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*Proposed Counsel for Debtors and Debtors in Possession*

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

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<b><i>In re</i></b>	:	<b>Chapter 11</b>
	:	
<b>THE McCLATCHY COMPANY, <i>et al.</i>,</b>	:	<b>Case No. 20-10418 (MEW)</b>
	:	
<b>Debtors.<sup>1</sup></b>	:	<b>(Joint Administration Pending)</b>
	:	
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<sup>1</sup> The last four digits of Debtor The McClatchy Company's tax identification number are 0478. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <http://www.kccllc.net/McClatchy>. The location of the Debtors' service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.



**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT  
SYSTEM, BANK ACCOUNTS, AND BUSINESS FORMS AND PAYMENT OF  
RELATED PREPETITION OBLIGATIONS; (II) MODIFYING CERTAIN  
DEPOSIT REQUIREMENTS; AND (III) AUTHORIZING CONTINUANCE OF  
INTERCOMPANY TRANSACTIONS AND HONORING CERTAIN  
RELATED PREPETITION OBLIGATIONS**

The McClatchy Company and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**,” the “**Company**,” or “**McClatchy**”), hereby move (this “**Motion**”) this Court for entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (the “**Interim Order**” and the “**Final Order**,” respectively), granting the relief described below. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Sean M. Harding in Support of Chapter 11 Petitions and First Day Papers* (the “**First Day Declaration**”),<sup>2</sup> filed contemporaneously herewith. In further support of the Motion, the Debtors, by and through their undersigned proposed counsel, respectfully represent as follows:

**RELIEF REQUESTED**

1. The Debtors respectfully request entry of an Interim Order and a Final Order (a) authorizing, but not directing, the Debtors to maintain their existing cash management system and bank accounts; (b) modifying certain operating guidelines relating to bank accounts set forth in the U.S. Department of Justice, Office of the United States Trustee: Guidelines for Debtors in Possession (the “**U.S. Trustee Guidelines**”); (c) authorizing, but not directing the payment of related prepetition obligations; (d) authorizing, but not directing the Debtors to continue using existing checks, business letterhead, purchase orders, invoices, envelopes, promotional materials,

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

and other business forms and correspondence, including existing templates thereof, (collectively, the “**Business Forms**”); (e) modifying certain requirements under section 345(b) of the Bankruptcy Code (as defined below); and (f) authorizing, but not directing, the continuation of various transactions relating to (i) the business relationship between the Debtors and (ii) the certain shared management, general, administrative, and/or other similar shared services between the Debtors (the “**Intercompany Transactions**”) and the accordane of administrative expense priority status to all claims arising postpetition in the ordinary course of business as a result of an Intercompany Transaction (such postpetition claims, the “**Intercompany Claims**”).

2. The Debtors further request that the Interim Order and the Final Order (a) authorize all applicable banks and other financial institutions (collectively, the “**Banks**”), when requested by the Debtors in their sole discretion, to receive, process, honor, and pay any and all checks, drafts, and other forms of payment, including fund transfers, on account of the Cash Management System (as defined below), whether such checks or other requests were submitted before, on, or after the Petition Date; (b) authorize the Banks to rely on the representations of the Debtors as to which checks and fund transfers are subject to this Motion, provided that no such Bank shall have any liability to any party for relying on such direction and representations by the Debtors; (c) provide that the Banks shall, at the direction of the Debtors, receive, process, honor, and pay all prepetition and postpetition checks and fund transfers on account of the Cash Management System that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments and that no such Bank shall have any liability to any party for relying on such direction by the Debtors; and (d) authorize the Debtors to issue new postpetition checks or effect new

postpetition fund transfers to replace any checks, drafts, and other forms of payment which may be inadvertently dishonored or rejected.

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012. The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. This is a core proceeding under 28 U.S.C. § 157(b).

4. Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

5. The legal predicates for the relief requested herein are sections 105(a), 345(b), 363, and 503(b) of title 11 of the United States Code (the “**Bankruptcy Code**”), Bankruptcy Rules 6003 and 6004, and Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”).

### **BACKGROUND**

#### **I. The Chapter 11 Cases**

6. On the date hereof (the “**Petition Date**”), each Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”). The Debtors have requested that the Chapter 11 Cases be jointly administered.

7. The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

8. To date, the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) has not appointed a creditors’ committee in the Chapter 11 Cases, nor has any trustee or examiner been appointed therein.

9. The McClatchy Company and its direct and indirect Debtor subsidiaries are a diversified digital and print media business, focused on providing strong, independent local journalism to 30 communities across 14 states, as well as selected national news coverage through the Debtors’ Washington D.C. based bureau. The Debtors also provide a full suite of both local and nationwide digital marketing services. The Debtors’ businesses are comprised of websites and mobile applications, mobile news and advertising, video products, a digital marketing agency, daily newspapers, niche publications, other print and digital direct marketing services and community newspapers. The Company’s business operations, corporate and capital structures, and restructuring efforts are described in greater detail in the First Day Declaration.

## **II. The Cash Management System and the Bank Accounts**

10. Pursuant to Bankruptcy Code sections 105(a) and 363(c), the Debtors seek authorization to maintain their existing bank accounts and continue using their existing cash management system (the “**Cash Management System**”). The Cash Management System is designed to efficiently collect, transfer, and disburse funds for the Debtors. A flowchart depicting the Debtors’ Cash Management System is attached hereto as **Exhibit C**.

11. The Debtors’ Cash Management System is comprised of 19 bank accounts and 82 lockboxes (the “**Bank Accounts**”), 17 of which are maintained by Debtor McClatchy Newspapers, Inc. (“**MNI**”) at Wells Fargo Bank, National Association (“**Wells Fargo**”), and two of which are maintained by Debtor Herald Custom Publishing of Mexico, S.de R.L. de C.V. (“**HCP Mexico**”) at BBVA Bancomer, S.A., Institución de banca Múltiple, Grupo Financiero BBVA Bancomer (“**Bancomer**”). The Bank Accounts include nine depository accounts (the

“**Depository Accounts**”), four of which collect receivables from the Lockboxes (as defined and described below), two concentration accounts (the “**Concentration Accounts**”), three disbursement accounts (the “**Disbursement Accounts**”), and five cash collateral accounts (the “**Cash Collateral Accounts**”). A list of the Bank Accounts is attached hereto as **Exhibit D**.

The following is an overview of the Cash Management System and related Bank Accounts.

12. As set forth in further detail below, the Debtors utilize a centralized Cash Management System that operates primarily through the Bank Accounts maintained by MNI at Wells Fargo. As a general matter, all revenue received by the Debtors is swept through the Depository Accounts to the Concentration Accounts, first to a depository only master account (the “**Master Depository Account**”), and then to a master operating account (the “**Master Operating Account**”). Funds are then disbursed from the Master Operating Account to the Disbursement Accounts, which are used in the ordinary course to process payroll for employees of the Debtors and to make direct payments to external vendors and suppliers.<sup>3</sup> By centralizing oversight over the Debtors’ Cash Management System, the Debtors are able to facilitate reporting, the development of more timely and accurate balance and presentment information, and the monitoring of collection and disbursement of funds.

13. The Debtors generate and receive funds from a variety of sources, including their digital and print subscribers, advertising customers, and commercial printing and distribution contracts. The method employed to collect the cash generated by these respective payments varies, and the Debtors’ billing and collection systems must have the flexibility to address the

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<sup>3</sup> Certain payments made to external vendors and suppliers are made through the commercial card expense reporting service (“**CCER Service**”) provided by Wells Fargo. Payments made through the CCER Service are processed electronically through a single-use commercial card number, known as a Control Account Number, which is delivered to the recipient vendor by secure email from Wells Fargo. The Debtors then pay Wells Fargo at the end of each month for all payments processed through the CCER Service. For the avoidance of doubt, the Debtors’ Cash Management System includes the CCER Service.

requirements for these different payment collection types. Importantly, the Cash Management System affords the Debtors the ability to administer the Bank Accounts in the ordinary course to reduce administrative expenses by facilitating the movement of funds, while also maintaining and preserving capital and addressing the Debtors' liquidity requirements.

14. If the Debtors are unable to continue using their Cash Management System, the Debtors' operations will be severely impeded. The Debtors, with the assistance of their advisors, have implemented protocols to ensure that only claims arising postpetition and certain claims arising prepetition (if payment of such prepetition claims is approved by this Court) will be paid by the Debtors.

**A. The Depository Accounts**

15. The Debtors' main Depository Accounts consist of (i) four regional accounts which collect revenues from the each of the Debtors' corresponding regional media business segments: Western, Eastern, Central, and Carolinas (the "**Regional Depository Accounts**"), (ii) an audience account, which collects revenues from digital and print subscription services offered by the Debtors, (iii) an interactive account, which collects revenues from national advertising customers and excelerate®, the Debtors' national digital marketing agency operated by Debtor McClatchy Shared Services, Inc. ("**McClatchy Shared Services**"), and (iv) and an automated clearinghouse ("**ACH**") receivable account, which collects revenues from credit card refunds processed through the Debtors' shared services center operated by McClatchy Shared Services. Each of these Depository Accounts are zero balance accounts ("**ZBAs**") from which funds are automatically swept into the Master Depository Account at the end of each day.

16. The Debtors also maintain 82 lockboxes (collectively, the "**Lockboxes**") at Wells Fargo that collect funds from circulation and advertising revenues in the various markets in which the Debtors operate. Funds from the Lockboxes are transferred to one of the four

Regional Depository Accounts on a daily basis, and ultimately swept into the Master Depository Account. A list of the Lockbox numbers and the Regional Depository Accounts with which each Lockbox is associated is attached hereto as **Exhibit E**.

17. The Regional Depository Account for the Eastern region (the “**East Region Depository Account**”) also receives funds from the two depository Bank Accounts maintained by Debtor HCP Mexico at Bancomer (the “**Bancomer Accounts**”). One of the Bancomer Accounts is denominated in Mexican pesos (the “**MXN Account**”), which receives revenues collected through HCP Mexico.<sup>4</sup> The other Bancomer Account is denominated in U.S. dollars (the “**USD Account**”). The Debtors’ finance department consistently monitors the peso-dollar exchange rate in order to maximize funds transfers from the MXN Account to the USD Account. Periodically, the funds held in the USD Account are manually wire transferred to the East Region Depository Account, from which such funds are then swept to the Master Depository Account as described above. The Debtors make wire transfers from the USD Account to the East Region Depository Account from time to time, depending on the volume of revenue generated by HCP Mexico’s operations and the expected disbursements needed to be made in the short-term out of the Bancomer Accounts.

**B. The Concentration Accounts**

18. The Debtors maintain two Concentration Accounts: the Master Depository Account and the Master Operating Account. As described above, funds from the Debtors’ operations are automatically swept from the Depository Accounts into the Master Depository Account at the end of each day. The Master Depository Account is a ZBA, from which funds are

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<sup>4</sup> HCP Mexico contracts with a Mexican airline, Mexican hotels and some other Mexican clients for the book-publishing/airline magazine business in which Aboard Publishing, Inc., a Debtor, engages in Mexico. HCP Mexico has no employees and holds no assets other than accounts receivables, including receivables due on account of Intercompany Transactions with the remaining, U.S.-based Debtors.



automatically swept into the Master Operating Account at the end of each day. In addition, interest income generated from the Collateral Accounts is transferred via wire into the Master Operating Account on the maturity dates of the underlying L/Cs (defined below). The Debtors use the Master Operating Account to distribute funds to the three Disbursement Accounts, from which the Debtors make most of their disbursements and pay obligations, inclusive of payroll obligations; however, certain payments (e.g., insurance, taxes, etc.) are paid directly from the Master Operating Account via wire transfer or ACH. In addition, Wells Fargo auto-debits the balances owed on the Corporate Credit Cards<sup>5</sup> and due on account of the CCER Service from the Master Operating Account. The Master Operating Account had an opening balance of \$3,466,038.36 on the day prior to the Petition Date.

19. The Concentration Accounts are subject to restriction under the Debtors' prepetition ABL Credit Agreement with Wells Fargo. Although the Concentration Accounts are not currently restricted, Wells Fargo reserves the right to require such accounts to become subject to deposit account control agreements upon the occurrence of certain events (the "**Standing Wire Notice**"). As reflected on the flowchart attached hereto as **Exhibit C**, if Wells Fargo were to provide the Debtors with a Standing Wire Notice, the Debtors would be required to discontinue the automatic sweeps from the Master Depository Account into the Master Operating Account, instead requiring an automatic standing wire from the Master Depository

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<sup>5</sup> Pursuant to the *Debtors' Motion for Entry of Interim and Final Orders Authorizing Debtors to Pay Prepetition Wages, Compensation, and Employee Benefits*, filed contemporaneously herewith (the "**Employee Motion**"), the Debtors are seeking authority to make payments to the Corporate Credit Cards (as defined therein), and to continue to utilize the Corporate Credit Cards in the ordinary course of business.

Account to Wells Fargo, and then requiring the Debtors to request a wire transfer of funds from the ABL Facility to the Master Operating Account as needed.<sup>6</sup>

**C. The Disbursement Accounts**

20. The Debtors maintain three Disbursement Accounts, all of which are ZBAs, that receive transfers from the Master Operating Account. Outstanding checks are cleared from the Master Operating Account. One of the Disbursement Accounts (the “**Corporate Payroll Account**”) is used exclusively to fund the Debtors’ net pay payroll obligations to individual employees. Disbursements to employees are made primarily by ACH transfer, although some employees are paid by check, using the Debtors’ in-house payroll processing system. Other payroll-related payments, including contributions to employees’ 401(k) accounts, payments to the Debtors’ payroll tax processor, ADP,<sup>7</sup> and the Debtors’ obligations to employees under the various benefit plans maintained by the Debtors, as described more fully in the Employee Motion, are remitted by wire or ACH transfer to the plan administrators from the Master Operating Account.

21. The other two Disbursement Accounts (the “**Shared Services Accounts**”) are used to fund the Debtors’ general corporate disbursements and operating costs, including payments to vendors and contract counterparties. One of the Shared Services Accounts is a debit

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<sup>6</sup> As set forth in further detail in the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing The Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the “**DIP Financing Motion**”), the Debtors are seeking to refinance the existing ABL Credit Agreement with Wells Fargo. Subject to approval of, and the terms of the orders approving, the DIP Financing Motion, the Bank Accounts will be subject to restriction by the DIP Lenders (as defined in the DIP Financing Motion) under deposit account control agreements and sweeps may be made from the Master Depository Account to the DIP Lenders.

<sup>7</sup> The Debtors are seeking to pay certain prepetition amounts to ADP, as set forth in further detail in the Employee Motion.

only account, from which disbursements are made by ACH transfer only. Disbursements from the other Shared Services Account are made by check, wire, and ACH transfers. The Shared Services Accounts also make certain disbursements to vendors and contract counterparties on account of expenses incurred by HCP Mexico, which disbursements are journaled monthly as they are made. Some expenses incurred by HCP Mexico are also disbursed directly from the Bancomer Accounts.

**D. The Cash Collateral Accounts**

22. The Debtors maintain three stand-alone Cash Collateral Accounts in which cash deposits totaling approximately \$26.65 million as of the date hereof are held as collateral for the three letters of credit issued by Wells Fargo (collectively, the “L/Cs”).<sup>8</sup> As reflected on the flowchart attached hereto as **Exhibit C**, the Cash Collateral Accounts are restricted cash accounts.

**III. The Business Forms**

23. The Debtors use various Business Forms, such as checks, invoices, and letterhead, in the ordinary course of business. Because the Business Forms were used prepetition, they do not reference the Debtors’ current status as debtors in possession. Nonetheless, most parties doing business with the Debtors will be aware of the Debtors’ status as debtors in possession as a result of the publicity surrounding the Chapter 11 Cases and the notice of commencement served on parties in interest.

24. Requiring the Debtors to change existing Business Forms would unnecessarily distract the Debtors from their restructuring efforts and impose needless expenses on the estates.

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<sup>8</sup> As described in further detail in the DIP Financing Motion, the Debtors also maintain two additional, restricted stand-alone Cash Collateral Accounts.

Thus, the Debtors request that they be authorized to use their existing Business Forms without placing a “Debtor In Possession” legend on each. Any subsequently printed checks that are generated electronically, to the extent reasonably practicable, will bear the designation “Debtor In Possession.”

#### **IV. The Intercompany Transactions**

25. In the ordinary course of business, the Debtors engage in various Intercompany Transactions relating to expenses and obligations that the Debtors’ businesses incur in the course of operations. As noted above, receipts from all of the Debtors are ultimately swept from ZBAs to the Master Operating Account. In addition, the Debtors disburse funds from the Master Operating Account and the three Disbursement Accounts on account of all of the Debtors’ ordinary course expenses and operating costs. When funds are transferred into or out of the Concentration Accounts, an Intercompany Transaction is recorded and booked, though not cash settled, thus reducing administrative costs and ensuring the orderly and efficient operation of the Debtors’ enterprise. These Intercompany Transactions include, but are not limited to:

- (a) Accounts Receivables and Payables, Payroll. In the ordinary course of business, the Debtors contribute cash and process disbursements, including payroll charges as funds used from the Corporate Payroll Account are paid to employees of all the Debtors on each Debtor’s behalf, through the centralized Cash Management System using the Concentration Accounts. These Intercompany Transactions are accounted for, and traceable, by the Debtors in their books and records.
- (b) Corporate Expenses. Also in the ordinary course of business, the Debtors incur centrally billed expenses, including certain taxes, employee medical costs, and insurance premiums. The Debtors allocate these charges among themselves. Such allocations are reflected on the Debtors’ intercompany books and records.
- (c) Shared Services Allocation. The Debtors utilized a centralized shared services system to process and allocate charges for certain services provided to and by the Debtors. The expenses for these services are allocated among the Debtors based upon certain directly identifiable costs, such as the cost of service provided.

26. All of the Intercompany Transactions discussed herein occur among the Debtors. The Debtors can ascertain, trace, and account for the Intercompany Transactions, and will continue to do so on a postpetition basis.

27. The Debtors anticipate that the Intercompany Transactions will continue postpetition in the ordinary course of business. Such transactions are necessary to the efficient operation of the Company's business. Because the Debtors engaged in the Intercompany Transactions on a regular basis prepetition and such transactions are common for enterprises like the Debtors, the Debtors believe that they may continue the Intercompany Transactions in the ordinary course under Bankruptcy Code section 363(c)(1), without court approval. Nonetheless, out of an abundance of caution, the Debtors seek express authority, but not direction, to continue engaging in the Intercompany Transactions. Consistent with their prepetition practice, the Debtors will maintain records of all transfers and can ascertain, trace, and account for all of the Intercompany Transactions. In addition, the Debtors request that the Intercompany Transactions be granted administrative expense priority status, which will facilitate the orderly and efficient operation of the Debtors' enterprise.

#### **BASIS FOR RELIEF AND APPLICABLE AUTHORITY**

**V. The Court Should Authorize the Debtors To Maintain Their Existing Bank Accounts and Use Their Existing Cash Management System and Modify any Requirement To Close Existing Accounts.**

28. Although the Debtors maintain the Bank Accounts as part of an established Cash Management System, the U.S. Trustee Guidelines require that the Debtors, as debtors in possession, take certain actions with respect to their prepetition Bank Accounts in order for the U.S. Trustee to supervise the administration of the Chapter 11 Cases. These requirements are designed to draw a clear line of demarcation between prepetition and postpetition transactions

and operations and prevent the inadvertent postpetition payment of prepetition claims. The Debtors submit, however, that a modification of certain requirements is warranted.

29. Specifically, and as discussed in further detail below, all but two of the Bank Accounts are held at Wells Fargo, a financially stable financial institution which appears on the U.S. Trustee's list of authorized bank depositories (the "**Authorized Depositories**"). The two Bank Accounts which are not maintained at Authorized Depositories are the Bancomer Accounts in the name of HCP Mexico at Bancomer, which the Debtors respectfully submit is a well-capitalized and financially stable institution. In addition, to protect against the unauthorized payment of prepetition obligations, the Debtors represent that, if they are authorized to use the Bank Accounts, they will not pay, and the Banks will be directed not to pay, any debts incurred before the Petition Date, other than as authorized by this Court.

30. Moreover, any new account that the Debtors open will (a) be with a bank that (i) is organized under the laws of the United States or any state therein, (ii) is insured by the FDIC, and (iii) has executed, or is willing to immediately execute, a Uniform Depository Agreement with the U.S. Trustee; (b) designated a "Debtor In Possession" account by the relevant Bank; and (c) comply with applicable provisions of any financing order entered in these Chapter 11 Cases. Additionally, the Debtors will provide the U.S. Trustee, the DIP Agent and counsel to Chatham with notice of any new accounts or the closing of any Bank Accounts.

31. Enforcement of the U.S. Trustee's requirements without modification would significantly disrupt the Debtors' business. Indeed, as explained in more detail above, the Bank Accounts comprise an established cash management system that the Debtors must maintain to ensure collections and disbursements occur. The Debtors' Cash Management System allows the Debtors to centrally manage cash and includes the necessary accounting controls to enable the

Debtors to trace funds through the system and ensure that all transactions are adequately documented and readily ascertainable. While the Chapter 11 Cases are pending, the Debtors will continue to maintain detailed records reflecting all transfers of funds.

32. Accordingly, to avoid delays in payments to administrative creditors, to ensure a smooth transition into chapter 11, and to maximize the value of their estates, the Debtors submit that (a) they should be permitted to continue to maintain their existing Bank Accounts and open new and close existing accounts provided herein and as needed; and (b) the requested relief should extend to any new accounts by providing that the new accounts are deemed to be Bank Accounts and are similarly subject to the rights, obligations, and relief granted by this Court.

33. In each instance in which the Debtors hold an Account at a Bank that is party to a Uniform Depository Agreement with the U.S. Trustee, within 15 days of the date of entry of the order granting this Motion, the debtors will (a) contact such Bank, (b) provide such Bank with the Debtors' employer identification numbers, and (c) identify each of their accounts held at such bank as held by a debtor in possession in a bankruptcy case.

34. Both as part of the Motion and in other motions that have been concurrently filed, the Debtors are requesting authority to pay, in their sole discretion, certain prepetition obligations, including certain employee, insurance, tax, and vendor obligations. With respect to certain of these obligations, the Debtors may have issued checks or initiated payments prior to the Petition Date that have yet to clear the banking system. In other instances, the Debtors will create the relevant check or initiate the appropriate payment once this Court enters an order permitting the Debtors to do so. The Debtors intend to inform the Banks which such checks and payment orders should be so honored. Therefore, the Debtors request that the Banks be authorized and directed to rely on the representations of the Debtors with respect to whether any

check or other payment order drawn or issued by the Debtors prior to the Petition Date should be honored. The Debtors further request that the Orders specify that the Banks shall not have any liability to any party for relying on such representations. This relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular prepetition check may be honored in accordance with an order by the Court or otherwise.

35. Allowing the Debtors to use their prepetition Cash Management System and engage in related “routine transactions” comports with applicable provisions of the Bankruptcy Code. In particular, Bankruptcy Code section 363(c)(1) authorizes a 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 authority granted by section 363(c)(1) extends to a debtor in possession’s continued use of its customary cash management system and, thus, supports the relief requested. *See, e.g., Charter Co. v. Prudential Ins. Co. Am. (In re Charter Co.)*, 778 F.2d 617, 621 (11th Cir. 1985) (indicating that an order authorizing the debtor to employ a cash management system that was “usual and customary in the past” was “entirely consistent” with section 363(c)(1) (internal quotation omitted)).

36. To the extent that use of the existing Cash Management System falls outside the ordinary course of business, such use is permitted by Bankruptcy Code sections 363(b)(1) and 105(a). Bankruptcy Code section 363(b)(1) provides, in relevant part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Bankruptcy Code section 105(a) further provides that this Court may “issue any order . . . that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code. *Id.* § 105(a).



37. Bankruptcy courts routinely permit chapter 11 debtors to continue using their existing cash management system. *See, e.g., In re Stearns Holdings, LLC*, No. 19-12226 (SCC) (Bankr. S.D.N.Y. Jul. 31, 2019); *In re Trident Holding Co., LLC*, No. 19-10384 (SHL) (Bankr. S.D.N.Y. Feb. 12, 2019); *In re Synergy Pharm.*, No. 18-14010 (JLG) (Bankr. S.D.N.Y. Jan. 23, 2019); *In re Sears Holding Corp.*, No. 18-23538 (RDD) (Bankr. S.D.N.Y. Oct. 26, 2018); *In re Avaya Inc.*, No. 17-10089 (SMB) (Bankr. S.D.N.Y. Mar. 31, 2017); *In re BCBG Max Azria Glob. Holdings, LLC*, No. 17-10466 (SCC) (Bankr. S.D.N.Y. Mar. 29, 2017); *In re Ultrapetrol (Bahamas) Ltd.*, No. 17-22168 (RDD) (Bankr. S.D.N.Y. Mar. 8, 2017).<sup>9</sup>

**VI. The Court Should Authorize the Debtors To Honor Certain Prepetition Obligations Related to the Cash Management System.**

38. In connection with the Cash Management System, the Debtors may incur fees and other charges (collectively, all such fees and charges, the “**Bank Account Claims**”) in connection with (a) checks which have been dishonored or returned for insufficient funds in the applicable account, and (b) any reimbursement or other payment obligations, such as overdrafts, arising under any agreements governing the Bank Accounts, including, without limitation, any prepetition cash management agreements or treasury services agreements (the “**Bank Account Agreements**”). All such charges are automatically deducted from the applicable account. The Debtors do not believe that there are any outstanding Bank Account Claims as of the Petition Date, however, out of an abundance of caution, the Debtors seek authority, in their sole discretion and pursuant to Bankruptcy Code sections 105(a) and 363(b) to pay and/or reimburse the Banks in the ordinary course of business for any Bank Account Claims arising prior to, on, or after the Petition Date.

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<sup>9</sup> Because of the voluminous nature of the orders cited herein, they are not attached to this Motion, but are available on request.

**VII. The Court Should Authorize the Debtors To Continue To Use Existing Business Forms and Checks.**

39. To minimize expenses to their estates, the Debtors also seek authorization to continue using the Business Forms existing immediately prior to the Petition Date, without reference to the Debtors' status as debtors in possession. Modifying existing Business Forms would be burdensome and expensive and would confer no corresponding benefit upon those dealing with the Debtors, most of whom, as noted above, will be aware of the commencement of these Chapter 11 Cases. The Debtors therefore request authorization to use their existing Business Forms without adding a "Debtor in Possession" or similar legend. To the extent reasonably practicable, the Debtors will print electronically generated checks bearing the designation "Debtor in Possession."

**VIII. Cause Exists To Waive the U.S. Trustee Guidelines Regarding Authorized Depositories on an Interim and Final Basis.**

40. Bankruptcy Code section 345(a) authorizes a debtor in possession to make deposits or investments of estate money in a manner "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) of the Bankruptcy Code provides that the estate must require from the entity with which the money is deposited or invested a bond in favor of the United States secured by the undertaking of an adequate corporate surety, "unless the court for cause orders otherwise." *Id.* § 345(b). Alternatively, the debtor may require the entity to deposit

governmental securities pursuant to 31 U.S.C. § 9303.<sup>10</sup>

41. To help debtors comply with section 345(a) of the Bankruptcy Code, the U.S. Trustee has promulgated the U.S. Trustee Guidelines as well the list of Authorized Depositories at which debtors may maintain bank accounts. Under the U.S. Trustee Guidelines, debtors in possession must, among other things, close prepetition bank accounts and open new “debtor in possession” operating, payroll, and tax accounts at an Authorized Depository.

42. As noted above, however, courts may waive compliance with Bankruptcy Code section 345(b), and ultimately the U.S. Trustee Guidelines, for “cause.” In evaluating whether “cause” exists, courts have considered a number of factors, including, among others, the sophistication and size of a debtor’s business, the amounts of the investments involved, bank ratings, the complexity of the case, the debtor’s safeguards for the funds, the debtor’s ability to reorganize in the face of failure of one or more of the financial institutions, the benefit to the debtor of a waiver of the section 345(b) requirements, the potential harm to the estate, and the reasonableness of such a waiver under the circumstances. *See In re Serv. Merch. Co.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999). Here, these factors warrant a modification of the requirements of Bankruptcy Code section 345 to the extent the Cash Management System does not already strictly comply with its requirements.

43. The Debtors submit that the Company’s corporate structure relies on a complex, centralized Cash Management System implicating multiple Bank Accounts on a daily basis. All but two of the Debtors’ seventeen Bank Accounts are maintained by Wells Fargo, an Authorized Depository. Only two Bank Accounts are maintained with a non-Authorized Depository,

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<sup>10</sup> Section 9303 of title 31 provides that when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may instead provide an eligible obligation, designated by the Secretary of the Treasury, as an acceptable substitute for a surety bond. *See* 31 U.S.C. § 9303.

Bancomer, which is an internationally recognized and highly rated financial institution. Both of the Bancomer Accounts are located in Mexico. One of the Bancomer Accounts maintains funds in Mexican pesos; the other maintains funds in U.S. dollars. Because these Bank Accounts are vital to the Debtors' Cash Management System, the Debtors submit that requiring the Debtors to transfer these funds to other banks would be unduly burdensome to the Debtors' operations, which must seamlessly operate across jurisdictions and currencies. Furthermore, the vast majority of the Bank Accounts are maintained with an Authorized Depository. Therefore, the Debtors submit that ample cause exists to waive the U.S. Trustee Guidelines and all the Debtors to continue to maintain the Bank Accounts.

44. To the extent the Cash Management System and the Bank Accounts do not strictly comply with Bankruptcy Code section 345, the Debtors request that they be permitted to maintain their Bank Accounts in accordance with their existing practices, for a 45-day period commencing upon entry of the Interim Order, without prejudice to the Debtors' right to seek further modifications or extensions of time. Congress recognized that strict compliance with the requirements of section 345(b) in large chapter 11 cases such as these is not only unnecessary, but may indeed 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." Thus, in 1994, to avoid "needlessly handcuff[ing] larger, more sophisticated debtors," Congress amended section 345(b) to provide that its strict investment requirements may be waived or modified if the Court so orders "for cause." 140 Cong. Rec. H10767 (daily ed. Oct. 4, 1994) (statement of Rep. Brooks).

45. Courts in this district have authorized debtors in other chapter 11 cases to maintain cash management systems and use their existing depository accounts, even when such

accounts are located at foreign banks. *See, e.g., In re Maxcom USA Telecom, Inc.*, No. 19-23489 (RDD) (Bankr. S.D.N.Y. Sept. 27, 2019) (allowing debtors to maintain existing cash management system, including foreign bank accounts at BBVA Bancomer, S.A.); *In re Aegean Marine Petroleum Network Inc.*, No. 18-13374 (MEW) (Bankr. S.D.N.Y. Dec. 17, 2018) (allowing debtors to maintain existing cash management system, including multiple foreign bank accounts); *In re SunEdison, Inc.*, No. 16-10992 (SMB) (Bankr. S.D.N.Y. July 8, 2016) (same); *In re Nautilus Holdings Ltd.*, No. 14-22885 (RDD) (Bankr. S.D.N.Y. June 25, 2014) (allowing debtors to maintain existing cash management system, including foreign bank accounts, for 45 days, subject to further extension); *In re Excel Maritime Carriers LLC*, No. 13-23060 (RDD) (Bankr. S.D.N.Y. July 2, 2013) (allowing maintenance of several dozen bank accounts in overseas banks); *In re Marco Polo Seatrade B.V.*, No. 11-13634 (JMP) (Bankr. S.D.N.Y. Aug. 12, 2012) (allowing debtors to maintain existing cash management system without modification for over 120 days); *In re B+H Ocean Carriers Ltd.*, No. 12-12356 (SCC) (Bankr. S.D.N.Y. June 28, 2012) (allowing debtors to maintain existing cash management system containing many foreign bank accounts without modification for over 65 days); *In re Gen. Mar. Corp.*, No. 11-15285 (JMG) (Bankr. S.D.N.Y. Nov. 18, 2011) (allowing debtors to maintain existing cash management system containing many foreign bank accounts without modification for at least 40 days, including over 40 accounts at Nordea in the Cayman Islands); *The Great Atlantic & Pacific Tea Co.*, No. 10-24549 (RDD) (Bankr. S.D.N.Y. Feb. 7, 2011) (granting waiver of section 345 guidelines for investments with banks that are an authorized depository); *In re Satelites Mexicanos, S.A. de C.V.*, No. 06-11868 (RDD) (Bankr. S.D.N.Y. Oct. 26, 2006) (allowing

maintenance of over a dozen foreign bank accounts, particularly several Mexican bank accounts).<sup>11</sup>

46. The Debtors further request that they be authorized, on an interim basis for forty-five (45) days and thereafter, on a final basis, in their sole discretion, to close Bank Accounts and open new bank accounts on notice to parties, if such action becomes necessary for any reason. In connection therewith, the Debtors request that the applicable Banks be authorized to honor the Debtors' directions with respect to the opening or closing of any bank account, subject to the rights and obligations of any order on this Motion. The Debtors further request that any and all accounts opened by the Debtors on or after the Petition Date at any Bank be deemed a Bank Account (as if it had been opened prior to the Petition Date and included in the list of Bank Accounts attached hereto as **Exhibit D**) and that any and all Banks at which such accounts are opened similarly be subject to the rights and obligations of any order on this Motion and the DIP Financing Orders.

**IX. The Court Should Authorize the Debtors To Continue Intercompany Transactions and Grant Administrative Expense Priority Status to the Related Intercompany Claims.**

47. The Bankruptcy Code affords debtors in possession the freedom to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing. *See* 11 U.S.C. § 364(a); *see also Mulligan v. Sobiech*, 131 B.R. 917, 921 (S.D.N.Y. 1991). The Debtors therefore seek authority, to the extent necessary, to obtain unsecured credit and incur unsecured debt in the ordinary operation of their Cash Management System, including in connection with the Intercompany Transactions.

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<sup>11</sup> Due to the voluminous nature of the orders cited herein, they are not attached to this Motion, but are available on request.

48. If the Debtors cannot continue the Intercompany Transactions, their ordinary-course operations would be unnecessarily and severely hindered. As described above, the cessation of the Intercompany Transactions would require an increase in management expenses and overhead, because the Debtors would not be able to consolidate their management and administration. Indeed, if the Intercompany Transactions cannot continue, the Debtors would be virtually unable to operate their business during the Chapter 11 Cases and the likelihood of a successful reorganization would decrease dramatically. Avoiding such hindrances by continuing the Intercompany Transactions is, therefore, in the best interests of the estates.

49. Accordingly, the Debtors request that this Court authorize the Debtors to continue engaging in Intercompany Transactions in the ordinary course of business and in connection with their continued use of the Cash Management System. As with the Cash Management System, authorizing the Debtors to continue the Intercompany Transactions is appropriate under Bankruptcy Code sections 363(b) or 363(c) and is an appropriate exercise of the Court's equitable powers under Bankruptcy Code section 105(a). *See, e.g., In re Gen. Growth Props.*, 412 B.R. 609, 610 (Bankr. S.D.N.Y. 2009) (authorizing debtors to continue prepetition cash management practices, including intercompany transactions, pursuant to sections 105(a) and 363(c) of the Bankruptcy Code); *Charter*, 778 F.2d at 621 (indicating that order authorizing continued use of cash management system that involved fund transfers to non-debtor affiliates was "entirely consistent" with section 363(c)(1) because the practice was "usual and customary in the past").

50. Additionally, pursuant to Bankruptcy Code section 105(a) and 503(b), the Debtors request that Intercompany Claims incurred in the ordinary course of business, be granted administrative expense priority status. If the Intercompany Claims are accorded administrative

expense priority status, each entity using funds that flow through the Cash Management System will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby protecting the interests of the Debtors' creditors.

51. Authorization to engage in, and accordance of administrative expense treatment to, Intercompany Transactions, similar to the relief requested here, is routinely granted in complex chapter 11 cases. *See, e.g., In re Stearns Holdings, LLC*, No. 19-12226 (SCC) (Bankr. S.D.N.Y. Jul. 31, 2019); *In re Trident Holding Co., LLC*, No. 19-10384 (SHL) (Bankr. S.D.N.Y. Feb. 12, 2019); *In re Synergy Pharm.*, No. 18-14010 (JLG) (Bankr. S.D.N.Y. Jan. 23, 2019) (granting administrative expense priority to intercompany claims); *In re SunEdison, Inc.*, No. 16-10922 (SMB) (Bankr. S.D.N.Y. July 8, 2016) (same); *In re Breitburn Energy Partners, L.P.*, No. 16-11390 (SMB) (Bankr. S.D.N.Y. Jun. 15, 2016); *In re Fairway Grp. Holdings Corp.*, No. 16-11241 (MEW) (Bankr. S.D.N.Y. Jun. 1, 2016) (same, provided that those claims may be adjusted, reinstated, or discharged upon the effective date of a plan of reorganization); *In re Advance Watch Co., Ltd.*, No. 15-12690 (MG) (Bankr. S.D.N.Y. Oct. 21, 2015) (same); *In re Great A. & Pac. Tea Co.*, No. 15-23007 (RDD) (Bankr. S.D.N.Y. Aug 11, 2015) (same).<sup>12</sup>

#### **IMMEDIATE AND UNSTAYED RELIEF IS NECESSARY**

52. The Court may grant the relief requested in this Motion immediately if the “relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003; *see also In re First NLC Fin. Servs., LLC*, 382 B.R. 547, 549 (Bankr. S.D. Fla. 2008). The Second Circuit has instructed that irreparable harm “‘is a continuing harm which cannot be adequately redressed by final relief on the merits’ and for which ‘money damages cannot provide adequate

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<sup>12</sup> Due to the voluminous nature of the orders cited herein, they are not attached to this Motion, but are available on request.



compensation.”” *Kamerling v. Massanari*, 295 F.3d 206, 214 (2d Cir. 2002) (quoting *N.Y. Pathological & X-Ray Labs., Inc. v. INS*, 523 F.2d 79, 81 (2d Cir. 1975)). Further, the “harm must be shown to be actual and imminent, not remote or speculative.” *Id.*; see also *Rodriguez v. DeBuono*, 175 F.3d 227, 234 (2d Cir. 1998). The Debtors submit that, for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm.

53. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

### **MOTION PRACTICE**

54. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to the Motion. Accordingly, the Debtors submit that this Motion satisfies Local Bankruptcy Rule 9013-1(a).

### **RESERVATION OF RIGHTS**

55. Nothing in this Motion should be construed as (a) authority to assume or reject any executory contract or unexpired lease of real property, or as a request for the same; (b) an admission as to the validity, priority, or character of any claim or other asserted right or obligation, or a waiver or other limitation on the Debtors’ or any other party in interest’s ability

to contest the same on any ground permitted by bankruptcy or applicable non-bankruptcy law;  
(c) a promise to pay any claim; (d) granting third party beneficiary status or bestowing any  
additional rights on any third party; or (e) being otherwise enforceable by any third party.

**NOTICE**

56. Notice of this Motion will be given to: (a) the U.S. Trustee, (b) counsel to the  
DIP Agent, (c) counsel to the Prepetition Agents, (d) counsel to Chatham, (e) counsel to Brigade,  
(f) the PBGC, (g) the parties included on the Debtors' consolidated list of their 30 largest  
unsecured creditors, (h) any party that has requested notice pursuant to Bankruptcy Rule 2002,  
(i) the Banks, and (j) all parties entitled to notice pursuant to Local Bankruptcy Rule 9013-1(b).  
The Debtors submit that no other or further notice is required.

**NO PRIOR REQUEST**

57. No previous request for the relief sought herein has been made to this Court or  
any other court.

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## CONCLUSION

The Debtors respectfully request that this Court enter the Interim Order and the Final Order, substantially in the form annexed hereto, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: New York, New York  
February 13, 2020

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*Proposed Counsel to Debtors and Debtors in Possession*

**EXHIBIT A**

**Interim Order**

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

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<i>In re</i>	:	<b>Chapter 11</b>
	:	
<b>THE McCLATCHY COMPANY, et al.,</b>	:	<b>Case No. 20-10418 (MEW)</b>
	:	
<b>Debtors.<sup>1</sup></b>	:	<b>(Joint Administration Pending)</b>
	:	
-----	x	

**INTERIM ORDER (I) AUTHORIZING CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, BANK ACCOUNTS, AND BUSINESS FORMS AND  
PAYMENT OF RELATED PREPETITION OBLIGATIONS; (II) MODIFYING  
CERTAIN DEPOSIT REQUIREMENTS AND (III) AUTHORIZING CONTINUANCE  
OF INTERCOMPANY TRANSACTIONS AND HONORING CERTAIN RELATED  
PREPETITION OBLIGATIONS**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for an interim order (this “**Interim Order**”) and a Final Order under Bankruptcy Code sections 105(a), 345(b), 363, and 503(b) and Bankruptcy Rules 6003 and 6004 (i) authorizing continued use of the Debtors’ existing Cash Management System, Bank Accounts, and Business Forms and payment of related prepetition obligations; (ii) modifying certain deposit requirements; and (iii) authorizing the continuance of Intercompany Transactions and honoring certain related prepetition obligations; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31,

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<sup>1</sup> The last four digits of Debtor The McClatchy Company’s tax identification number are 0478. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kccllc.net/McClatchy>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby;

**ORDERED, ADJUDGED, AND DECREED that:**

1. The Motion is GRANTED on an interim basis as set forth herein.
2. Pursuant to Bankruptcy Code sections 105(a) and 363, the Debtors, in their discretion, are authorized, but not directed to, (a) designate, maintain, and continue to use any and all of their Bank Accounts in existence as of the Petition Date, with the same account numbers, including the accounts identified in Exhibit D and Exhibit E annexed to the Motion, and to the extent such Bank Accounts do not comply with applicable requirements under the U.S. Trustee Guidelines or otherwise, such requirements under the U.S. Trustee Guidelines or otherwise are waived; (b) close existing accounts, including, without limitation, any inactive accounts; and (c) treat the Bank Accounts for all purposes as accounts of the Debtors in their capacity as debtors in possession; *provided, however*, that the Debtors are only authorized to open new bank accounts (i) after providing prompt notice to the U.S. Trustee, the DIP Agent, the Prepetition Agents, counsel to Chatham, and any official committee appointed in the Chapter 11 Cases; (ii) with a bank that (x) is organized under the laws of the United States of America or any state thereof, (y) is insured by the FDIC, and (z) has executed, or is willing to immediately

execute, a Uniform Depository Agreement with the U.S. Trustee; and (iii) that are designated “Debtor in Possession” accounts by the relevant bank.

3. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened. To the extent the Debtors open or close bank accounts, they shall provide notice to the U.S. Trustee, the DIP Agent, the Prepetition Agents, counsel to Chatham, counsel to Brigade, and any official committee appointed in the Chapter 11 Cases.

4. In each instance in which the Debtors hold an account at a Bank that is a party to a Uniform Depository Agreement with the U.S. Trustee, within 15 days from the date of entry of this Interim Order, the Debtors shall (a) contact the Bank; (b) provide the Bank with each of the Debtors’ employer identification numbers; and (c) identify each of their accounts held at the Bank as being held by a debtor in possession.

5. The Debtors are not required to: (a) close all existing Bank Accounts and open new debtor in possession accounts or (b) establish specific Bank Accounts for tax payments.

6. The Bank Accounts are deemed debtor in possession accounts. The Debtors are authorized, but not directed, to maintain and use the Bank Accounts in the same manner and with the same account numbers, styles, and document forms as those employed prior to the Petition Date, including, without limitation: (a) to deposit funds in, and withdraw funds from, the Bank Accounts by all usual means, including checks, wire transfers, automated clearinghouse (“ACH”) transfers, drafts, electronic fund transfers, and other debits or items presented, issued, or drawn on the Bank Accounts, (b) to pay postpetition ordinary course bank fees and service fees in connection with the Bank Accounts, (c) to perform their obligations under the documents

and agreements governing the Bank Accounts, including without limitation, any prepetition cash management agreements or treasury services agreements, and (d) to treat the Bank Accounts for all purposes as accounts of the Debtors in their capacities as debtors in possession.

7. Those certain existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect. Either the Debtors or the Banks may, without further order of this Court, implement changes to the cash management systems and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts.

8. The Banks are authorized without the need for further order of this Court to in the ordinary course of business: (a) continue to administer, service, and maintain, the Bank Accounts as such accounts were administered, serviced, and maintained prior to the Petition Date, without interruption and in the ordinary course, (b) receive, process, honor, and pay any and all checks, drafts, wires, ACH transfers, electronic fund transfers, payment orders, or other items presented, issued, or drawn on the Bank Accounts (collectively, the “**Disbursements**”) on account of a claim, and (c) debit the Bank Accounts for: (i) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System; (ii) all checks drawn on the Debtors’ Bank Accounts which are cashed at such Bank’s counters or exchanged for cashier’s checks by the payees thereof prior to the Petition Date; and (iii) all checks or other items deposited in one of the Debtors’ Bank Accounts with such Bank prior to the Petition Date which have not been dishonored or returned unpaid for



any reason, together with any fees and costs in connection therewith, to the same extent the applicable Debtor was responsible for such items prior to the Petition Date; provided, however, that no checks, drafts, wires, or electronic fund transfers (excluding any electronic fund transfers that the Banks are obligated to settle), or other items presented, issued, or drawn on the Bank Accounts prior to the Petition Date shall be honored, unless (x) not otherwise prohibited by a “stop payment” request received by the Banks from the Debtors and (y) supported by sufficient funds in the Bank Account in question.

9. Any of the Debtors’ Banks may rely on the representations of the Debtors with respect to whether any check or other payment order dated, drawn or issued by the Debtors prior to, on or subsequent to the Petition Date should be honored pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein. The Banks shall not be deemed in violation of this Interim Order and shall have no liability for relying on such representations by the Debtors or honoring any Disbursement that is subject to this Interim Order either (a) at the direction of the Debtors to honor such prepetition Disbursement, (b) in the good faith belief that this Court has authorized such prepetition Disbursement to be honored, or (c) as a result of an innocent mistake. To the extent that the Debtors direct that any Disbursement be dishonored or the Banks inadvertently dishonor any Disbursements, the Debtors may issue replacement Disbursements consistent with the orders of this Court.

10. Subject to the provisions of this Interim Order, the Banks are further authorized to (a) honor the Debtors’ directions with respect to the opening or closing of any Bank Account and (b) accept and hold, or invest, the Debtors’ funds in accordance with the Debtors’ instructions,

and the Banks shall have no liability to any party for relying on such representations or instructions.

11. To the extent any other order is entered by this Court authorizing the Banks to honor checks, drafts, automated clearing house transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligation to honor such items shall be subject to this Interim Order.

12. The Debtors shall serve a copy of this Interim Order on the Banks within five business days of the entry of this Interim Order, and upon any bank at which the Debtors open a new bank account, immediately upon the opening of such new account.

13. In connection with the Intercompany Transactions, the Debtors shall (a) continue to maintain current, accurate, and detailed records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and accounted for on applicable intercompany accounts, and (b) provide reasonable access to such records and procedures to the U.S. Trustee, the DIP Agent, the Prepetition Agent, and Chatham. For the avoidance of doubt, this Interim Order does not authorize the Debtors to engage in Intercompany Transactions with non-Debtor affiliates.

14. The Debtors are authorized to continue to use their existing Cash Management System. The Debtors may transfer funds into, out of, and through the Cash Management System using ordinary transfer methods in accordance with the Debtors' prepetition practice. In connection with the ongoing use of their Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly. The Debtors and the Banks may agree, without further order of this Court, but with notice to the U.S. Trustee, counsel to the DIP Agent, counsel

to the Prepetition Agents, counsel to Chatham, and counsel to Brigade, to implement any changes to the Cash Management System and procedures in the ordinary course of business that they deem appropriate in their sole discretion, including, without limitation, closing any of the Bank Accounts or opening new bank accounts as set forth herein.

15. The Debtors are authorized to pay and/or reimburse their Banks and service providers in the ordinary course of business for any Bank Account Claims arising prior to or after the Petition Date, subject to the terms of the DIP Financing Orders and any budget approved thereunder. The Bank Account Claims that arise after the Petition Date shall be granted administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

16. The Debtors are authorized, but not directed to, continue to use their existing Business Forms without alteration or change and without the designation “Debtor in Possession” imprinted upon them; *provided, however*, that to the extent reasonably practicable, subsequently printed checks, including those printed electronically as needed, will bear the designation “Debtor in Possession.”

17. The Debtors are authorized to continue engaging in Intercompany Transactions by and among the Debtors in the ordinary course of business consistent with the Debtors’ prepetition practice, including transferring funds through the Cash Management System. The Intercompany Claims arising postpetition relating to the Intercompany Transactions shall have administrative expense priority status pursuant to Bankruptcy Code section 503(b); *provided* that such Intercompany Claims shall be junior in priority to any administrative claims of the DIP Agent and/or Prepetition Agents granted under the DIP Financing Orders.

18. Nothing in this Interim Order or the Motion shall be deemed to constitute postpetition assumption or adoption of any agreement under Bankruptcy Code section 365. Except with respect to the Intercompany Transfers, nothing herein nor any actions taken hereunder shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person.

19. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of 45 days from the date of this Interim Order (the "**Extension Period**"); *provided, however*, that such extension is without prejudice to the Debtors' right to request a further extension of the Extension Period or the waiver of the requirements of section 345(b) of the Bankruptcy Code in these Chapter 11 Cases.

20. Notwithstanding anything to the contrary contained in this Interim Order, (a) any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under the DIP Financing Orders approved by this Court in the Chapter 11 Cases, and (b) to the extent there is any inconsistency between the terms of such DIP Financing Orders and any action taken or proposed to be taken hereunder, the terms of such DIP Financing Orders shall control.

21. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

22. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be effective and enforceable immediately upon entry hereof.

23. All time periods set forth in this Interim Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

24. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

25. The final hearing on the Motion shall be held on \_\_\_\_\_, 2020 at \_\_\_\_:\_\_\_\_ a.m./p.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on \_\_\_\_\_, 2020, and shall be served on: (a) the U.S. Trustee; (b) counsel to the DIP Agent, (c) counsel to the Prepetition Agents, (d) counsel to Chatham, (e) counsel to Brigade, (f) the PBGC, (g) the parties included on the Debtors' consolidated list of their 30 largest unsecured creditors, (h) any party that has requested notice pursuant to Bankruptcy Rule 2002, and (i) the Banks. If no objections or responses are filed and served, this Court may enter a final order without further notice or hearing.

26. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

Dated: New York, New York  
February \_\_, 2020

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UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT B**

**Final Order**

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

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<i>In re</i>	:	<b>Chapter 11</b>
	:	
<b>THE McCLATCHY COMPANY, et al.,</b>	:	<b>Case No. 20-10418 (MEW)</b>
	:	
<b>Debtors.<sup>1</sup></b>	:	<b>(Joint Administration Pending)</b>
	:	
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**FINAL ORDER (I) AUTHORIZING CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, BANK ACCOUNTS, AND BUSINESS FORMS AND  
PAYMENT OF RELATED PREPETITION OBLIGATIONS; (II) MODIFYING  
CERTAIN DEPOSIT REQUIREMENTS; AND (III) AUTHORIZING CONTINUANCE  
OF INTERCOMPANY TRANSACTIONS AND HONORING CERTAIN RELATED  
PREPETITION OBLIGATIONS**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for an interim order and a Final Order (this “**Final Order**”) under Bankruptcy Code sections 105(a), 345(b), 363, and 503(b) and Bankruptcy Rules 6003 and 6004 (i) authorizing continued use of the Debtors’ existing Cash Management System, Bank Accounts, and Business Forms and payment of related prepetition obligations; (ii) modifying certain deposit requirements; and (iii) authorizing the continuance of Intercompany Transactions and honoring certain related prepetition obligations; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and

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<sup>1</sup> The last four digits of Debtor The McClatchy Company’s tax identification number are 0478. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kccllc.net/McClatchy>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby;

**ORDERED, ADJUDGED, AND DECREED that:**

1. The Motion is GRANTED on a final basis as set forth herein.
2. Pursuant to Bankruptcy Code sections 105(a) and 363, the Debtors, in their discretion, are authorized, but not directed to, (a) designate, maintain, and continue to use any and all of their Bank Accounts in existence as of the Petition Date, with the same account numbers, including the accounts identified in Exhibit D and Exhibit E annexed to the Motion, and to the extent such Bank Accounts do not comply with applicable requirements under the U.S. Trustee Guidelines or otherwise, such requirements under the U.S. Trustee Guidelines or otherwise are waived; (b) close existing accounts, including, without limitation, any inactive accounts; and (c) treat the Bank Accounts for all purposes as accounts of the Debtors in their capacity as debtors in possession; *provided, however*, that the Debtors are only authorized to open new bank accounts (i) after providing prompt notice to the U.S. Trustee, the DIP Agent, the Prepetition Agents, counsel to Chatham, and any official committee appointed in the Chapter 11 Cases; (ii) with a bank that (x) is organized under the laws of the United States of America or any state thereof, (y) is insured by the FDIC, and (z) has executed, or is willing to immediately



execute, a Uniform Depository Agreement with the U.S. Trustee; and (iii) that are designated “Debtor in Possession” accounts by the relevant bank.

3. The relief granted in this Final Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened. To the extent the Debtors open or close bank accounts, they shall provide notice to the U.S. Trustee, the DIP Agent, the Prepetition Agents, counsel to Chatham, counsel to Brigade, and any official committee appointed in the Chapter 11 Cases.

4. In each instance in which the Debtors hold an account at a Bank that is a party to a Uniform Depository Agreement with the U.S. Trustee, within 15 days from the date of entry of this Final Order, the Debtors shall (a) contact the Bank; (b) provide the Bank with each of the Debtors’ employer identification numbers; and (c) identify each of their accounts held at the Bank as being held by a debtor in possession.

5. The Debtors are not required to: (a) close all existing Bank Accounts and open new debtor in possession accounts or (b) establish specific Bank Accounts for tax payments.

6. The Bank Accounts are deemed debtor in possession accounts. The Debtors are authorized, but not directed, to maintain and use the Bank Accounts in the same manner and with the same account numbers, styles, and document forms as those employed prior to the Petition Date, including, without limitation: (a) to deposit funds in, and withdraw funds from, the Bank Accounts by all usual means, including checks, wire transfers, automated clearinghouse (“ACH”) transfers, drafts, electronic fund transfers, and other debits or items presented, issued, or drawn on the Bank Accounts, (b) to pay postpetition ordinary course bank fees and service fees in connection with the Bank Accounts, (c) to perform their obligations under the documents and agreements governing the Bank Accounts, including without limitation, any prepetition cash

management agreements or treasury services agreements, and (d) to treat the Bank Accounts for all purposes as accounts of the Debtors in their capacities as debtors in possession.

7. Those certain existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect. Either the Debtors or the Banks may, without further order of this Court, implement changes to the cash management systems and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts.

8. The Banks are authorized without the need for further order of this Court to in the ordinary course of business: (a) continue to administer, service, and maintain, the Bank Accounts as such accounts were administered, serviced, and maintained prior to the Petition Date, without interruption and in the ordinary course, (b) receive, process, honor, and pay any and all checks, drafts, wires, ACH transfers, electronic fund transfers, payment orders, or other items presented, issued, or drawn on the Bank Accounts (collectively, the “**Disbursements**”) on account of a claim, and (c) debit the Bank Accounts for: (i) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System; (ii) all checks drawn on the Debtors’ Bank Accounts which are cashed at such Bank’s counters or exchanged for cashier’s checks by the payees thereof prior to the Petition Date; and (iii) all checks or other items deposited in one of the Debtors’ Bank Accounts with such Bank prior to the Petition Date, which have not been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the

applicable Debtor was responsible for such items prior to the Petition Date; provided, however, that no checks, drafts, wires, or electronic fund transfers (excluding any electronic fund transfers that the Banks are obligated to settle), or other items presented, issued, or drawn on the Bank Accounts prior to the Petition Date shall be honored, unless (x) not otherwise prohibited by a “stop payment” request received by the Banks from the Debtors and (y) supported by sufficient funds in the Bank Account in question.

9. Any of the Debtors’ Banks may rely on the representations of the Debtors with respect to whether any check or other payment order dated, drawn or issued by the Debtors prior to, on or subsequent to the Petition Date should be honored pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein. The Banks shall not be deemed in violation of this Final Order and shall have no liability for relying on such representations by the Debtors or honoring any Disbursement that is subject to this Final Order either (a) at the direction of the Debtors to honor such prepetition Disbursement, (b) in the good faith belief that this Court has authorized such prepetition Disbursement to be honored, or (c) as a result of an innocent mistake. To the extent that the Debtors direct that any Disbursement be dishonored or the Banks inadvertently dishonor any Disbursements, the Debtors may issue replacement Disbursements consistent with the orders of this Court.

10. Subject to the provisions of this Final Order, the Banks are further authorized to (a) honor the Debtors’ directions with respect to the opening or closing of any Bank Account and (b) accept and hold, or invest, the Debtors’ funds in accordance with the Debtors’ instructions, and the Banks shall have no liability to any party for relying on such representations or instructions.

11. To the extent any other order is entered by this Court authorizing the Banks to honor checks, drafts, automated clearing house transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligation to honor such items shall be subject to this Final Order.

12. The Debtors shall serve a copy of this Final Order on the Banks within five business days of the entry of this Final Order, and upon any bank at which the Debtors open a new bank account, immediately upon the opening of such new account.

13. In connection with the Intercompany Transactions, the Debtors shall (a) continue to maintain current, accurate, and detailed records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and accounted for on applicable intercompany accounts, and (b) provide reasonable access to such records and procedures to the U.S. Trustee, the DIP Agent, the Prepetition Agent, and Chatham. For the avoidance of doubt, this Final Order does not authorize the Debtors to engage in Intercompany Transactions with non-Debtor affiliates.

14. The Debtors are authorized to continue to use their existing Cash Management System. The Debtors may transfer funds into, out of, and through the Cash Management System using ordinary transfer methods in accordance with the Debtors' prepetition practice. In connection with the ongoing use of their Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly. The Debtors and the Banks may agree, without further order of this Court, but with notice to the U.S. Trustee, counsel to the DIP Agent, counsel to the Prepetition Agents, counsel to Chatham, and counsel to Brigade, to implement any changes to the Cash Management System and procedures in the ordinary course of business that

they deem appropriate in their sole discretion, including, without limitation, closing any of the Bank Accounts or opening new bank accounts as set forth herein.

15. The Debtors are authorized to pay and/or reimburse their Banks and service providers in the ordinary course of business for any Bank Account Claims arising prior to or after the Petition Date, subject to the terms of the DIP Financing Orders and any budget approved thereunder. The Bank Account Claims that arise after the Petition Date shall be granted administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

16. The Debtors are authorized, but not directed to, continue to use their existing Business Forms without alteration or change and without the designation “Debtor in Possession” imprinted upon them; *provided, however*, that to the extent reasonably practicable, subsequently printed checks, including those printed electronically as needed, will bear the designation “Debtor in Possession.”

17. The Debtors are authorized to continue engaging in Intercompany Transactions by and among the Debtors in the ordinary course of business consistent with the Debtors’ prepetition practice, including transferring funds through the Cash Management System. The Intercompany Claims arising postpetition relating to the Intercompany Transactions shall have administrative expense priority status pursuant to Bankruptcy Code section 503(b); *provided* that such Intercompany Claims shall be junior in priority to any administrative claims of the DIP Agent and/or Prepetition Agents granted under the DIP Financing Orders.

18. Nothing in this Final Order or the Motion shall be deemed to constitute postpetition assumption or adoption of any agreement under Bankruptcy Code section 365. Except with respect to the Intercompany Transfers, nothing herein nor any actions taken

hereunder shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person.

19. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of 45 days from the date of the Interim Order (the "**Extension Period**"); *provided, however*, that such extension is without prejudice to the Debtors' right to request a further extension of the Extension Period or the waiver of the requirements of section 345(b) of the Bankruptcy Code in these Chapter 11 Cases.

20. Notwithstanding anything to the contrary contained in this Interim Order, (a) any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under the DIP Financing Orders approved by this Court in the Chapter 11 Cases, and (b) to the extent there is any inconsistency between the terms of such DIP Financing Orders and any action taken or proposed to be taken hereunder, the terms of such DIP Financing Orders shall control.

21. Notice of the Motion satisfies the requirements set forth in Bankruptcy Rule 6004(a).

22. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be effective and enforceable immediately upon entry hereof.

23. All time periods set forth in this Interim Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

24. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Final Order.

25. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

Dated: New York, New York  
February \_\_, 2020

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UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT C**

**Funds Flow Chart**



**Legend:**

- Account subject to restriction after notice from Wells Fargo
- Restricted cash account
- Account includes lockbox services
- Bancomer Accounts

20-10418-mew

Doc 14

Filed 02/13/20

Entered 02/13/20 10:07:24

Main Document

**FUNDS FLOW CHART****Wells Fargo\*/DIP Lenders\*\***  
**Line of Credit**AUTOMATIC  
STANDING WIREWIRE UPON  
BORROWERS' REQUEST**McClatchy Newspapers Inc.**  
**XXXXXX4393**  
**Master Depository Account**  
**Concentration Account (ZBA)****McClatchy Newspapers Inc.**  
**XXXXXX4401**  
**Master Operating Account**  
**Concentration Account****Depository Accounts (All ZBA)****McClatchy Newspapers Inc.**  
**XXXXXX4717**  
**SSC ACH Credit Receivable**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX8818**  
**McClatchy Interactive**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX4709**  
**Audience**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX8792**  
**EAST Region**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX4691**  
**CAROLINAS Region**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX4683**  
**CENTRAL Region**  
**Depository Only****McClatchy Newspapers Inc.**  
**XXXXXX8800**  
**WEST Region**  
**Depository Only****Disbursement Accounts (All ZBA)****McClatchy Newspapers Inc.**  
**XXXXXX8768**  
**Corporate Payroll Account**  
**Disbursement Only****McClatchy Newspapers Inc.**  
**XXXXXX8776**  
**SSC ACH Debit Only Acct**  
**Disbursement Only****McClatchy Newspapers Inc.**  
**XXXXXX8719**  
**SSC Disbursement Acct**  
**Disbursement Only****Herald Custom Publishing of**  
**Mexico, S.de R.L. de C.V.**  
**XXXXXX4217**  
**Depository (USD)****Herald Custom Publishing of**  
**Mexico, S.de R.L. de C.V.**  
**XXXXXX1361**  
**Depository (MXN)**

Convert MXN to USD

Transfer to MNI

**McClatchy Newspapers Inc.**  
**XXXXXX2069**  
**Letter of Credit Additional**  
**Collateral Account****McClatchy Newspapers Inc.**  
**XXXXXX2101**  
**Bank Products Collateral**  
**Account****McClatchy Newspapers Inc.**  
**XXXXXX4743**  
**Cash Collateral Account for LC**  
**Time Deposit Account****McClatchy Newspapers Inc.**  
**XXXXXX6917**  
**Cash Collateral Account for LC**  
**Time Deposit Account****McClatchy Newspapers Inc.**  
**XXXXXX6925**  
**Cash Collateral Account for LC**  
**Time Deposit Account**

INTEREST INCOME

\*Wells Fargo reserves the right to discontinue ZBA to the Master Operating Account and transfer funds to the Line of Credit via Automatic Standing Wire. The dotted line arrows reflect the flow of funds in the event that Wells Fargo provides such notice.

\*\*Subject to approval of, and the terms of the orders approving, the DIP Financing Motion, the DIP Agent will replace Wells Fargo.

**EXHIBIT D**

**List of Bank Accounts**

**List of Bank Accounts**

<b>Account Holder</b>	<b>Last 4 Digits of Account #</b>	<b>Bank Name</b>	<b>Account Type</b>
McClatchy Newspapers, Inc.	4393	Wells Fargo Bank, N.A.	Master Depository Account
McClatchy Newspapers, Inc.	4401	Wells Fargo Bank, N.A.	Master Operating Account
McClatchy Newspapers, Inc.	8768	Wells Fargo Bank, N.A.	Corporate Payroll Disbursement Account
McClatchy Newspapers, Inc.	8719	Wells Fargo Bank, N.A.	SSC Disbursement Account
McClatchy Newspapers, Inc.	8776	Wells Fargo Bank, N.A.	SSC ACH Debit Only Account
McClatchy Newspapers, Inc.	8792	Wells Fargo Bank, N.A.	East Region Depository Account
McClatchy Newspapers, Inc.	8800	Wells Fargo Bank, N.A.	West Region Depository Account
McClatchy Newspapers, Inc.	4683	Wells Fargo Bank, N.A.	Central Region Depository Account
McClatchy Newspapers, Inc.	4691	Wells Fargo Bank, N.A.	Carolinas Region Depository Account
McClatchy Newspapers, Inc.	8818	Wells Fargo Bank, N.A.	McClatchy Interactive Depository Account
McClatchy Newspapers, Inc.	4709	Wells Fargo Bank, N.A.	Audience Depository Account
McClatchy Newspapers, Inc.	4717	Wells Fargo Bank, N.A.	SSC Ach Credit Receivable Depository Account
McClatchy Newspapers, Inc.	4743	Wells Fargo Bank, N.A.	Letter of Credit Cash Collateral Account
McClatchy Newspapers, Inc.	6917	Wells Fargo Bank, N.A.	Letter of Credit Cash Collateral Account

<b>Account Holder</b>	<b>Last 4 Digits of Account #</b>	<b>Bank Name</b>	<b>Account Type</b>
McClatchy Newspapers, Inc.	6925	Wells Fargo Bank, N.A.	Letter of Credit Cash Collateral Account
McClatchy Newspapers, Inc.	2069	Wells Fargo Bank, N.A.	Letter of Credit Additional Collateral Account
McClatchy Newspapers, Inc.	2101	Wells Fargo Bank, N.A.	Bank Products Collateral Account
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	1361	BBVA Bancomer, S.A.	Depository (MXN)
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	4217	BBVA Bancomer, S.A.	Depository (USD)

**EXHIBIT E**

**List of Lockbox Numbers**

**List of Lockbox Numbers**

<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
Carolinas Region Depository Account (4691)	3026	Charlotte Observer - Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3027	Charlotte Observer - Subscriber	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	510291	Charlotte Observer Dealer	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	51567	Columbia The State Dealer	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3023	Columbia The State Media Company	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	51878	Columbia-The State Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	510793	Island Packet Dealer	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3022	News and Observer - Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3021	News and Observer - Dealer	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3020	News and Observer - Subscriber	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	51965	Rock Hill Dealer	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3024	Rock Hill Herald - Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	3025	Rock Hill Herald - Subscriber	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	51128	Sun News Dealer	Wells Fargo, N.A.

<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
Carolinas Region Depository Account (4691)	3019	The Island Packet Circulation & Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	510653	The Sun News - Advertising	Wells Fargo, N.A.
Carolinas Region Depository Account (4691)	510536	The Sun News-Subscription	Wells Fargo, N.A.
Central Region Depository Account (4683)	510264	Belleville Advertising	Wells Fargo, N.A.
Central Region Depository Account (4683)	510356	Belleville Circulation	Wells Fargo, N.A.
Central Region Depository Account (4683)	510865	Belleville Dealer	Wells Fargo, N.A.
Central Region Depository Account (4683)	510446	Kansas City Star - Advertising	Wells Fargo, N.A.
Central Region Depository Account (4683)	51905	Kansas City Star - Circulation	Wells Fargo, N.A.
Central Region Depository Account (4683)	510326	Kansas City Star - Dealer	Wells Fargo, N.A.
Central Region Depository Account (4683)	3035	Star Telegram	Wells Fargo, N.A.
Central Region Depository Account (4683)	51847	Star Telegram - Advertising	Wells Fargo, N.A.
Central Region Depository Account (4683)	510413	Star Telegram Dealer	Wells Fargo, N.A.
Central Region Depository Account (4683)	3042	Wichita Eagle - Circulation	Wells Fargo, N.A.
Central Region Depository Account (4683)	510209	Wichita Eagle - Dealer	Wells Fargo, N.A.
Central Region Depository Account (4683)	510687	Wichita Eagle -Advertising	Wells Fargo, N.A.

<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
East Region Depository Account (8792)	51129	Bradenton Herald - Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	3305	Bradenton Herald Circulation	Wells Fargo, N.A.
East Region Depository Account (8792)	51697	Bradenton Herald Dealer	Wells Fargo, N.A.
East Region Depository Account (8792)	511014	Centre Daily Times - Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	510445	Centre Daily Times - D & N	Wells Fargo, N.A.
East Region Depository Account (8792)	51040	Centre Daily Times - Subscription	Wells Fargo, N.A.
East Region Depository Account (8792)	510657	HCP Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	3036	Ledger Enquirer	Wells Fargo, N.A.
East Region Depository Account (8792)	510266	Ledger Enquirer - Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	51315	Ledger Enquirer Dealer	Wells Fargo, N.A.
East Region Depository Account (8792)	510118	Lexington Herald Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	510898	Lexington Herald Circulation	Wells Fargo, N.A.
East Region Depository Account (8792)	51158	Lexington Herald Dealer	Wells Fargo, N.A.
East Region Depository Account (8792)	3310	Macon Telegraph	Wells Fargo, N.A.
East Region Depository Account (8792)	510567	Macon Telegraph - Advertising	Wells Fargo, N.A.



<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
East Region Depository Account (8792)	511310	Macon Telegraph Dealer	Wells Fargo, N.A.
East Region Depository Account (8792)	3028	Miami Herald - Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	3029	Miami Herald - Dealers	Wells Fargo, N.A.
East Region Depository Account (8792)	3030	Miami Herald - Subscriptions	Wells Fargo, N.A.
East Region Depository Account (8792)	3372	Sun Herald	Wells Fargo, N.A.
East Region Depository Account (8792)	51219	Sun Herald Advertising	Wells Fargo, N.A.
East Region Depository Account (8792)	510581	Sun Herald Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	12125	Bellingham Herald Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12646	Bellingham Herald Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	511133	Bellingham Herald Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	510503	Boise Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12586	Boise Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510929	Boise Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	12466	Fresno Bee Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	11016	Fresno Bee Circulation	Wells Fargo, N.A.

<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
West Region Depository Account (8800)	51118	Fresno Bee Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	11068	Merced Sun Star Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	11924	Merced Sun Star Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510322	Merced Sun Star Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	11986	Modesto Bee Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	11907	Modesto Bee Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	51993	Modesto Bee Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	51130	Olympia Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12747	Olympia Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510324	Olympia Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	11967	Sacramento Bee Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	24027	Sacramento Bee Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510958	Sacramento Bee Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	11808	San Luis Tribune Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12527	San Luis Tribune Circulation	Wells Fargo, N.A.

<b>Associated Regional Depository Acct (Last 4 Digits)</b>	<b>Box #</b>	<b>Lockbox Name</b>	<b>Bank Name</b>
West Region Depository Account (8800)	51983	San Luis Tribune Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	11308	Sierra Star Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	51010	Tacoma Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12777	Tacoma Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510074	Tacoma Dealer	Wells Fargo, N.A.
West Region Depository Account (8800)	51100	Tri City Advertising	Wells Fargo, N.A.
West Region Depository Account (8800)	12686	Tri City Circulation	Wells Fargo, N.A.
West Region Depository Account (8800)	510022	Tri City Dealer	Wells Fargo, N.A.