ORDERED that if a Vendor Agreement is terminated as set forth above, or if a Critical Vendor that has received payment of a pre-petition claim later refuses to continue to supply goods or services for the applicable period in compliance with the Vendor Agreement or this Order, then (a) the Debtors may, in their discretion, declare that the payment of the creditor's Vendor Claim is a voidable post-petition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover in cash or in goods from such Critical Vendor, (b) the creditor shall immediately return such payments in respect of a Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever and (c) the creditor's Vendor Claim shall be reinstated in such an amount so as to restore the Debtors and the Critical Vendor to their original positions as if the Vendor Agreement had never been entered into and no payment of Vendor Claim had been made; and it is further

ORDERED that all Vendor Agreements shall be deemed to have terminated, together with the other benefits to Critical Vendors as contained in this Order, upon entry

of an order converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code; and it is further

ORDERED that each of the banks and financial institutions (the "**Banks**") at which the Debtors maintain their accounts relating to the payment of the claims that the Debtors request authority to pay in the Motion are authorized to receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts, and are authorized to rely on the Debtors' designation of any particular check as approved by this Order; 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 contained in this Order shall be deemed to constitute an assumption of any executory contract or to require the Debtors to make any of the payments or to post any of the deposits authorized herein; and it is further

ORDERED that notwithstanding the possible applicability of Bankruptcy Rules 6003 and 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that by January 17, 2009, the Debtors shall serve a copy of this order (the “**Interim Order**”) and the Motion on the Notice Parties and on 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 (with a copy to chambers) 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 there shall be 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 may be entered with no further notice or opportunity to be heard afforded any party; 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 this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
January 16, 2009

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE