

Objection Deadline: January 30, 2009 at 4:00 p.m. (prevailing Eastern Time)
Hearing Date: February 6, 2009 at 10:00 a.m. (prevailing Eastern Time)

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**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 :
----- X

**DEBTORS' MOTION PURSUANT TO SECTIONS 105(a) AND
546(c) OF THE BANKRUPTCY CODE FOR APPROVAL OF
PROCEDURES FOR THE TREATMENT OF RECLAMATION CLAIMS**

Star Tribune Holdings Corporation (“**Star Tribune Holdings**”) and The Star
Tribune Company (“**Star Tribune**” and, together with Star Tribune Holdings, the
“**Debtors**”) respectfully represent:

¹ 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.

Background

1. On January 15, 2009 (the “**Petition Date**”), each Debtor commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

2. Additional information about the Debtors’ businesses and the events leading up to the Petition Date can be found in the Affidavit of David W. Montgomery, Chief Financial Officer of Star Tribune, which is incorporated herein by reference.

Jurisdiction

3. The Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and may be determined by the Bankruptcy Court. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

4. Consistent with the normal operation of their businesses, prior to the Petition Date, the Debtors ordered merchandise from various vendors on varying credit terms. For example, the Debtors regularly purchase, among other things, newsprint, ink, printing parts and equipment, office supplies, plastic bags for newspaper delivery and computer equipment. These goods are typically delivered directly to the Debtors’ offices and printing plant. Given the extension of credit by various vendors, the Debtors are often in possession of goods for which payment had not been made at the time of delivery.

5. Under the laws of most states, sellers that ship merchandise on credit may have the right under certain circumstances to reclaim the merchandise. Prior to the commencement of a case under the Bankruptcy Code, reclamation rights of sellers are governed by state law. Section 2-702(2) of the Uniform Commercial Code allows a seller of goods, upon discovering that the buyer has received the goods on credit while insolvent, to reclaim the goods upon demand made within ten days after the buyer's receipt of the goods.

6. Section 2-702(3) of the Uniform Commercial Code provides that all reclamation rights in section 2-702(2) are "subject to the rights of a buyer in ordinary course or other good faith purchaser." It is well-settled that a lender or other creditor "with a security interest in after-acquired property who acted in good faith and for value . . . is a good faith purchaser to whose claim that of a reclaiming seller is subject." *In re Arlco*, 239 B.R. 261, 270-71 (Bankr. S.D.N.Y. 1999) (internal quotation marks omitted); *see also, e.g., In re Pester Refining Co.*, 964 F.2d 842, 844-45 (8th Cir. 1992); *In re Samuels & Co.*, 526 F.2d 1238 (5th Cir. 1976) (en banc), *cert. denied*, 429 U.S. 834 (1976); *In re Pittsburgh-Canfield Corp.*, 309 B.R. 277, 284 (B.A.P. 6th Cir. 2004). "[A]fter the secured creditors' superior interests have been satisfied or released, the reclaiming seller retains a priority interest in any remaining goods, and in any surplus proceeds from the secured creditors' foreclosure sale . . . where the value of the reclaiming seller's rights is worthless because of the secured lien, the reclamation request is not denied, but is of no value." *In re Child World*, 145 B.R. 5, 7 (Bankr. S.D.N.Y. 1992); *see also Galey & Lord Inc. v. Arley Corp.*, 239 B.R. 261, 272 (Bankr. S.D.N.Y. 1999); *In re Victory Mkts.*, 212 B.R. 738, 741 (Bankr. N.D.N.Y. 1997).

7. Upon commencement of a chapter 11 case, reclamation rights are governed by section 546(c) of the Bankruptcy Code, which provides that sellers who sold goods to debtors in the ordinary course of the seller's business may reclaim the goods if: (i) the debtor received the goods while insolvent within forty-five days before the date of the commencement of the case, (ii) the seller makes a reclamation demand in writing (a) before forty-five days after receipt of the goods by the debtor or (b) if the forty-five-day period expires post-petition, before twenty days after the date of the commencement of the case² and (iii) the seller is otherwise entitled to reclamation under applicable state law.

8. By this motion (the "**Motion**"), the Debtors seek, pursuant to sections 105(a) and 546(c) of the Bankruptcy Code and section 2-702 of the Uniform Commercial Code, entry of an order in the form of Exhibit B attached hereto, establishing certain procedures for the resolution of reclamation claims against the Debtors (the "**Reclamation Procedures**"). The Debtors submit that implementation of the Reclamation Procedures is in the best interests of the Debtors' estates and all parties in interest.

9. Pursuant to section 105(a) of the Bankruptcy Code and rule 1015(c) of the Federal Rules of Bankruptcy Procedure, the Court entered an Order Approving Certain Notice, Case Management, and Administrative Procedures (the "**Case Management Order**") on January 16, 2009. If the Reclamation Procedures conflict with any order approving the Case Management Motion (the "**Case Management Order**"), the

² Notwithstanding the foregoing, a seller of goods that fails to provide notice in the manner described in section 546(c) "still may assert" an administrative priority claim pursuant to section 503(b)(9) of the Bankruptcy Code for goods sold to the debtor in the ordinary course of the debtor's business within 20 days before the date of the commencement of the case (a "**503(b)(9) Claim**").

Reclamation Procedures shall control with respect to claims made under section 546(c) of the Bankruptcy Code. In all other circumstances, except as otherwise provided by separate order, the Case Management Order shall govern.

The Reclamation Procedures

10. The Debtors anticipate that some vendors may file demands under section 546(c)(1) of the Bankruptcy Code (each, a “**Reclamation Demand**”) asserting their rights to reclaim goods from the Debtors.

11. The Debtors submit that implementation of the Reclamation Procedures will facilitate the reconciliation of reclamation claims and minimize litigation costs associated with such claims. Neither the filing of this Motion nor any of the information contained herein shall constitute an admission of the solvency or insolvency of the Debtors as of the Petition Date.

A. Reclamation Demand

12. The Debtors propose that a Reclamation Demand not be valid unless:

- a. The Reclamation Claim Form, attached hereto as Exhibit A, is completed in writing and identifies (i) the particular goods a seller seeks to reclaim (the “**Goods**”), (ii) the quantity or dollar value of the Goods, (iii) the date the Goods were delivered to the Debtors, (iv) the invoice numbers applicable to the Goods and (v) the basis for the Reclamation Demand;
- b. The Reclamation Claim Form, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the Goods, are filed with the Court and received by (i) the Debtors, Star Tribune, either by facsimile

transmission to 612-673-4359 or delivery to, 425 Portland Avenue S., Minneapolis, MN 55488, Attn: Randy Lebedoff, (ii) the Debtors' notice and claim agent, The Garden City Group, Inc., either by facsimile transmission to 631-940-6554 or delivery to 105 Maxess Road, Melville, New York 11747, Attn: Craig E. Johnson, Reclamation Claims and (iii) the attorneys for the Debtors, Davis Polk & Wardwell, either by facsimile transmission to 212-701-6001 or delivery to 450 Lexington Avenue, New York, New York, 10017, Attn: Lynn I. Poss, Esq.:

- (i) before 45 days after the receipt of such Goods by the Debtors, unless such period of time expires on a day that is not a business day, in which case such period shall expire on the next business day; or
- (ii) if such 45-day period expires after the Petition Date, before 20 days after the Petition Date, i.e. February 4, 2009.

13. The Debtors propose that any seller that fails to timely submit a Reclamation Demand pursuant to the Reclamation Procedures would be deemed to have irrevocably waived its right to payment on any purported Reclamation Claim.

B. Reconciliation Process

14. As soon as practicable after the receipt of a Reclamation Demand, the Debtors shall review the demand and evaluate (a) the legal sufficiency of the Reclamation Demand, (b) whether the Goods were in the Debtors' possession when the Debtors received the Reclamation Demand, (c) the invoice amount of the Goods and (d)

any setoffs, deductions, credits and other defenses and claims that the Debtors may have against the party asserting the Reclamation Demand.

15. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a Reclamation Demand should be allowed (each an “**Allowed Reclamation Claim**”), the Debtors request that they be authorized to, in their sole discretion, (i) make the Goods available for pick-up by the seller or (ii) grant the seller that filed the Reclamation Demand (the “**Reclamation Vendor**”) an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases. If, at any point in the reconciliation process, the Debtors determine that a 503(b)(9) Claim asserted in a Reclamation Demand should be an Allowed Reclamation Claim, the Debtors request that they be authorized to grant such Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases.³

16. The Debtors request that they also be authorized, in their sole discretion, to (a) negotiate with Reclamation Vendors whose Reclamation Demands have not been reconciled in order to reach agreement (a “**Reclamation Settlement**”) regarding any unresolved claims or portions thereof and (b) allow administrative claims to be paid in connection with any plan of reorganization approved in these cases pursuant to such a Reclamation Settlement that may be less than the amount of the Reclamation Demand.

³ As stated in note 2 *supra*, a seller of goods that fails to provide notice in the manner described in section 546(c) may still assert a 503(b)(9) Claim at a later date. However, if a party asserts a 503(b)(9) Claim and the Debtors allow such claim as an Allowed Reclamation Claim, such Allowed Reclamation Claim shall be in full and complete satisfaction of such 503(b)(9) Claim and such seller shall be barred from prosecuting the 503(b)(9) Claim at a later date.

17. The Debtors request that allowance of an Allowed Reclamation Claim or Reclamation Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other Claims (as defined in section 101(5) of the Bankruptcy Code) (“**Claims**”) related to any and all reclamation rights or claims of a Reclamation Vendor against any of the Debtors, their affiliates and estates, and such Reclamation Vendor shall be barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all Reclamation Demands or other reclamation rights or claims of such Reclamation Vendor against any of the Debtors.

C. Reclamation Reports

18. No later than one-hundred twenty (120) days after entry of an order granting the relief requested herein, the Debtors shall file with the Court a report (the “**Report**”) including the following information (a) the names of the Reclamation Vendors, (b) the date of each of the Reclamation Demands listed in the Report, (c) the basis upon which the Debtors believe that the Reclamation Demands are not legally valid, if applicable, (d) a description of the Debtors’ proposed treatment of each of the Reclamation Demands identified in the Report and (e) any defenses that the Debtors choose to reserve notwithstanding any allowance of the Reclamation Demands.

19. On the date the Report is filed with the Court, the Debtors shall send such Report by facsimile, overnight or hand delivery, to the following parties: (a) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian Masumoto, and (b) the attorneys for any official committee of unsecured creditors appointed in these

chapter 11 cases. The Report shall also be sent, by U.S. mail, to each of the Reclamation Vendors whose Reclamation Demand is identified in the Report.

D. Objections

20. The deadline to file objections to the Report shall be 4:00 p.m. prevailing Eastern time on the day that is twenty (20) calendar days from the day on which the Report is filed and served. Any objections must be received by (a) the Debtors, Star Tribune, either by facsimile transmission to 612-673-4359425 or delivery to Portland Avenue S., Minneapolis, MN 55488, Attn: Randy Lebedoff, (b) the Debtors' notice and claim agent, The Garden City Group, Inc., either by facsimile transmission to 631-940-6554 or delivery to 105 Maxess Road, Melville, New York 11747, Attn: Craig E. Johnson, Reclamation Claims, (c) the attorneys for Debtors, Davis Polk & Wardwell, either by facsimile transmission to 212-701-6001 or delivery to 450 Lexington Avenue, New York, New York, 10017, Attn: Lynn I. Poss, Esq., and (d) the attorneys to the agent for the Debtors' first lien pre-petition lenders, Latham & Watkins LLP, either by facsimile transmission to 212-751-4864 or delivery to 885 Third Avenue, New York, NY 10022, Attn: Mark A. Broude.

a. With respect to each Reclamation Demand in the Report as to which no objection is timely received, the Debtors request that they be authorized, without further order of the Court, to treat the Reclamation Demand as set forth in the Report.

b. With respect to each Reclamation Demand in the Report as to which an objection is timely received, and such objection is settled by the parties, the Debtors request that they be authorized, without further order of the Court, to

treat the agreed upon Reclamation Demand as an Allowed Reclamation Claim in accordance with the Reclamation Procedures, unless otherwise agreed by the parties.

c. With respect to any Reclamation Demand in the Report as to which an objection is timely received and such objection cannot be settled by the parties, the Debtors request that such Reclamation Demand(s) shall not be deemed valid except upon order of the Court, after a hearing on such Reclamation Demand(s) to be requested by the Debtors.

E. Stay of Adversary Proceedings

21. Pending completion of the Reclamation Procedures, the Debtors propose that a stand-still shall be in effect such that Reclamation Vendors may not take any action to establish the validity and amount of their Reclamation Demand, including the filing of an adversary proceeding, except pursuant to the Reclamation Procedures. As to all parties that timely comply with the Reclamation Procedures, the Debtors hereby waive their right to assert as a defense to a Reclamation Demand that a Reclamation Vendor has failed to promptly commence or prosecute an adversary proceeding to enforce its Reclamation Demand, without prejudice to any and all other rights, claims and defenses that the Debtors may have with respect to the Reclamation Demand.

F. Claims Against Vendors are Not Waived

22. The Debtors also seek clarification that approval and implementation of the Reclamation Procedures shall not constitute a waiver of any of the Debtors' claims against any Reclamation Vendor, including claims relating to preferential or fraudulent transfers and other potential claims, counterclaims, or offsets. The Debtors expressly

reserve their rights to pursue such claims. By requesting approval of the Reclamation Procedures, the Debtors are not consenting or agreeing to reclamation rights of any party, the Debtors are not waiving any rights with respect to any Reclamation Demand, and the Debtors are reserving all rights to dispute and contest any Reclamation Demand.

**Implementation of the Reclamation
Procedures is in the Best Interests of
the Debtors and Their Estates and Creditors**

23. Section 105(a) of the Bankruptcy Code provides in relevant part that “[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. §105(a). The Debtors submit that approval of the Reclamation Procedures is necessary and appropriate and well within the Court’s equitable powers under section 105(a) of the Bankruptcy Code.

24. Implementation of the Reclamation Procedures is consistent with both the Bankruptcy Code and applicable state reclamation laws. The Reclamation Procedures provide that, for vendors with valid Reclamation Demands, the Debtors will either (a) make the Goods available for pick-up by the Reclamation Vendor or (b) grant the Reclamation Vendor an administrative claim. In addition, the Reclamation Procedures satisfy due process by providing interested parties with notice and an opportunity to object to the Debtors’ designation of their Reclamation Demand.

25. Absent implementation of the streamlined Reclamation Procedures, the Debtors would likely be subject to numerous claims and adversary proceedings, each of which would result in the unnecessary expenditure of time, effort and money by the Debtors. Most importantly, any such litigation would be detrimental to the Debtors’ business relationships and, therefore, to their successful reorganization. Accordingly, the Debtors submit that the Reclamation Procedures are in the best interests of the estates.

26. Finally, procedures to address reclamation claims are often granted in complex chapter 11 cases. *See, e.g., Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. Apr. 14, 2008); *In re Dana Corp.*, Case No. 06-10354(BRL) (Bankr. S.D.N.Y. Mar. 3, 2006); *In re Delphi Corporation*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. October 8, 2005); *In re Winn Dixie*, Case No. 05-11063 (RDD) (Bankr. S.D.N.Y. Feb. 21, 2005); *In re Ames Dept. Stores, Inc.*, Case No. 01-42217 through 01-42221(REG) (Bankr. S.D.N.Y. Aug. 20, 2001); *In re Kmart Corp.*, Case No. 02-02474 (SPS) (Bankr. N.D. Ill. Jan. 22, 2002). The Debtors submit that their circumstances warrant similar relief.

Objections

27. The deadline to file an objection (“**Objection**”) to this Motion shall be 4:00 p.m. (prevailing Eastern Time) on January 30, 2009 (the “**Objection Deadline**”). An Objection shall be considered timely only if, on or prior to the Objection Deadline, it is (a) filed with the Court and (b) served upon and actually received by (i) the Office of the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian Masumoto, (ii) the attorneys for the Debtors, Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Timothy Graulich, (iii) the proposed conflicts counsel for the Debtors, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178, Attn: Steven J. Reisman and Timothy A. Barnes, (iv) the attorneys for any official committee of unsecured creditors then appointed in these cases, (v) the 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 (vi) the Debtors’ notice and claim agent,

The Garden City Group, Inc., 105 Maxess Road, Melville, New York 11747, Attn: David A. Isaac, Chief Executive Officer.

28. Unless otherwise ordered by the Court, 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.

29. 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 granting the relief requested herein, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded to any party. If an Objection is timely filed, a hearing will be held at 10:00 a.m. (prevailing Eastern time) on February 6, 2009.

Notice

30. No trustee or examiner has been appointed in these chapter 11 cases. Pursuant to the Order Establishing Certain Notice, Case Management and Administrative Procedures entered by this Court on January 16, 2009 (the “**Case Management Order**”), the Debtors will serve notice of this Motion on each of (i) the Core Parties and (ii) the Non-ECF Service Parties (each as defined in the Case Management Order).

No Previous Request

31. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request the Court grant the Debtors the relief requested herein and such other and further relief as is just and proper.

New York, New York
Dated: January 20, 2009

By: /s/ Marshall S. Huebner

Marshall S. Huebner
Timothy E. Graulich
Lynn I. Poss

DAVIS POLK & WARDWELL
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-6001

*Proposed Counsel to the Debtors
and Debtors in Possession*

EXHIBIT A

EXHIBIT B

**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 :
----- X

**ORDER PURSUANT TO SECTIONS 105(a) AND 546(c) OF
THE BANKRUPTCY CODE APPROVING PROCEDURES
FOR THE TREATMENT OF RECLAMATION CLAIMS**

Upon the motion (the “**Motion**”)² of Star Tribune Holdings Corporation (“**Star Tribune Holdings**”) and The Star Tribune Company (“**Star Tribune**” and, together with Star Tribune Holdings, the “**Debtors**”), for authorization pursuant to sections 105(a) and 546(c) of title 11 of the United States Code (the “**Bankruptcy Code**”) to establish procedures for the treatment of reclamation claims (the “**Reclamation Procedures**”), as more fully described in the Motion; and upon consideration of the Affidavit of David W. Montgomery in Support of First-Day Motions and Applications, dated as of the Petition Date; 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,

¹ 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.

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

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)(2); 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 in accordance with the Case Management Order; and it appearing that no other or further notice need be provided; and the 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 with appearances of parties in interest noted in the transcript thereof (the “**Hearing**”)]; and 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 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; and it is further

ORDERED that if the Procedures conflict with the Order Establishing Certain Notice, Case Management and Administrative Procedures (the “**Case Management Order**”) entered by the Court on January 16, 2009, the Procedures shall control with respect to reclamation claims. In all other circumstances, except as otherwise provided by separate order, the Case Management Order shall govern; and it is further

ORDERED that neither the filing of this Motion nor any of the information contained therein shall constitute an admission of the solvency or insolvency of the Debtors as of the Petition Date; and it is further

ORDERED that pursuant to sections 105(a) and 546(c) of the Bankruptcy Code,

the following Reclamation Procedures are hereby approved and shall be implemented throughout the Debtors' chapter 11 cases:

Reclamation Demand

1. A Reclamation Demand shall not be valid unless:

a. The Reclamation Claim Form, attached to the Motion as Exhibit A, is completed in writing and identifies (i) the particular goods a seller seeks to reclaim (the “**Goods**”), (ii) the quantity or dollar value of the Goods, (iii) the date the Goods were delivered to the Debtors, (iv) the invoice numbers applicable to the Goods and (v) the basis for the Reclamation Demand;

b. The Reclamation Claim Form, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the Goods, are filed with the Court and received by (i) the Debtors, Star Tribune, either by facsimile transmission to 612-673-4359 or delivery to 425 Portland Avenue S., Minneapolis, MN 55488, Attn: Randy Lebedoff, (ii) the Debtors' notice and claim agent, The Garden City Group, Inc., either by facsimile transmission to 631-940-6554 or delivery to 105 Maxess Road, Melville, New York 11747, Attn: Craig E. Johnson, Reclamation Claims and (ii) the attorneys for Debtors, Davis Polk & Wardwell, either by facsimile transmission to 212-701-6001 or delivery to 450 Lexington Avenue, New York, New York, 10017, Attn: Lynn I. Poss, Esq.

- (i) before 45 days after the receipt of such Goods by the Debtors, unless such period of time expires on a day that is not a business day, in which case such period shall expire on the next business day; or
- (ii) if such 45-day period expires after the Petition Date, before 20 days after the Petition Date, i.e. February 4, 2009.

2. Any seller that fails to timely submit a Reclamation Demand pursuant to the Reclamation Procedures shall be deemed to have irrevocably waived its right to payment on any purported reclamation claim.

Reconciliation Process

1. As soon as practicable after the receipt of a Reclamation Demand, the Debtors shall review the demand and evaluate (i) the legal sufficiency of the Reclamation Demand, (ii) whether the Goods were in the Debtors' possession when the Debtors received the Reclamation Demand, (iii) the invoice amount of the Goods and (iv) any setoffs, deductions, credits and other defenses and claims that the Debtors may have against the party asserting the Reclamation Demand.

2. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a Reclamation Demand should be allowed (each an “**Allowed Reclamation Claim**”), the Debtors may, in their sole discretion, (i) make the Goods available for pick-up by the seller or (ii) grant the seller that filed the Reclamation Demand (the “**Reclamation Vendor**”) an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases. If, at any point in the reconciliation process, the Debtors determine that a 503(b)(9) Claim asserted in a Reclamation Demand should be an Allowed Reclamation Claim, the Debtors may grant such Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases.³

3. The Debtors are also authorized, in their sole discretion, to (i) negotiate with Reclamation Vendors whose Reclamation Demands have not been reconciled in order to reach agreement (a “**Reclamation Settlement**”) regarding any unresolved claims or portions thereof and (ii) allow administrative claims to be paid in connection with any plan of reorganization approved in these cases pursuant to such a Reclamation Settlement that may be less than the amount of the Reclamation Demand.

4. Allowance of an Allowed Reclamation Claim or Reclamation Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other Claims (as defined in section 101(5) of the Bankruptcy Code) (“**Claims**”) related to any and all reclamation rights or claims of a Reclamation Vendor against any of the Debtors, their affiliates and estates, and such Reclamation Vendor shall be barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all Reclamation Demands or other reclamation rights or claims of such Reclamation Vendor against any of the Debtors.

Reclamation Report

1. No later than one-hundred twenty (120) days after entry of this Order, the Debtors shall file with the Court a report (the “**Report**”) including the following information (i) the names of the Reclamation Vendors, (ii) the date of each of the Reclamation Demands listed in the Report, (iii) the basis upon which the Debtors believe that the Reclamation Demands are not legally valid, if applicable, (iv) a description of the Debtors’ proposed treatment of each of the Reclamation Demands identified in the Report and (v) any defenses that the Debtors choose to reserve, notwithstanding any allowance of the Reclamation Demands.

³ A seller of goods that fails to provide notice in the manner described in section 546(c) may still assert an administrative priority claim pursuant to section 503(b)(9) of the Bankruptcy Code for goods sold to the debtor in the ordinary course of the debtor’s business within 20 days before the date of the commencement of the case (a “**503(b)(9) Claim**”) at a later date. However, if a party asserts a 503(b)(9) Claim and the Debtors allow such claim as an Allowed Reclamation Claim, such Allowed Reclamation Claim shall be in full and complete satisfaction of such 503(b)(9) Claim and such seller shall be barred from prosecuting the 503(b)(9) Claim at a later date.

2. On the date the Report is filed with the Court, the Debtors shall send such Report by facsimile, overnight or hand delivery, to the following parties (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian Masumoto, and (ii) the attorneys for any official committee of unsecured creditors appointed in these chapter 11 cases. The Report shall also be sent, by U.S. mail, to each Reclamation Vendor whose Reclamation Demand is identified in the Report.

Objections

1. The deadline to file objections to the Report shall be 4:00 p.m. prevailing Eastern time on the day that is twenty (20) calendar days from the day on which the Report is filed and served. Any objections must be received by (i) the Debtors, Star Tribune, either by facsimile transmission to 612-673-4359 or delivery to 425 Portland Avenue S., Minneapolis, MN 55488, Attn: Randy Lebedoff, (ii) the Debtors' notice and claim agent, The Garden City Group, Inc., either by facsimile transmission to 631-940-6554 or delivery to 105 Maxess Road, Melville, New York 11747, Attn: Craig E. Johnson, Reclamation Claims, (iii) the attorneys for Debtors, Davis Polk & Wardwell, either by facsimile transmission to 212-701-6001 or delivery to 450 Lexington Avenue, New York, New York, 10017, Attn: Lynn I. Poss, Esq. and (iv) the attorneys to the agent for the Debtors' first lien pre-petition lenders, Latham & Watkins LLP, either by facsimile transmission to 212-751-4864 or delivery to 885 Third Avenue, New York, NY 10022, Attn: Mark A. Broude.

- (i) With respect to each Reclamation Demand in the Report as to which no objection is timely received, the Reclamation Demand set forth therein shall be treated as set forth in the Report without further order of the Court.
- (ii) With respect to each Reclamation Demand in the Report as to which an objection is timely received, and such objection is settled by the parties, the agreed upon Reclamation Demand shall be treated as an Allowed Reclamation Claim in accordance with the Reclamation Procedures, unless otherwise agreed by the parties, without further order of the Court.
- (iii) With respect to any Reclamation Demand in the Report as to which an objection is timely received and such objection cannot be settled by the parties, a Reclamation Demand shall not be deemed valid except upon order of the Court, after a hearing on such Reclamation Demand to be requested by the Debtors.

Stay of Adversary Proceedings

1. Pending completion of the Reclamation Procedures, a stand-still shall be in effect such that Reclamation Vendors may not take any action to establish the validity and amount of their Reclamation Demand, including the filing of an adversary proceeding, except pursuant to the Reclamation Procedures.

2. As to all parties that timely comply with the Reclamation Procedures, the Debtors hereby waive their right to assert as a defense to a Reclamation Demand that a Reclamation Vendor has failed to promptly commence or prosecute an adversary proceeding to enforce its Reclamation Demand, without prejudice to any and all other rights, claims and defenses that the Debtors may have with respect to the Reclamation Demand; and it is further

ORDERED that nothing in this Order shall constitute a waiver of any of the Debtors' claims against any Reclamation Vendor, including claims relating to preferential or fraudulent transfers and other potential claims, counterclaims, or offsets. The Debtors expressly reserve their rights to pursue such claims; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion.

New York, New York

Dated: _____, 2009

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE