

DAVIS POLK & WARDWELL  
450 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 450-4000  
Facsimile: (212) 701-6001  
Marshall S. Huebner  
Timothy E. Graulich  
Lynn I. Poss

*Proposed Counsel to the Debtors  
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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:  
**In re:** :  
: **Chapter 11 Case No.**  
:  
**STAR TRIBUNE HOLDINGS** : **09-10244 (\_\_\_)**  
**CORPORATION, et al.,** :  
: **(Jointly Administered)**  
:  
**Debtors.**<sup>1</sup> :  
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**DEBTORS' MOTION FOR AUTHORIZATION TO  
CONTINUE TO USE EXISTING CASH MANAGEMENT SYSTEM AND  
MAINTAIN EXISTING BANK ACCOUNTS AND EXISTING BUSINESS FORMS**

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

**Background and Jurisdiction**

1. On the date hereof (the “**Petition Date**”), each Debtor commenced with  
this Court a voluntary case under chapter 11 of title 11 of the United States Code (the

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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.

“**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. The Debtors have filed a motion seeking joint administration of these chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

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.

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) 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. Through this motion (the “**Motion**”), the Debtors request entry of an order in the form attached hereto as Exhibit A (the “**Order**”) authorizing the Debtors, pursuant to sections 105(a), 345, 363(c)(1) and 364(a) of the Bankruptcy Code and Bankruptcy Rule 6003, to (a) continue to operate their pre-petition cash management system with respect to intercompany cash management and obligations, including the continuation of the investment of their cash in accordance with their Investment Guidelines (as defined below), as further described below (the “**Cash Management System**”), (b) maintain the Debtors’ existing bank accounts (the “**Bank Accounts**”)<sup>2</sup> located at various banks (the “**Banks**”) and (c) maintain the Debtors’ existing business forms. Without the requested

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<sup>2</sup> A non-exclusive list of the Bank Accounts (with account numbers partly redacted) is attached hereto as Exhibit B.

relief, the Debtors would be unable to maintain their operations, which would cause grievous harm to the Debtors and their estates. The requested relief is required by and consistent with the proposed order granting the Debtors' Motion to (I) Authorize the Use of Cash Collateral, (II) Grant Adequate Protection to Certain Pre-Petition Secured Parties, (III) Grant Related Relief, (IV) Schedule an Interim Hearing Pursuant to Bankruptcy Rule 4001 and (V) Schedule a Final Hearing Pursuant to Bankruptcy Rule 4001, filed contemporaneously herewith.

### **Discussion**

5. Pursuant to the Cash Management System, the Debtors collect, concentrate, invest in overnight accounts and disburse the funds generated by the Debtors' operations. The Cash Management System also enables the Debtors to perform cash forecasting and reporting, monitor the collection and disbursement of funds and maintain control over intercompany obligations and the administration of their Bank Accounts. Although much of the Cash Management System is automated, the Debtors' employees are required to monitor the system and manage the proper collection and disbursement of funds.

6. The Cash Management System has four main components: (a) cash collection, (b) cash concentration, (c) cash disbursement and (d), to a limited extent, investments. To provide a general overview of the movement of cash through the Debtors' Cash Management System, the Debtors have attached hereto as Exhibit C a chart illustrating the flow of funds through the Cash Management System. The description below follows this chart through the four main components of the Cash Management System.

### ***Cash Collection***

7. The Debtors generate and receive funds primarily from (a) the sale of newspaper subscriptions to customers, (b) the sale of newspapers to third party vendors, (c) the sale of advertisement space in their print newspaper, online websites and other non-newspaper advertising products, (d) the sale of delivery services for other newspapers and products, (e) parking fees at certain real property owned by the Debtors and (f) other miscellaneous revenues. Receipts may take the form of checks, drafts, wire transfers and automated clearing house transfers (“**ACH Transfers**”). Some of these funds are collected and temporarily stored in a variety of deposit accounts (the “**Deposit Accounts**”) and lockboxes (the “**Lockboxes**”), while other receipts are collected directly in a concentration account (the “**Concentration Account**”) held at Wells Fargo Bank N.A. (“**Wells Fargo**”), which serves as the Debtors’ central cash management account.

### ***Cash Concentration***

8. To manage their businesses, coordinate the payment of their outstanding obligations and earn the maximum return on their money, the Debtors regularly draw these cash assets together into the Concentration Account at Wells Fargo. Each business day, the Debtors move available funds from various Deposit Accounts and Lockboxes into the Concentration Account.

### ***Cash Disbursements***

9. Receipts concentrated in the Concentration Account are used by the Debtors to satisfy their financial obligations. The transfer of funds from the Concentration Account is, primarily, accomplished manually through a book transfer to

the appropriate disbursement account, although wire transfers and ACH Transfers are also used.

10. Receipts in the Concentration Account are used by the Debtors to satisfy their financial obligations. The Debtors maintain three disbursement accounts (the “**Disbursement Accounts**”), which are manually funded from the Concentration Account through book transfers. One account is for payroll (the “**Payroll Account**”) while the other two accounts are for other corporate disbursements (the “**Checking Accounts**”). The Debtors issue checks on, and ACH Transfers of money from, these Disbursement Accounts. As checks are issued or ACH Transfers are initiated, appropriate funds are transferred from the Concentration Account to the appropriate Disbursement Account. Surplus funds in the Disbursement Accounts are treated as compensating balances with Wells Fargo and reduce bank fees incurred by the Debtors. In limited cases, primarily large transactions, financial obligations are paid through wire transfer or ACH Transfer directly from the Concentration Account.

11. *Payroll.* Payroll is processed internally. The Debtors maintain the Payroll Account to administer payroll payments. The majority of the Debtors’ employees are paid their compensation by direct deposit, with payroll checks as the second most common method of payment. The Debtors fund these direct deposits through an ACH Transfer from the Payroll Account. The Payroll Account is funded by book transfer from the Concentration Account.

12. *Corporate Payables.* In the operation of their business, the Debtors incur certain recurring obligations to vendors, agents, suppliers, landlords, lessors, governmental agencies, shippers and other entities. These obligations are generally paid

via ACH Transfers and wire transfers from the Concentration Account and via ACH Transfers and check payments from the Checking Accounts held by the Debtors.

***Investments***

13. The Debtors hold their money in accordance with (a) the First Lien Credit Agreement, dated as of March 5, 2007, among The Star Tribune Company, Star Tribune Holdings, Credit Suisse, Cayman Islands Branch, as administrative agent and the other lenders party thereto and (b) the Second Lien Credit Agreement, dated as of March 5, 2007, among The Star Tribune Company, Star Tribune Holdings, Credit Suisse, Cayman Islands Branch, as administrative agent and the other lenders party thereto (together, the “**Credit Agreements**”). The Credit Agreements set forth certain restrictions on the types of investments the Debtors may make (the “**Investment Guidelines**”). The Credit Agreements generally limit the Debtors to investing their money in cash or cash equivalents. Pursuant to the Credit Agreements, the “cash equivalents” that the Debtors may invest in include, *inter alia*, readily marketable obligations issued or directly and fully guaranteed by the United States with maturity dates of not more than one year; commercial paper that is rated at least “Prime-1” by Moody’s or “A-1” by S&P and that carries maturity dates of not more than 270 days; repurchase agreements or certificates of deposit with maturity dates of not more than one year with commercial banks that are members of the Federal Reserve System and that have combined capital and surplus of at least \$500 million; and certain money market funds that invest at least 95 percent of their assets in the types of investments that would constitute “cash equivalents” under the Credit Agreements if the Debtors invested in them directly. The Debtors do not currently invest their cash balances in cash equivalents.

14. Surplus cash in the Concentration Account earns interest daily through an overnight sweep arrangement with Wells Fargo. Cash surpluses in the Debtors' Disbursement Accounts are treated as compensating balances and are used to offset bank fees.

**Continuing the Centralized Cash Management System Is in the Best Interests of the Debtors, Their Creditors and All Other Parties in Interest**

15. The Debtors hereby seek authority to continue utilizing their current centralized, integrated Cash Management System. Given the Debtors' operations, as well as the goal of preserving and enhancing their respective going concern values, a successful reorganization of the Debtors' businesses simply cannot be accomplished if there is substantial disruption in the Cash Management System, including the intercompany transfers made thereunder. It is essential that the Debtors be permitted to continue to consolidate the management of their cash and transfer monies from entity to entity as necessary and appropriate to continue the operation of their businesses.

16. The basic structure of the Cash Management System constitutes the Debtors' ordinary, usual and essential business practices. The Cash Management System is similar to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. The Cash Management System is integrated with the Debtors' accounting software that produces the Debtors' financial statements and includes the necessary accounting controls to enable the Debtors, as well as creditors and the Court, to trace funds through the system. The design, development, testing and implementation of this portion of the Debtors' accounting system and its interfaces with the Cash Management System required the dedicated efforts of a significant number of

the Debtors' employees, supported by outside consultants. If the Debtors were required to dismantle the Cash Management System, it would create havoc in the accounting system and impair the Debtors' ability to generate timely reports of transactions and balances.

17. The widespread use of similar cash management systems is attributable to the numerous benefits they provide, including the ability to tightly control corporate funds, invest idle cash, ensure cash availability and reduce administrative expenses by facilitating the expeditious movement of funds and the development of timely and accurate account balance and presentment information. These controls are particularly important here, given the significant amount of cash that flows through the Cash Management System on an annual basis.

18. In addition, it would be very time consuming, difficult and costly for the Debtors to establish an entirely new system of accounts and a new cash management system, and doing so would disrupt the Debtors' relationships with their key customers and suppliers. For example, if the Debtors were required to open separate accounts as debtors in possession and rearrange their Cash Management System, it would necessitate closing and re-opening approximately fourteen (14) bank accounts. The attendant delays from opening new accounts, revising cash management procedures and instructing customers to redirect payments would negatively impact the Debtors' ability to operate their businesses while pursuing these arrangements. Under the circumstances, maintenance of the Cash Management System is essential and clearly in the best interest of the Debtors' estates. Furthermore, preserving the "business as usual" atmosphere and avoiding the unnecessary and costly distractions that would inevitably be associated with

any substantial disruption in the Cash Management System obviously will facilitate the Debtors' reorganization efforts.

19. The Debtors will also maintain records of all transfers within the Cash Management System to the same extent they were recorded by the Debtors before the commencement of these chapter 11 cases. As a result, the Debtors will be able to document and record the transactions occurring within the Cash Management System for the benefit of all parties in interest.

20. Section 363(c)(1) of the Bankruptcy Code authorizes the debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business without undue oversight by creditors or the court. *Med. Malpractice Ins. Ass'n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997); *In re Enron Corp.*, 2003 Bankr. LEXIS 2111 (Bankr. S.D.N.Y. Mar. 21, 2003); *Chaney v. Official Comm. of Unsecured Creditors of Crystal Apparel, Inc. (In re Crystal Apparel, Inc.)*, 207 B.R. 406, 409 (S.D.N.Y. 1997). Included within the purview of section 363(c) is a debtor's ability to continue the "routine transactions" necessitated by a debtor's cash management system. *Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Accordingly, the Debtors seek authority under section 363(c)(1) of the Bankruptcy Code to continue the collection, concentration, disbursement and investment of cash pursuant to their Cash Management System described above.

21. The Bankruptcy Code also provides a debtor in possession the freedom to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing. 11 U.S.C. § 364(a); *In re Amdura Corp.*, 75 F.3d at 1453; *LNC Inv., Inc. v. First Fidelity Bank*, 247 B.R. 38, 45 (S.D.N.Y. 2000); *Mulligan v. Sobiech*, 131 B.R. 917, 921 (S.D.N.Y. 1991). The Debtors, therefore, seek authorization, to the extent necessary, to obtain unsecured credit or incur unsecured debt in the ordinary operation of their Cash Management System.

22. The Court may exercise its equitable powers to grant the relief requested herein. Section 105(a) of the Bankruptcy Code empowers the Court to “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). Continuing the Debtors’ Cash Management System without interruption is vital to the survival of these chapter 11 cases. The Cash Management System is the complex mechanism whereby the Debtors are able to transfer their revenue toward the payment of their obligations and without which the Debtors’ reorganization would fail. It is well within the Court’s equitable power under section 105(a) to approve the continued use of the Cash Management System.

23. As noted, these procedures are similar to those employed by comparable corporate enterprises. Moreover, the relief requested herein to maintain the Debtors’ existing cash management system is routinely granted in chapter 11 cases in this Court. *See, e.g., In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. May 2, 2008); *In re PLVTZ, Inc.*, Case No. 07-13532 (REG) (Bankr. S.D.N.Y. Nov. 9, 2007); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan 26, 2006);

*In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Nov. 4, 2005); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005); *In re WorldCom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Jul. 22, 2002); *In re Adelphia Bus. Solutions, Inc.*, Case No. 02-11389 (REG) (Bankr. S.D.N.Y. Mar. 27, 2002); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001).

**Cause Exists to Approve the Debtors' Current Investment Guidelines**

24. Section 345 of the Bankruptcy Code governs a debtor's deposit and investment of cash during a chapter 11 case, and authorizes deposits or investments of money as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). For deposits or investments that are not "insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States," section 345(b) requires the estate to obtain, from the entity with which the money is deposited or invested, a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, unless the Court, for cause, orders otherwise. In the alternative, the estate may require the entity to deposit governmental securities pursuant to 31 U.S.C. § 9303. Section 9303 provides that when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may provide a governmental obligation. 31 U.S.C. § 9303.

25. Investment of cash in strict compliance with the requirements of section 345(b) of the Bankruptcy Code would, in large cases such as this, be inconsistent with section 345(a), which permits a debtor in possession to make such investments of money

of the estate “as will yield the maximum reasonable net return on such money.” 11 U.S.C. § 345(a). Thus, to avoid “needlessly handcuff[ing] larger, more sophisticated debtors,” Congress amended section 345(b) of the Bankruptcy Code in 1994 to provide that its strict investment requirements may be waived or modified if the Court so orders “for cause.” 140 Cong. Rec. H 10,767 (Oct. 4, 1994), 1994 WL 545773.

26. The Debtors believe that their current Investment Guidelines provide the protection contemplated by section 345(b) of the Bankruptcy Code, notwithstanding the absence of a “corporate surety” requirement. The Debtors’ Investment Guidelines are to invest only in prudent investments that will provide the greatest amount of return for the Debtors while taking into account the safety of the investments. Generally, the Debtors have invested cash in cash and cash equivalents, in accordance with the goals of the protection of principal, the provision of liquidity and the maintenance of yield. The Debtors submit that the Investment Guidelines provide sufficient protection for their cash and that it would be in the best interest of their estates and creditors for the Debtors to continue to follow the Investment Guidelines.

27. Because the Debtors’ Investment Guidelines are to invest only in cash and certain defined cash equivalents, the Debtors do not believe that any additional guaranties or sureties are necessary. Moreover, the Debtors maintain their cash and any cash equivalents in Wells Fargo, one of the strongest and most well capitalized financial institutions in the United States. To the extent that section 345 of the Bankruptcy Code would require the posting of a surety bond, strict compliance would not be practical in these chapter 11 cases. Any corporate surety that might be obtained to guarantee the safety of an investment would not likely have significantly greater strength than the

financial institution in which the Debtors would invest under the Investment Guidelines. Moreover, a bond secured by the undertaking of a corporate surety would be prohibitively expensive, if such bond is available at all, and could offset much of the financial gain derived from investing in private deposit accounts. Also, the yield on investments and available liquidity would be greater under the Investment Guidelines than if the Debtors were restricted to direct investment solely in government securities.

28. While the Investment Guidelines do not require a corporate surety for investments, they do limit the placement of investments with financially strong entities that are on the authorized list of depositories in the Southern District of New York maintained by the office of the United States Trustee. The Debtors believe that as long as their investments are restricted in accordance with the Investment Guidelines, no corporate surety is required to afford protection to creditors.

29. Bankruptcy courts in this district have granted relief similar to that requested herein. *See, e.g., In re Frontier Airlines Holdings, Inc*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. May 2, 2008); *In re PLVTZ, Inc.*, Case No. 07-13532 (REG) (Bankr. S.D.N.Y. Nov. 9, 2007) (Interim Order); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan. 26, 2006); *In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Nov. 4, 2005); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005); *In re WorldCom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Jul. 22, 2002); *In re Adelpia Bus. Solutions, Inc.*, Case No. 02-11389 (REG) (Bankr. S.D.N.Y. Mar. 27, 2002); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG)

(Bankr. S.D.N.Y. Jan. 28, 2002); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001).

**Maintenance of the Debtors' Existing  
Bank Accounts and Business Forms is Warranted**

30. To avoid delays in payments to administrative creditors, to ensure as smooth a transition into chapter 11 as possible with minimal disruption and to aid in the Debtors' efforts to reorganize, it is important that the Debtors be permitted to continue to maintain the Bank Accounts with the same account numbers following the commencement of these cases, subject to a prohibition against honoring checks issued or dated before the Petition Date absent a prior order of the Court.

31. By preserving business continuity and avoiding the disruption and delay to the Debtors' disbursement obligations that would necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest, including employees, vendors, and customers, will be best served. The benefit to the Debtors, their business operations, and all parties in interest will be considerable, in view of the fact that the Debtors maintain approximately fourteen (14) Bank Accounts. The confusion that would result absent the relief requested herein would ill serve the Debtors' rehabilitative efforts.

32. Courts in this district have recognized that, in complex chapter 11 cases, strict enforcement of the requirement that a debtor in possession close its bank accounts and open new bank accounts in accordance with the U.S. Trustee's "Operating Guidelines and Financial Reporting Requirements" does not serve the rehabilitative process of chapter 11. Accordingly, this Court and others have waived this requirement and replaced it with more effective procedures similar to those requested by this Motion. *See, e.g., In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr.

S.D.N.Y. May 2, 2008); *In re PLVTZ, Inc.*, Case No. 07-13532 (REG) (Bankr. S.D.N.Y. Nov. 9, 2007); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan 26, 2006); *In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Nov. 4, 2005); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005); *In re WorldCom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Jul. 22, 2002); *In re Adelphia Bus. Solutions, Inc.*, Case No. 02-11389 (REG) (Bankr. S.D.N.Y. Mar. 27, 2002); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001).

Similar authorization is appropriate in these chapter 11 cases.

33. The Debtors also seek an order granting the Banks authority to continue to treat, service and administer the Bank Accounts as accounts of the respective Debtor as a debtor in possession without interruption and in the usual and ordinary course, and to receive, process and honor and pay any and all post-petition checks, drafts, wires or ACH Transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be.

34. Notwithstanding anything to the contrary in any other order of this Court, the Debtors request that the Banks be authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires, or 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. Pursuant to the relief requested in this Motion, 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.

35. The Debtors also request that, in accordance with current practice and the agreements governing the Bank Accounts, the Banks be authorized to “charge back” to the Debtors’ accounts any amounts incurred by the Banks resulting from returned checks or other returned items, and the Debtors be authorized to pay any fees and expenses owed to the Banks, in each case regardless of whether such items were deposited pre-petition or post-petition or relate to pre-petition or post-petition items.

36. The Debtors further request that any payment from a Bank Account at the request of the Debtors made by a Bank prior to the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by such Bank on behalf of any Debtor pursuant to a “midnight deadline” or otherwise, be deemed to be paid pre-petition, whether or not actually debited from the Bank Account pre-petition.

37. To minimize expenses, the Debtors further request they be authorized to continue to use their correspondence and business forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks and other business forms (collectively, the “**Business Forms**”), substantially in the forms existing immediately before the Petition Date, without reference to their status as debtors in possession, *provided, however*, the Debtors will, as soon as reasonably practicable, cause the phrase “Debtor in Possession” to be included on their checks. As a result of the press

releases issued by the Debtors and other press coverage, parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors in possession. In the absence of such relief, the Debtors' estates will be required to bear a potentially significant expense that the Debtors respectfully submit is unwarranted.

38. If the Debtors are not permitted to maintain and utilize their Bank Accounts and continue to use their existing Business Forms as set forth herein, the resulting prejudice will include (a) disruption of the ordinary financial affairs and business operations of the Debtors, (b) delay in the administration of the Debtors' estates, (c) compromise of the Debtors' internal controls and accounting system and (d) cost to the estates to set up new systems and open new accounts and print new business forms.

**The Debtors Seek Authorization to Open and Close  
Bank Accounts**

39. Pursuant to this Motion, the Debtors also seek authorization to implement changes to the Cash Management System in the ordinary course of business, including opening any additional bank accounts, or closing any existing Bank Account as they may deem necessary and appropriate. The Debtors request that the Court authorize the Banks to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts, *provided, however*, that any new account that is a domestic account shall be with a bank insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein, or, in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, on the list of authorized bank depositories for the Southern District of New York.

40. The Debtors further request that nothing contained in the order granting the relief requested herein shall prevent Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services.

### **Interim Order**

41. The Debtors seek the relief requested in this Motion in the form of the interim order (the “**Interim Order**”) attached hereto. Within three business days of the entry of the Interim Order, the Debtors will serve a copy of the Interim Order and this Motion on (a) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), (b) those creditors holding the five largest secured claims against the Debtors’ estates on a consolidated basis, (c) those creditors holding the 30 largest unsecured claims against the Debtors’ estates on a consolidated basis, (d) the Internal Revenue Service, (e) attorneys to the agent for the Debtors’ first lien pre-petition lenders, (f) attorneys to an ad hoc committee of the Debtors’ second-lien pre-petition lenders and (g) Avista Capital Partners (collectively, the “**Notice Parties**”).

42. The deadline to file an objection (“**Objection**”) to the Motion shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 calendar days after the date of the entry of the Interim Order (the “**Objection Deadline**”). An Objection shall be considered only if, on or before the Objection Deadline, it is (a) filed with the Court and (b) served upon and 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 the 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.

43. 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 the day that is at least two business days before the date of the applicable hearing.

44. 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 a date and time to be established by the Court.

45. The foregoing notice procedures satisfy Bankruptcy Rule 9014 by providing the counterparties with notice and an opportunity to object and be heard at a hearing. *See, e.g., In re Drexel Burnham Lambert*, 160 B.R. 729, 734 (S.D.N.Y. 1993) (an opportunity to present objections satisfies due process); *In re Colorado Mountain Cellars, Inc.*, 226 B.R. 244, 246 (D. Colo. 1998) (a hearing is not required to satisfy Bankruptcy Rule 9014). Furthermore, the proposed notice procedures protect the due process rights of the parties in interest without unnecessarily exposing the Debtors' estates to unwarranted administrative expenses.

#### **Necessity for Immediate Relief**

46. Bankruptcy Rule 6003 provides that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 20 days after the filing of the petition, grant . . . (b) a motion to use, sell, lease, or otherwise incur

an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition. . . .” If the Debtors are not permitted to continue to utilize their Cash Management System in its current form, it would cause immediate and irreparable harm by causing operational chaos, disabling the Debtors from paying for goods and services received post-petition or otherwise approved by this Court and disrupting the collection of receivables. Accordingly, the interim relief requested herein is consistent with Bankruptcy Rule 6003 and the Court should authorize the Debtors’ continued use of the Cash Management System.

**Request for Waiver of Stay**

47. In addition, by this Motion, the Debtor seeks a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise.” As set forth above, the immediate continued use of the Bank Accounts, Cash Management System and Business Forms is essential to prevent potentially irreparable damage to the Debtors’ operations, value and ability to implement its chapter 11 strategy. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the ten-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

**Notice**

48. No trustee, examiner or creditors’ committee has been appointed in these chapter 11 cases. The Debtors have served notice of this Motion on the Notice Parties.

**No Previous Request**

49. 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 that the Court grant the relief requested herein and such other and further relief as is just and proper.

New York, New York  
Dated: January 15, 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**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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:  
**In re:** :  
: **Chapter 11 Case No.**  
:  
**STAR TRIBUNE HOLDINGS** : **09-10244 (\_\_\_)**  
**CORPORATION, et al.,** :  
: **(Jointly Administered)**  
:  
**Debtors.**<sup>1</sup> :  
----- X

**INTERIM ORDER AUTHORIZING DEBTORS TO  
(i) CONTINUE TO USE EXISTING CASH MANAGEMENT SYSTEM AND  
(ii) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS**

Upon the motion (the “**Motion**”)<sup>2</sup> 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 to (i) continue to use their existing cash management system and (ii) maintain existing bank accounts and business forms, as more fully described in the Motion; and upon consideration of the Affidavit of David W. Montgomery filed 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

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<sup>1</sup> The Debtors are Star Tribune Holdings Corporation and The Star Tribune Company.

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

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) those creditors holding the five largest secured claims against the Debtors' estates on a consolidated basis, (c) those creditors holding the 30 largest unsecured claims against the Debtors' estates on a consolidated basis, (d) the Internal Revenue Service, (e) attorneys to the agent for the Debtors' first lien pre-petition lenders, (f) attorneys to an ad hoc committee of the Debtors' second-lien pre-petition lenders and (g) Avista Capital Partners (collectively, the "**Notice Parties**"), 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 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), 345, 363(c)(1) and 364(a) of the Bankruptcy Code and Bankruptcy Rule 6003, the relief requested in the Motion is hereby granted; and it is further

ORDERED that, as required by and in all events in conformity with the Debtors' Motion to (A) (i) Authorize Use of Cash Collateral, (ii) Grant Adequate Protection and

(iii) Modify the Automatic Stay, and (B) Schedule a Final Hearing Pursuant to Bankruptcy Rule 4001, the Debtors are authorized and empowered, pursuant to sections 105(a) and 363(c)(1) of the Bankruptcy Code, to continue to maintain, operate and make transfers under their Cash Management System as described in the Motion (the “**Cash Management System**”); and it is further

ORDERED that, pursuant to section 364(a) of the Bankruptcy Code, the Debtors are authorized, in connection with the ordinary course operation of their Cash Management System, to obtain unsecured credit and incur unsecured debt in the ordinary course of business without any further notice or hearing; and it is further

ORDERED that, in accordance with their pre-petition practices, the Debtors shall maintain records of all transfers within the Cash Management System to the same extent they were recorded by the Debtors before the commencement of these chapter 11 cases; and it is further

ORDERED that the Debtors are authorized to continue to maintain the Bank Accounts with the same account numbers following the commencement of these cases; and it is further

ORDERED that the Banks are authorized to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor in possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all post-petition checks, drafts, wires, or automated clearing house transfers (“**ACH Transfers**”) drawn on the Bank Accounts by the holders or makers thereof, as the case may be; 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 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, in accordance with current practice and the agreement governing the Bank Accounts, the Banks are authorized to "charge back" to the Debtors' accounts any amounts incurred by the Banks resulting from returned checks or other returned items, and the Debtors are authorized to pay any fees and expenses owed to the Banks, in each case regardless of whether such items were deposited pre-petition or post-petition or relate to pre-petition or post-petition items; and it is further

ORDERED that any payment from a Bank Account at the request of the Debtors made by a Bank prior to the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by such Bank on behalf of any

Debtor pursuant to a “midnight deadline” or otherwise, shall be deemed to be paid pre-petition, whether or not actually debited from the Bank Account pre-petition; and it is further

ORDERED that the Debtors are authorized to implement changes to the Cash Management System in the ordinary course of business, including opening any additional bank accounts, or closing any existing Bank Account as they may deem necessary and appropriate; and it is further

ORDERED that the Banks are authorized to honor the Debtors’ requests to open or close, as the case may be, such bank accounts or additional bank accounts, provided, however, that any new account that is a domestic account shall be with a bank insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein, or, in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, on the list of authorized bank depositories for the Southern District of New York; and it is further

ORDERED that nothing contained herein shall prevent Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services; and it is further

ORDERED that the Debtors are authorized to continue to use their correspondence and business forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks and other business forms (collectively, the “**Business Forms**”) substantially in the forms existing immediately

before the Petition Date, without reference to their status as debtors in possession, *provided, however*, the Debtors shall, as soon as reasonably practicable, cause the phrase “Debtor in Possession” to be included on their checks; and it is further

ORDERED that the Debtors are authorized to invest and deposit their cash and cash equivalents in accordance with the Investment Guidelines, in addition to the investments permitted by section 345 of the Bankruptcy Code, while the Debtors operate as debtors in possession; and it is further

ORDERED that the Investment Guidelines may be amended by order of the Court from time to time upon motion by the Debtors or any party in interest; and it is further

ORDERED that the Debtors’ compliance with the Investment Guidelines shall be deemed to constitute compliance with section 345 of the Bankruptcy Code, and the Debtors are relieved from the obligations under section 345(b) to obtain a bond from any entity with which money is deposited or invested in accordance with the Investment Policy; and it is further

ORDERED that within three business days of the entry of this interim order (the “**Interim Order**”), the Debtors shall serve a copy of the Interim Order and the Motion on the Notice Parties; 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 the date that is 15 days after the date of the entry of this Interim Order (the “**Objection Deadline**”), be: (a) filed with the Court 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 the day that is at least two business days before the date of the applicable hearing; and it is further

ORDERED that if timely objections are received there shall be a hearing held on \_\_\_\_\_, 2009 at \_\_\_\_\_ 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, which Order shall be submitted and may be entered with no further notice or opportunity to be heard afforded any party, and the Motion shall be approved *nunc pro tunc* to the date of the commencement of these chapter 11 cases; 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 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.

New York, New York  
Dated: \_\_\_\_\_, 2009

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UNITED STATES BANKRUPTCY JUDGE

## **EXHIBIT B**

<b>Bank</b>	<b>Account Number(s)</b>
M&T Bank	XXXXXXX2379
Star Choice Credit Union	XXX26 XXX41
Wells Fargo Bank N.A.	XXXXXXX9206 XXXXXXX3445 XXXXXXX5245 XXXXXXX0386 XXXXXXX6602 XXXXXXX3621 XXXXXXX3639 XXXXXXX4650
Wells Fargo Brokerage Services, LLC	XXXX3213 XXXX2073 XXX695

## **EXHIBIT C**

# Star Tribune Holdings Corporation

## Flow of Funds

### Cash Collections/Receipts

### Cash Disbursements

