

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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<i>In re</i>	:	Chapter 11
	:	
THE McCLATCHY COMPANY, <i>et al.</i> ,	:	Case No. 20-10418 (MEW)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
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**ORDER (I) ESTABLISHING BIDDING PROCEDURES RELATING TO THE SALE OF
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (II) ESTABLISHING
PROCEDURES FOR THE DEBTORS TO ENTER INTO STALKING HORSE
AGREEMENT WITH BID PROTECTIONS IN CONNECTION WITH A SALE OF
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (III) APPROVING
PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (IV) APPROVING FORM
AND MANNER OF NOTICE OF ALL PROCEDURES, PROTECTIONS, SCHEDULES
AND AGREEMENTS; (V) SCHEDULING A HEARING TO CONSIDER THE
PROPOSED SALE AND (VI) GRANTING CERTAIN RELATED RELIEF**

Upon the motion (the "**Motion**")² of the Debtors for an order (the "**Bidding Procedures Order**") (i) approving the proposed auction and bidding procedures, which are attached as Exhibit 1 hereto (the "**Bidding Procedures**"), for the sale (a "**Sale Bid**") of substantially all of, or a portion of, their assets (the "**Acquired Assets**") or, in the alternative, for sponsorship proposals with respect to a chapter 11 plan of reorganization for the Debtors (a "**Plan Bid**"); (ii) establishing procedures for the Debtors, in consultation with the Consultation

¹ 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 jointly administered chapter 11 cases, 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' 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.

² Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Bidding Procedures or the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting (A) Liens and Providing Superpriority Administrative Expenses Status and (B) Adequate Protection to Certain Prepetition Lenders, (III) Modifying the Automatic Stay and (IV) Granting Related Relief* [Docket No. 233] (the "**Final DIP Order**")



Parties, to enter into a stalking horse agreement (a “**Stalking Horse Agreement**”) containing certain bid protections with respect to any stalking horse bidder (a “**Stalking Horse Bidder**”) to the extent set forth in the Bidding Procedures; (iii) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases (the “**Assumption and Assignment Procedures**”); (iv) approving the form and manner of notice of all procedures, protections, schedules and agreements; and (v) scheduling a hearing (the “**Approval Hearing**”) to approve such Plan Bid or Sale Bid (the “**Transaction**”); and this Court having considered the Motion, and the arguments of counsel made, and the evidence adduced, at the hearing on the Motion (the “**Bidding Procedures Hearing**”); and upon consideration of the Harding Declaration and the Knee Declaration; 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;

FOUND, CONCLUDED AND DETERMINED THAT:³

A. This Court has jurisdiction to consider this Motion under 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. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409. The legal predicates for the relief requested in the Motion are

³ The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

Bankruptcy Code sections 105, 363, 365 and 503. Such relief is also warranted pursuant to Bankruptcy Rules 2002, 6004, 6006 and 9014.

B. The Debtors have articulated good and sufficient reasons for authorizing and approving the Bidding Procedures attached hereto as **Exhibit 1**, which are fair, reasonable, and appropriate under the circumstances and designed to maximize the recovery on, and realizable value of, the Acquired Assets.

C. The Debtors have articulated good and sufficient business reasons for the Court to approve (i) the procedures for designating a Stalking Horse Bidder, including the Break-Up Fee and Expense Reimbursement Amount (together, the “**Bid Protections**”), and (ii) the Assumption and Assignment Procedures.

D. Due, sufficient, and adequate notice of the relief requested in the Motion and the relief granted herein has been given in light of the circumstances and the nature of the relief requested, and no other or further notice thereof is required.

E. The Debtors’ proposed notices of (i) the Transaction, (ii) the assumption and assignment of, and Cure Amounts (as defined below) for, the executory contracts and unexpired leases to be assumed and assigned to any Successful Bidder, (iii) the Successful Bidder and (iv) the Bidding Procedures, are appropriate and reasonably calculated to provide all interested parties with timely and proper notice of each, and no further notice of, or hearing on, each is necessary or required.

F. The Bidding Procedures, substantially in the form attached hereto, and incorporated herein by reference as if fully set forth in this Order, are fair, reasonable and appropriate, and represent the best method for maximizing the value of the Debtors’ estates in connection with the sale.

G. The Debtors have demonstrated a compelling and sound business justification for approving the Bid Protections under the circumstances and timing set forth in the Motion.

H. The Bid Protections, to the extent applicable and payable, (i) shall be deemed an actual and necessary cost of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code; (ii) are of substantial benefit to the Debtors' estates (iii) are reasonable and appropriate, including in light of the size and nature of the Transaction and the efforts that would be expended by any Stalking Horse Bidder and (iv) enable the Debtors to promote Transaction with the greatest benefit to the estate.

I. The Assumption and Assignment Procedures are reasonable and appropriate.

IT IS THEREFORE, ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED, to the extent set forth herein.
2. The Bidding Procedures, as attached hereto, are approved. The Debtors are authorized to take any and all actions reasonably necessary or appropriate to implement the Bidding Procedures.
3. The failure to specifically include or reference any particular provision, section or article of the Bidding Procedures in this Order shall not diminish or impair the effectiveness or such procedures, it being the intent of this Court that the Bidding Procedures be authorized and approved in their entirety.

Important Dates and Deadlines

4. **Approval Hearing.** The Approval Hearing will commence on **July 24, 2020, at 11:00 a.m., prevailing Eastern Time,** before the Honorable Michael E. Wiles of the

United States Bankruptcy Court for the Southern District of New York, One Bowling Green,
New York, New York 10004-1408.

5. **Sale Objection Deadline.** Objections, if any, to the approval of the Successful Bid must be made by **July 20, 2020, at 4:00 p.m., prevailing Eastern Time** (the “**Objection Deadline**”). All objections must: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules, and any orders of the Court; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court no later than the Objection Deadline and served on (i) counsel to the Debtors, (ii) counsel to the Consultation Parties, (iii) counsel to the Successful Bidder and (iv) any other entity on the Master Service List (as defined in the case management order in these Chapter 11 Cases [Docket No. 106]).

6. **Response Deadline.** Responses or replies, if any, to timely filed objections to approval of the Successful Bid must be filed by **July 22, 2020, at 4:00 p.m., prevailing Eastern Time.**

7. Notwithstanding anything to the contrary herein or in the Bidding Procedures, if either: (i) the Debtors do not receive any Initial Bids other than the PSC Credit Bid by the Initial Bid Deadline, or (ii) there are no Qualified Bids other than the PSC Credit Bid by the Bid Deadline such that no Auction is necessary, then the Debtors, in consultation with the Consultation Parties and the Prepetition Secured Parties, reserve the right to expedite the Sale Process Key Dates, subject to further order of the Court.

Procedures for Designation of a Stalking Horse Bidder and Payment of Bid Protections

8. The Debtors, as they may reasonably determine in consultation with the Consultation Parties to be in the best interests of their estates, are authorized to select a Stalking

Horse Bidder for the Acquired Assets for the purposes of establishing a minimum acceptable bid with which to begin the Auction (the “**Stalking Horse Bid**”) and to provide such Stalking Horse Bidder with the Bid Protections pursuant to the Stalking Horse Agreement; provided that no insider or affiliate of the Debtors shall be entitled to any Bid Protections; provided further that in the event of any disagreement among the Debtors and Consultation Parties regarding the designation of a Stalking Horse Bidder, the designation of such Stalking Horse Bidder shall be subject to approval by the Court upon a shortened, three-day notice period.

9. Pursuant to Bankruptcy Code sections 105, 363 and 503, in the event that the Debtors designate a Stalking Horse Bidder and the Stalking Horse Bidder is not the Successful Bidder, the Debtors are authorized to pay the Bid Protections in an aggregate amount (including the Break-up Fee and Expense Reimbursement Amount) not to exceed to 3% of the cash portion of the Stalking Horse Bid or, for a Plan Bid, the amount of the capital investment contemplated thereby, with such amount to be paid in accordance with the terms and conditions set forth in the Stalking Horse Agreement. No other bidder, nor any credit bidder (irrespective of whether it is the Stalking Horse Bidder), is entitled to any Bid Protections or any other expense reimbursement, break-up fee, termination or similar fee or payment. No Qualified Bidder that includes a credit bid as part of its Bid shall under any circumstances be entitled to any Break-up Fee.

10. For the avoidance of doubt, other than as set forth herein, nothing herein shall be deemed to either prohibit or grant authority or approval to any party to credit bid for any of the Acquired Assets, and all such rights are reserved.

The Auction

11. The Debtors are authorized, subject to the terms of this Order, to take actions reasonably necessary, in the discretion of the Debtors, to conduct and implement the Auction with respect to the Acquired Assets in the manner set forth in the Bidding Procedures.

12. Subject to the rights of parties in interest to object to the Transaction by the Objection Deadline, the Debtors may, as they reasonably determine to be in the best interest of their estates, after consultation with the Consultation Parties, (a) select, in their business judgment, pursuant to the Bidding Procedures, the highest or otherwise best offer(s) and the Successful Bidder or Bidders, and (b) reject any bid that, in the Debtors' business judgment, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules or the Bidding Procedures or (iii) contrary to the best interests of the Debtors and their estates, creditors, interest holders or parties-in-interest.

Notice of the Transaction and the Approval Hearing

13. Notice of Transaction and Approval Hearing. Within ten (10) business days after the entry of the Bidding Procedures Order, or as soon thereafter as practicable (the "**Mailing Date**"), the Debtors (or their agents) shall cause the notice substantially in the form attached as **Exhibit B** to the Motion (the "**Transaction Notice**") to be served on (a) all entities known to have expressed an interest in a transaction with respect to some or all of the Acquired Assets at any time; (b) all entities known to have asserted any lien, claim, interest or encumbrance in or upon any of the Acquired Assets; (c) all federal, state and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this Motion; (d) the U.S. Trustee; (e) the United States Attorney's office; (f) the

Securities and Exchange Commission; (g) the Internal Revenue Service; (h) counsel to the Committee; (i) counsel to Chatham ; (j) counsel to Brigade; (k) the Master Service List (as defined in the case management order in these Chapter 11 Cases [Docket No. 106]); and (l) those parties who have filed the appropriate notice requesting notice of all pleadings filed in the Chapter 11 Cases (the “**Notice Parties**”). Such notice shall be sufficient and proper notice of the Transaction with respect to known interested parties.

14. Pursuant to Bankruptcy Rules 2002 and 6004, the publication of the Transaction Notice in *The New York Times* on the Mailing Date or as soon as practicable thereafter shall be deemed sufficient and proper notice of the Transaction to any other interested parties whose identities are unknown to the Debtors.

15. Auction Notice. As soon as possible after the Final Bid Deadline the Debtors shall file, but not serve, a notice indicating whether the Auction will be held (the “**Auction Notice**”). If necessary, the Auction will be held on July 8, 2020 at 10:00 a.m. (prevailing Eastern Time) at the offices of counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, One Manhattan West, New York, NY 10001, or such other place (which may be virtual) and time as the Debtors shall notify all Qualified Bidders who have submitted Qualified Bids; provided that the Auction may be postponed, adjourned or cancelled as the Debtors, in consultation with the Consultation Parties, deem appropriate, upon filing a notice of adjournment on the Court’s docket indicating the date and time of the adjourned hearing.

16. Successful Bidder Notice. As soon as possible after the conclusion of the Auction, or if there is no Auction, as soon as practicable following entry into a Modified Acquisition Agreement or Plan Bid Agreement, but no later than **July 15, 2020 at 11:59 p.m. (prevailing Eastern Time)** the Debtors shall file a notice identifying any Successful Bidder and

the Modified Acquisition Agreement or Plan Bid Agreement by and between the Debtors and the Successful Bidder (the “**Successful Bidder Notice**”). In the event that the Successful Bidder Notice describes a Plan Bid, it shall describe any adjustments to this Bidding Procedures Order that are reasonably necessary to achieve confirmation of the plan of reorganization embodied in such Plan Bid under section 1129 of the Bankruptcy Code, Bankruptcy Rule 2002(b), and any applicable Local Rule. All rights of the Debtors and any party in interest are expressly reserved with respect to any such adjustments to the timing of the Bidding Procedures or this Bidding Procedures Order that may be necessary in the event the Successful Bid is a Plan Bid.

Assumption and Assignment Procedures

17. The Assumption and Assignment Procedures are APPROVED.

18. By no later than **June 5, 2020 at 11:59 p.m. (prevailing Eastern Time)**, the Debtors shall file with this Court and serve on each party to an Assigned Contract a Cure Notice substantially in the form attached as **Exhibit C** to the Motion that shall (a) state the cure amounts that the Debtors believe are necessary to assume such Assigned Contracts pursuant to section 365 of the Bankruptcy Code (the “**Cure Amount**”); (b) notify the non-debtor party that such party’s contract or lease may be assumed and assigned to a purchaser of the Acquired Assets upon the entry of the order approving the Transaction; (c) state the date of the Approval Hearing and that objections to any Cure Amount or to assumption and assignment will be heard at the Approval Hearing or at a later hearing, as determined by the Debtors; and (d) state a deadline by which the non-Debtor party shall file an objection to the Cure Amount or to the assumption and assignment of the Assigned Contracts; provided, however, that the inclusion of a contract, lease or agreement on the Cure Notice shall not constitute an admission that such contract, lease or agreement is an executory contract or lease. The Debtors reserve all of their

rights, claims and causes of action with respect to the contracts, leases and agreements listed on the Cure Notice.

20. Any objection to the Cure Amount or to assumption and assignment must be filed with the Court on or before the date that is twenty-one (21) days after the filing of the Cure Notice (the “**Cure Objection Deadline**”) and served on: (1) the Debtors, 2100 Q Street, Sacramento, California, 95816, Attn.: Peter Farr (pfarr@mcclatchy.com); (2) counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Suite 3400, Los Angeles, California 90071, Attn.: Van Durrer (van.durrer@skadden.com) and 525 University Avenue, Palo Alto, California, 94301, Attn.: Thomas Ivey (thomas.ivey@skadden.com); (3) chief restructuring officer to the Debtors, FTI Consulting, Inc., 1201 W. Peachtree St., Atlanta, Georgia 30309, Attn.: Sean M. Harding (sean.harding@fticonsulting.com); (4) financial advisor to the Debtors, Evercore Group L.L.C., 55 East 52nd Street, New York, NY 10055, Attn.: Johnathan Knee (knee@evercore.com); Jaison Thomas (jaison.thomas@evercore.com), and Ryan Schoenig (ryan.schoenig@evercore.com); (5) counsel to the DIP Agent, Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110, Attn.: Kevin J. Simard (ksimard@choate.com); (6) counsel to the Committee, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn.: Kristopher M. Hansen (khansen@stroock.com) and Erez E. Gilad (egilad@stroock.com); (7) financial advisor to the Committee, Moelis & Company, 399 Park Avenue, 5th Floor, New York, New York 10022, Attn.: William Derrough (William.Derrough@moelis.com) and Adam Waldman (Adam.Waldman@moelis.com); (8) The News Guild-CWA AFL-CIO, c/o Cohen, Weiss and Simon LLP, 900 Third Avenue, Suite 1200, New York, NY 10022-4869, Attn: Hanan B. Kolko (HKolko@cwsny.com); and (9) counsel to the Successful Bidder. Any such objection

must (i) be in writing; (ii) state the basis for such objection; and (iii) state with specificity what cure amount the party to the Assigned Contract believes is required (in all cases with appropriate documentation in support thereof).

21. Unless a non-debtor party to any executory contract or unexpired lease, including an unexpired real property lease, files an objection to the Cure Amount or the assumption and assignment of such executory contract or unexpired lease by the Cure Objection Deadline, such counterparty shall be (a) forever barred and estopped from objecting to the Cure Amount, (b) forever barred and estopped from asserting or claiming any Cure Amount, other than the Cure Amount listed on the Cure Notice against the Debtors, any Successful Bidder or any other assignee of the relevant contract, and (c) deemed to have consented to the assumption and assignment of such Assigned Contract.

22. To the extent that a non-debtor counterparty to an Assigned Contract was not provided with a Cure Notice (any such contract or lease a “**Previously Omitted Contract**”), the Debtors shall notify the Successful Bidder within three business days of the omission. The Debtors shall serve a notice (the “**Previously Omitted Contract Notice**”) to the counterparties to the Previously Omitted Contract indicating the Debtors’ intent to assume and assign the Previously Omitted Contract. The counterparties will have at least fifteen (15) days from their receipt of the Previously Omitted Contract Notice to object to the Cure Amount. If there is no objection, then the counterparties will be deemed to have consented to the assumption and assignment and the Cure Amount, and such assumption and assignment and the Cure Amount

shall be deemed approved by the order approving the Transaction without further order of this Court.

23. The Debtors shall file with the Bankruptcy Court a Successful Bidder Notice (defined above) that identifies any Successful Bidder and provides notice that the Debtors will seek to assume and assign the Assigned Contracts at the Approval Hearing. At the Approval Hearing, the Debtors shall (i) present evidence necessary to demonstrate adequate assurance of future performance by the Successful Bidder and (ii) request entry of an order granting approval of the assumption and assignment of any Assigned Contracts to the Successful Bidder.

24. The Debtors shall file a notice with the Court listing the Assigned Contracts, if any, that the Debtors have determined not to assume, prior to the Approval Hearing.

Related Relief

25. The Debtors are hereby authorized and empowered to take such actions as may be reasonably necessary to implement and effect the terms and requirements established in this Order.

26. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

27. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7052, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

28. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order, including, but not limited to, any

matter, claim or dispute arising from or relating to the Bid Protections, the Bidding Procedures and the implementation of this Order.

Dated: New York, New York

May 11, 2020

s/Michael E. Wiles
HONORABLE MICHAEL E. WILES
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Bidding Procedures

BIDDING PROCEDURES

On _____, 2020, the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) entered an order [Docket No. ____] (the “**Bidding Procedures Order**”) in the jointly administered chapter 11 cases (the “**Chapter 11 Cases**”) filed by The McClatchy Company and its direct and indirect subsidiaries that are debtors and debtors in possession (the “**Debtors**”), which, among other things, approved these bidding procedures (the “**Bidding Procedures**”) and the other relief sought in the motion [Docket No. ____] (the “**Motion**”). The Bidding Procedures set forth the process and procedures through which the Debtors are authorized to determine the highest or otherwise best offer for the sale (a “**Sale Bid**”) of substantially all of, or a portion of, the Debtors’ assets (the “**Acquired Assets**”) or, in the alternative, for sponsorship proposals with respect to a chapter 11 plan of reorganization for the Debtors (a “**Plan Bid**”).

To the extent the Bidding Procedures require the Debtors to consult with the Consultation Parties (as defined below) in connection with making a determination or taking an action, the Debtors shall do so in a regular and timely manner prior to making such determination or taking such action.

Sale Bid - Acquired Assets to Be Sold

The Debtors are offering for sale the Acquired Assets.¹ Except in the case of a Plan Bid and except as otherwise provided in the Acquisition Agreement or a Modified Acquisition Agreement (both as defined below) submitted by a Successful Bidder (as defined below) (including any exhibits or schedules thereto), all of the Debtors’ right, title and interest in and to the Acquired Assets subject thereto shall be sold free and clear of any pledges, liens, security interests, encumbrances, successorship liability, claims, charges, options and interests thereon (collectively, the “**Interests**”) to the maximum extent permitted by section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Acquired Assets with the same validity and priority as such Interests applied against the Acquired Assets. More detail regarding the Acquired Assets will be posted in the electronic data room.

Plan Bid

In the alternative to a sale pursuant to section 363 of title 11 of the United States Code (the “**Bankruptcy Code**”) contemplated by the Motion, a transaction proposed by a Qualified Bidder shall not be limited to an asset purchase under section 363, but rather may be structured as a sponsorship of a plan of reorganization. With respect to a proposed transaction other than a sale, any references in the Bidding Procedures relating to a sale, the Acquired Assets, or the hearing and order approving a sale (including, without limitation, the Sale Hearing), shall be read to refer to a restructuring transaction to be consummated pursuant to a plan of reorganization or a plan support agreement supporting a plan of reorganization, as the case may be and, as applicable, a hearing to confirm the plan of reorganization described in a Plan Bid. The Debtors, in consultation with the Consultation Parties, shall negotiate and evaluate a Plan Bid in good

¹ For the avoidance of doubt, the Debtors are willing to entertain proposals for specific individual assets.

faith, and the Debtors, in consultation with the Consultation Parties, shall use their commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to accommodate a bid structured as a plan sponsorship of a plan of reorganization.

Bidding Process

The Debtors and their advisors shall, in consultation with the Consultation Parties and subject to the other provisions of these Bidding Procedures, (i) determine whether any person is a Qualified Bidder (as defined below), (ii) coordinate the efforts of Qualified Bidders in conducting their due diligence investigations, (iii) receive offers/plan proposals from Qualified Bidders, (iv) negotiate any offers made to purchase the Acquired Assets or plan proposals, and (v) determine if any Qualified Bidder should be selected as a stalking horse bidder (the “**Stalking Horse Bidder**”) in accordance with the procedures set forth below.

Key Dates For Potential Competing Bidders

The Bidding Procedures provide interested parties with the opportunity to qualify for and participate in an auction to be conducted by the Debtors (the “**Auction**”) and to submit competing Sale Bids or Plan Bids. The Debtors shall assist Qualified Bidders in conducting their respective due diligence investigations and shall accept non-binding initial indications of interest (“**Initial Bids**”) until **May 12, 2020 at 11:59 p.m. (prevailing Eastern Time)** (the “**Initial Bid Deadline**”) and thereafter, shall accept Final Bids (as defined below) from parties who submitted Initial Bids until **July 1, 2020 at 11:59 p.m. (prevailing Eastern Time)** (the “**Final Bid Deadline**”).

Initial Bids must identify any regulatory and third-party approvals that may be anticipated for the Qualified Bidder to consummate the Transaction, and the time period within which the interested bidder expects to receive such regulatory and third-party approvals.

The key dates for the sale process are as follows (the “**Sale Process Key Dates**”):

May 12, 2020 at 11:59 p.m. prevailing Eastern Time	Initial Bid Deadline – due date for non-binding initial indications of interest
July 1, 2020 at 11:59 p.m. prevailing Eastern Time	Bid Deadline – due date for Final Bids and Good Faith Deposits
July 8, 2020 at 10:00 a.m. prevailing Eastern Time	Auction

July 15, 2020 at 11:59 p.m. prevailing Eastern Time	Deadline to enter into and file Acquisition Agreement with Successful Bidder (or, if the Successful Bid is a Plan Bid, the definitive documentation for such Plan Bid plus a motion seeking confirmation of the plan of reorganization described in the Plan Bid) (the “Transaction Approval Filing”)
July 20, 2020 at 4:00 p.m. prevailing Eastern Time	Objection deadline in connection with sale of Acquired Assets to a Successful Bidder
July 24, 2020 at 11:00 a.m. prevailing Eastern Time	Sale/Plan Approval Hearing ²

The Debtors will be deemed to have accepted a Final Bid only when the Final Bid has been approved by the Bankruptcy Court at the Sale Hearing. In the event that the Successful Bid is a Plan Bid, the Sale Hearing will not occur and the Debtors will seek confirmation of a plan of reorganization consistent with such Plan Bid.

Notwithstanding anything to the contrary herein or in the Bidding Procedures Order, if either: (i) the Debtors do not receive any Initial Bids other than the credit bid received by the Prepetition Secured Creditors (as defined in the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting (A) Liens and Providing Superpriority Administrative Expense Status and (B) Adequate Protection to Certain Prepetition Lenders, (III) Modifying the Automatic Stay and (IV) Granting Related Relief* [Docket No. 233]) (the **“PSC Credit Bid”**) by the Initial Bid Deadline, or (ii) there are no Qualified Bids other than the PSC Credit Bid by the Bid Deadline such that no Auction is necessary, then the Debtors, in consultation with the Consultation Parties and the Prepetition Secured Creditors, reserve the right to expedite the Sale Process Key Dates, subject to further order of the court.

Due Diligence

Access to Diligence Materials.

To participate in the bidding process and to receive access to due diligence (the **“Diligence Materials”**), a party must submit to the Debtors (i) an executed confidentiality agreement substantially in such form reasonably satisfactory to the Debtors, (ii) an Initial Bid by the Initial Bid Deadline (unless extended by Debtors, in consultation with the Consultation Parties, with respect to a party who expresses an interest in participating after the Initial Bid Deadline), and (iii) reasonable evidence demonstrating the party’s financial capability to

² All rights of the Debtors and any party in interest are expressly reserved with respect to any adjustments to the timing of the Bidding Procedures that may be necessary to achieve confirmation of a plan of reorganization embodied in a Successful Bid that is a Plan Bid pursuant to section 1129 of the Bankruptcy Code, Bankruptcy Rule 2002(b), and any applicable Local Rule.

consummate a sale transaction for the Acquired Assets or a recapitalization transaction pursuant to a chapter 11 plan of reorganization (any such transaction, a “**Transaction**”) as reasonably determined by the Debtors in consultation with the Consultation Parties. A party who qualifies for access to Diligence Materials pursuant to the prior sentence, shall be a “**Qualified Bidder.**”

The Debtors will afford any Qualified Bidder the time and opportunity to conduct reasonable due diligence, as reasonably determined by the Debtors, in consultation with the Consultation Parties, including reasonable access to management, access to the electronic data room and other information that a Qualified Bidder may reasonably request; provided, however, that the Debtors shall not be obligated to furnish any due diligence information after the Final Bid Deadline to any party that has not submitted a Qualified Bid (as defined below). The availability of additional due diligence to a Qualified Bidder will cease on the Auction date; provided, however, that the Successful Bidder shall be permitted to continue to conduct due diligence until the closing of the sale of the Acquired Assets (subject to the terms of the Successful Bidder Acquisition Agreement) or confirmation of a Plan. The Debtors reserve the right to withhold any Diligence Materials that the Debtors reasonably determine necessary, based on consultation with counsel, to protect attorney client privilege or are business-sensitive or otherwise not appropriate for disclosure to a Qualified Bidder who is a competitor of the Debtors or is affiliated with any competitor of the Debtors. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Qualified Bidder.

Each Qualified Bidder will be deemed to acknowledge and represent that it (a) has had an opportunity to conduct any and all due diligence regarding the Debtors’ assets and liabilities that are the subject of the Auction to the extent of the assets and liabilities that are the subject of their bid prior to making any such bids, (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the assets in making its bid, and (c) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise regarding the Debtors’ assets or liabilities, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures, the Acquisition Agreement (or, if the Successful Bid is a Plan Bid, the Plan Bid Agreement) and related definitive documentation.

All due diligence requests must be directed to Evercore Group L.L.C., to the attention of Johnathan Knee (knee@evercore.com; phone: 212-857-3158), Jaison Thomas (jaison.thomas@evercore.com; phone 212-822-7704), and Ryan Schoenig (ryan.schoenig@evercore.com; phone 212-767-4176).

Due Diligence from Qualified Bidders.

Each Qualified Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their advisors regarding the ability of such Qualified Bidder, as applicable, to consummate its contemplated transaction. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access may be a basis for the Debtors, in consultation with the Consultation Parties, to determine that such bidder is no longer a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access may be a basis for the Debtors, in

consultation with the Consultation Parties, to determine that a bid made by such Qualified Bidder is not a Qualified Bid.

Communications among Qualified Bidders.

There must be no communications between and amongst Qualified Bidders unless the Debtors have previously authorized such communication in writing or with the participation of representatives of the Debtors or their advisors. The Debtors reserve the right, in their reasonable business judgment and in consultation with the Consultation Parties, to disqualify any Qualified Bidder(s) that have communications between and amongst themselves without the participation of the Debtors (or a representative of the Debtors) or the Debtors' prior written consent. Notwithstanding the foregoing, any Prepetition Secured Creditor, in its capacity as such, may engage in negotiations and discussions with other Prepetition Secured Creditors regarding any potential credit bid of the Prepetition Secured Obligations as part of a Transaction, which shall also include, upon notice to the Debtors, any potential financing sources of the Prepetition Secured Creditors (if applicable).

Auction Qualification Process

To be eligible to participate in the Auction, each Qualified Bidder must deliver to the Debtors and their advisors a written, irrevocable offer, solicitation or proposal (including any Sale Bid and/or Plan Bid) (each, a **"Final Bid"**), that must be reasonably determined by the Debtors, in their business judgment and in consultation with the Consultation Parties, to satisfy each of the following conditions:

- (a) **Good Faith Deposit:** Each Final Bid (excluding any PSC Credit Bid) must, in each case, be accompanied by a deposit in the amount of ten percent (10%) of the cash portion of the purchase price contained in the Modified Acquisition Agreement (defined below), before any reductions for assumed liabilities, or, in the case of a Plan Bid, ten percent (10%) of the amount of the capital investment contemplated by such bid, before any reductions for assumed liabilities (the **"Good Faith Deposit"**). The Good Faith Deposit shall come in the form of a wire transfer, certified check or other form acceptable to the Debtors. Each Good Faith Deposit will be deposited and held in one or more interest-bearing escrow accounts by the Debtors, but shall not become property of the Debtors' estates absent further order of the Bankruptcy Court. Requests for wire instructions should be directed to Johnathan Knee (knee@evercore.com; phone: 212-857-3158), Jaison Thomas (jaison.thomas@evercore.com; phone 212-822-7704), or Ryan Schoenig (ryan.schoenig@evercore.com; phone 212-767-4176).
- (b) **Executed Agreement:** Each Sale Bid must be based on the proposed acquisition agreement, which will be prepared by the Debtors in consultation with the Consultation Parties, and will be posted to the data room no later than May 15, 2020 (the **"Acquisition Agreement"**) and must include executed transaction documents, signed by an authorized representative of such Qualified Bidder, pursuant to which the Qualified Bidder proposes to effectuate a Transaction (a **"Modified Acquisition Agreement"**). Each Sale Bid must also include a copy of

the Acquisition Agreement marked against the Modified Acquisition Agreement to show all changes requested by the Qualified Bidder (including the inclusion of the purchase price). Each Plan Bid must be based on a plan of reorganization, which will be prepared by the debtors in consultation with the Consultation Parties and will be posted to the data room no later than May 15, 2020 (the “**Plan**”), and must include executed transaction documents, signed by an authorized representative of such Qualified Bidder, pursuant to which the Qualified Bidder proposes to effectuate the Plan (such documentation, the “**Plan Bid Agreement**”). Each Modified Acquisition Agreement and each Plan Bid Agreement, as applicable, must provide (1) a commitment to close within two (2) business days after all closing conditions are met and (2) a representation that the Qualified Bidder will (a) make all necessary filings under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), and (b) submit all necessary filings under the HSR Act within ten (10) days following the effective date of the Modified Acquisition Agreement or Plan, as applicable.

- (c) Designation of Assigned Contracts and Leases: A Final Bid must identify any and all executory contracts and unexpired leases of the Debtors that the Qualified Bidder wishes to be assumed and, with respect to any Final Bid that is not a Plan Bid, assigned to the Qualified Bidder at closing, or with respect to any Plan Bid, at Plan confirmation, pursuant to a Transaction. A Final Bid must specify whether the Debtors or the Qualified Bidder will be responsible for any cure costs associated with such assumption, and include a good faith estimate of such cure costs (which estimate may be provided by the Debtors in consultation with the Consultation Parties). No later than May 15, 2020, the Debtors will post to the data room a schedule containing list of all executory contracts and unexpired leases, which shall contain a good faith estimate of the projected Cure Amounts as to each executory contract and unexpired lease.
- (d) Designation of Assumed Liabilities: A Final Bid must identify all liabilities which the Qualified Bidder proposes to assume. No later than May 15, 2020, the Debtors will post to the data room a schedule containing a good faith estimate (reasonably acceptable to the Committee) of the minimum amount of cash necessary to (a) satisfy in full in cash all administrative expense claims and priority claims upon the effective date of such transaction, and (b) fund a wind down budget.
- (e) Corporate Authority: A Final Bid must include written evidence reasonably acceptable to the Debtors demonstrating appropriate corporate authorization to consummate the proposed Transaction; provided that, if the Qualified Bidder is an entity specially formed for the purpose of effectuating the Transaction, then the Qualified Bidder must furnish written evidence reasonably acceptable to the Debtors, in consultation with the Consultation Parties, of the approval of the Transaction by the equity holder(s) or sponsor(s) of such Qualified Bidder.
- (f) Disclosure of Identity of Qualified Bidder: A Final Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Acquired Assets

or otherwise participating in connection with such Final Bid, and the complete terms of any such participation, including any agreements, arrangements or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Final Bid; provided that, if the Qualified Bidder is an entity specially formed for the purpose of effectuating the Transaction, then the Qualified Bidder must fully disclose the identity of each equity holder(s) or sponsor(s) of such Qualified Bidder.

- (g) Proof of Financial Ability to Perform: A Final Bid must include written evidence that the Debtors may reasonably conclude, in consultation with their advisors and the Consultation Parties, demonstrates that the Qualified Bidder has the necessary financial ability to close the Transaction and provide adequate assurance of future performance under all contracts to be assumed and assigned in such Transaction.

Such information may include, *inter alia*, the following:

- (1) contact names and numbers for verification of financing sources;
 - (2) written evidence of the Qualified Bidder's internal resources and proof of any debt funding commitments from a recognized banking institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Final Bid or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Debtors in the amount of the cash portion of such Final Bid, in each case, as are needed to close the Transaction;
 - (3) the Qualified Bidder's most current audited (if any) and latest unaudited financial statements or, if the bidder is an entity formed for the purpose of making a bid, the current audited (if any) and latest unaudited financial statements of the equity holder(s) of the bidder or such other form of financial disclosure, and a guaranty from such equity holder(s);
 - (4) a description of the Qualified Bidder's pro forma capital structure (and, in the case of a Plan Bid, the Debtors' pro forma capital structure); and
 - (5) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors, in consultation with the Consultation Parties, demonstrating that such Qualified Bidder has the ability to close the Transaction.
- (h) Regulatory and Third Party Approvals: A Final Bid must set forth each regulatory and third-party approval required for the Qualified Bidder to consummate the Transaction, and the time period within which the Qualified Bidder expects to receive such regulatory and third-party approvals, and the Debtors, in consultation with the Consultation Parties, may consider the timing of such approvals, and any actions the Qualified Bidder will take to ensure receipt of such approval(s) as promptly as possible, when considering the other Bid Assessment Criteria (defined below).

- (i) Contact Information and Affiliates: A Final Bid must provide the identity and contact information for the Qualified Bidder and full disclosure of any parent companies of the Qualified Bidder.
- (j) Contingencies: A Final Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence.
- (k) Irrevocable: A Final Bid must be irrevocable until the Good Faith Deposit associated with such Final Bid must be returned in accordance with the terms hereof (or, if the Successful Bid is a Plan Bid, until confirmation of such Plan), provided that if such Final Bid is accepted as the Successful Bid or the Backup Bid (as defined below), such Final Bid shall continue to remain irrevocable, subject to the terms and conditions of the Bidding Procedures.
- (l) As-Is, Where-Is: A Final Bid must include a customary “as is, where is” disclaimer, which shall be subject to mutual agreement between the Qualified Bidder and the Debtors.
- (m) Compliance with Diligence Requests. The Qualified Bidder submitting a Final Bid must have complied with reasonable requests for additional information and due diligence access from the Debtors (as described above) to the reasonable satisfaction of the Debtors, in consultation with the Consultation Parties.
- (n) Consent to Jurisdiction. Each Qualified Bidder must (i) submit to the jurisdiction of the Bankruptcy Court to enter an order or orders, which shall be binding in all respects, in any way related to the Debtors, the Bidding Procedures, the Auction, any Modified Purchase Agreement, any Plan Bid Agreement, or the construction and enforcement of documents relating to any Transaction, (ii) waive any right to a jury trial in connection with any disputes relating to the Debtors, the Bidding Procedures, the Auction, any Modified Purchase Agreement, any Plan Bid Agreement, or the construction and enforcement of documents relating to any Transaction and (iii) commit to the entry of a final order or judgment in any way related to the Debtors, the Bidding Procedures, the Auction, any Modified Purchase Agreement, any Plan Bid Agreement, or the construction and enforcement of documents relating to any Transaction if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.
- (o) No Bid Protections. Except with respect to any Stalking Horse Bidder designated by the Debtors as set forth below, a Final Bid must not entitle the Qualified Bidder to any break-up fee, termination fee, expense reimbursement, or similar type of payment or reimbursement and, by submitting a Final Bid, the Qualified Bidder waives the right to pursue a substantial contribution claim under 11 U.S.C. § 503 related in any way to the submission of its Final Bid or participation in any Auction (as defined below). Each Qualified Bidder presenting a Final Bid will bear its own costs and expenses (including legal fees) in connection with any proposed sale.

- (p) Wind-Down. Any Bid must address the need of the Debtors to wind-down and close its Chapter 11 Cases.
- (q) Credit Bid. In connection with any Plan Bid or Sale Bid that includes a credit bid, the proposed purchase of any Acquired Assets that are not encumbered by a valid and perfected lien or security interest as of the Petition Date (the “**Unencumbered Acquired Assets**”) may be paid for in cash or by assumption of certain liabilities and obligations of the Debtors (and the Debtors shall provide information reasonably necessary to identify any Unencumbered Acquired Assets).³
- (r) Employee and Labor Terms. A statement of proposed terms for unionized and non-unionized employees, which shall include, alternatively, (1) a statement that the Qualified Bidder will assume the Debtor's collective bargaining agreements without modifications, or (2) if the Qualified Bidder will not assume the Debtor's collective bargaining agreements without modification, a statement how the Qualified Bidder intends to proceed in relation to collective bargaining agreements attached to the Qualified Bidder's proposed Acquisition Agreement, addressing post-closing terms and conditions of employment to be offered to unionized employees.
- (s) Number Of Employees To Be Retained. A statement of the approximate number or percentage of unionized and non-unionized employees the Qualified Bidder plans to retain post-closing, broken down by each publication the Qualified Bidder is bidding on.

A Final Bid received from a Qualified Bidder prior to the Final Bid Deadline that meets the above requirements for the applicable assets, as determined by the Debtors, in consultation with the Consultation Parties, shall constitute a “**Qualified Bid**” for such assets; provided that if the Debtors receive a Final Bid prior to the Final Bid Deadline that is not a Qualified Bid the Debtors may, in consultation with the Consultation Parties, provide the Qualified Bidder with the opportunity to remedy any deficiencies prior to the Auction; provided, further, that, for the avoidance of doubt, if any Qualified Bidder fails to comply with reasonable requests for additional information and due diligence access from the Debtors to the reasonable satisfaction of the Debtors, in consultation with the Consultation Parties, the Debtors may, after consulting with the Consultation Parties, disqualify any Qualified Bidder and Qualified Bid in the Debtor’s discretion, and such Qualified Bidder shall not be entitled to attend or participate in the Auction.

The following parties must receive a Final Bid in writing, on or before the Final Bid Deadline or such earlier date as may be agreed to by each of the Debtors, after consulting with the Consultation Parties: (1) the Debtors, 2100 Q Street, Sacramento, California, 95816, Attn.: Peter Farr (pfarr@mcclatchy.com); (2) counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Suite 3400, Los Angeles, California 90071, Attn.: Van

³ For the avoidance of doubt, other than as set forth herein, nothing contained herein shall be deemed to either prohibit or grant authority or approval to any party to credit bid for any of the Acquired Assets, and all such rights are reserved.

Durrer (van.durrer@skadden.com) and 525 University Avenue, Palo Alto, California, 94301, Attn.: Thomas Ivey (thomas.ivey@skadden.com); (3) chief restructuring officer to the Debtors, FTI Consulting, Inc., 1201 W. Peachtree St., Atlanta, Georgia 30309, Attn.: Sean M. Harding (sean.harding@fticonsulting.com); (4) financial advisor to the Debtors, Evercore Group L.L.C., 55 East 52nd Street, New York, NY 10055, Attn.: Johnathan Knee (knee@evercore.com); Jaison Thomas (jaison.thomas@evercore.com), and Ryan Schoenig (ryan.schoenig@evercore.com); (5) counsel to the DIP Agent, Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110, Attn.: Kevin J. Simard (ksimard@choate.com); (6) counsel to the Committee, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn.: Kristopher M. Hansen (khansen@stroock.com) and Erez E. Gilad (egilad@stroock.com); (7) financial advisor to the Committee, Moelis & Company, 399 Park Avenue, 5th Floor, New York, New York 10022, Attn.: William Derrough (William.Derrough@moelis.com) and Adam Waldman (Adam.Waldman@moelis.com); and (8) The News Guild-CWA AFL-CIO ("**The News Guild-CWA**"), c/o Cohen, Weiss and Simon LLP, 900 Third Avenue, Suite 1200, New York, NY 10022-4869, Attn: Hanan B. Kolko (HKolko@cwsny.com).

Within two (2) business days after the Final Bid Deadline, the Debtors and their advisors, in consultation with the Consultation Parties, will determine whether Final Bids submitted constitute Qualified Bids so as to enable such Qualified Bidders to bid at the Auction. To the extent there is any dispute regarding whether a Final Bid is a Qualified Bid, such dispute may be raised with the Bankruptcy Court on an expedited basis prior to the commencement of the Auction. If any Final Bid is determined by the Debtors, in consultation with the Consultation Parties, not to be a Qualified Bid, the Debtors will refund such Qualified Bidder's Good Faith Deposit on or within ten (10) business days after the Final Bid Deadline.

Auction

If two or more Qualified Bids are received by the Final Bid Deadline, the Debtors will conduct the Auction to determine the highest or otherwise best Qualified Bid. This determination shall take into account any factors the Debtors, in consultation with the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following: (a) the amount and nature of the consideration, including any cash and non-cash consideration (including assumed liabilities); (b) in the case of a Sale Bid, (i) the number, type and nature of any changes to the Acquisition Agreement requested by each Qualified Bidder, (ii) the extent to which such modifications or provisions are likely to delay closing of the sale of the Debtors' assets and the cost to the Debtors of such modifications or delay, (iii) whether the Qualified Bid is only for certain assets as opposed to all, or substantially all, of the Debtors' assets, and the likelihood that any other potential bidders would have interest in separately acquiring remaining assets; (c) the total consideration to be received by the Debtors; (d) the likelihood of the Qualified Bidder's ability to close a transaction and the timing thereof; (e) the net benefit to the Debtors' estates, taking into account, if applicable, any Stalking Horse Bidder's right to any Break-up Fee or Expense Reimbursement Amount (each as defined below); (f) the impact on employees, the number or percentage of employees to be retained post-closing, employee claims against Debtor, and collective bargaining agreements; (g) in a Sale Bid seeking to acquire only certain assets, the execution risk and additional costs related to separate documentation regard the sale(s), if any, of the remaining assets; and (h) any other qualitative or quantitative factor the Debtors, in

consultation with the Consultation Parties, deem reasonably appropriate under the circumstances (collectively, the **“Bid Assessment Criteria”**).

If two or more Qualified Bids are not received by the Final Bid Deadline, the Debtors may, after consulting with the Consultation Parties, determine not to conduct the Auction. If only one Qualified Bid is received by the Final Bid Deadline, the Debtors may, after consulting with the Consultation Parties, select the Modified Acquisition Agreement or the Plan Bid Agreement of such Qualified Bidder to be the Successful Bid and such Qualified Bidder shall be the Successful Bidder.

Procedures for the Designation of a Stalking Horse Bidder and Bid Protections

The Debtors, as they may reasonably determine in consultation with the Consultation Parties to be in the best interests of their estates, may select a Stalking Horse Bidder for the Acquired Assets for the purposes of establishing a minimum acceptable bid with which to begin the Auction (the **“Stalking Horse Bid”**) and provide such Stalking Horse Bidder with Bid Protections (described below) pursuant to an agreement with the Stalking Horse Bidder (the **“Stalking Horse Agreement”**); provided that no insider or affiliate of the Debtors shall be entitled to any Bid Protections; provided further that in the event of any disagreement among the Debtors and Consultation Parties regarding the designation of a Stalking Horse Bidder, the designation of such Stalking Horse Bidder shall be subject to approval by the Bankruptcy Court upon a shortened, three-day notice period.

In the event that the Debtors designate a Stalking Horse Bidder and the Stalking Horse Bidder is not the Successful Bidder, the Debtors shall be authorized to make certain payments in consideration of its being the Stalking Horse Bidder and to reimburse it for its reasonable and necessary out of pocket expenses, including a break-up fee (the **“Break-up Fee”**) and reimbursement of reasonable, documented and necessary out-of-pocket expenses incurred in connection with the Stalking Horse Bid (the **“Expense Reimbursement Amount”**) in an aggregate amount (including the Break-up Fee) not to exceed 3% of the cash portion of the Stalking Horse Bid or, for a Plan Bid, the amount of the capital investment contemplated thereby, with such amount to be paid in accordance with the terms and conditions set forth in the Stalking Horse Agreement and as approved by the Bankruptcy Court in the Bidding Procedures Order (the **“Bid Protections”**); provided, however, that notwithstanding anything to the contrary herein, no other bidder, nor any party making a credit bid (irrespective of whether it is the Stalking Horse Bidder) including with respect to any PSC Credit Bid, will be entitled to any Bid Protections or any other expense reimbursement, Break-up Fee, termination or similar fee or payment.

Procedures for Auction

Prior to the Auction, the Debtors and their advisors, in consultation with the Consultation Parties, will evaluate Qualified Bids and identify the Qualified Bid that is, in the Debtors’ reasonable business judgment and in consultation with the Consultation Parties, the highest or otherwise best bid (the **“Starting Bid”**). In making such determination, the Debtors will take into account, among other things, the execution risk attendant to any submitted bids. No later than twenty-four (24) hours before the start of the Auction, the Debtors will (i) notify each Qualified

Bidder who has timely submitted a Qualified Bid that its bid is a Qualified Bid; (ii) notify each Qualified Bidder who has submitted a Qualified Bid and the Consultation Parties as to which Qualified Bid is the Starting Bid; and (iii) distribute copies of the Modified Acquisition Agreement (or Plan Bid Agreement) associated with the Starting Bid to each Qualified Bidder who has submitted a Qualified Bid and the Consultation Parties. In the event that the Debtors designate a Stalking Horse Bidder, the Stalking Horse Bidder's Final Bid may or may not be the Starting Bid.

The Auction, if necessary, shall take place on or before **July 8, 2020 at 10:00 a.m. (prevailing Eastern Time)** at the offices of counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, One Manhattan West, New York, New York 10001, or such other place (which may be virtual) and time as the Debtors shall notify all Qualified Bidders that have submitted Qualified Bids (including the Stalking Horse Bidder, if any) and the Consultation Parties and their counsel. The Auction may be postponed, adjourned or cancelled as the Debtors, in consultation with the Consultation Parties, deem appropriate. Reasonable notice as is reasonably practicable under the circumstances of such postponement or adjournment and the time and place for the commencement or resumption of the Auction or cancellation shall be given to all Qualified Bidders. The Auction shall be conducted according to the following procedures:

Participation.

Only the Debtors, the Consultation Parties, and any Qualified Bidder that has submitted a Qualified Bid (including the Stalking Horse Bidder, if any), in each case, along with their representatives and counsel, and such other parties as the Debtors shall determine, in consultation with the Consultation Parties, shall attend the Auction and only such Qualified Bidders (including the Stalking Horse Bidder, if any) will be entitled to make any bids at the Auction.

The Debtors Shall Conduct the Auction.

The Debtors and their professionals shall direct and preside over the Auction and the Auction shall be transcribed. Other than as expressly set forth herein, the Debtors, in consultation with the Consultation Parties, may conduct the Auction in the manner they reasonably determine will result in the highest or otherwise best Qualified Bid. The Debtors shall use their best efforts to provide each participant in the Auction with a copy of the Modified Acquisition Agreement or Plan Bid Agreement associated with the Starting Bid. In addition, at the start of the Auction, the Debtors shall describe the terms of the Starting Bid. Each Qualified Bidder (including the Stalking Horse Bidder, if any) participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein, (b) has reviewed, understands and accepts the Bidding Procedures and (c) has consented to the core jurisdiction of the Bankruptcy Court (as described more fully below).

All Qualified Bidders (including the Stalking Horse Bidder, if any) may submit further bids, along with a markup or a further markup of the applicable agreement. The Auction will be conducted in rounds. Sealed bids will not be permitted. All participating Qualified Bidders are required to bid in each round or they forfeit their right to participate in subsequent rounds. At

any time, a Qualified Bidder may request that the Debtors announce the then current highest and best bid. If requested, the Debtors shall use reasonable efforts to clarify any and all questions any Qualified Bidder may have regarding the Debtors' announcement of the Starting Bid or the then current and highest bid.

Terms of Overbids.

An "**Overbid**" is any bid made at the Auction subsequent to the Debtors' announcement of the respective Starting Bid. Any Overbid for purposes of this Auction must comply with the following conditions:

- (a) Minimum Overbid Increments: Any Overbid after and above the respective Starting Bid shall be made in increments valued at not less than \$1,000,000. In order to maximize value, the Debtors reserve the right, in consultation with the Consultation Parties, to announce reductions or increases in the minimum incremental bids (or in valuing such bids) at any time during the Auction. Additional consideration in excess of the amount set forth in the respective Starting Bid may include cash and/or noncash consideration, provided, however, that the value for such non-cash consideration shall be determined by the Debtors, in consultation with the Consultation Parties, in their reasonable business judgment. If the Stalking Horse Bidder submits an Overbid, it will receive a credit equal to the Bid Protections when bidding during the Auction.
- (b) Same or Better Terms: Each Overbid must be on terms that in their totality are determined by the Debtors, in their business judgment and in consultation with the Consultation Parties, to be the same or better than the terms of the Starting Bid.
- (c) Remaining Terms Are the Same as for Qualified Bids: Except as modified herein or by the Debtors at the Auction, in consultation with the Consultation Parties, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that (i) the Final Bid Deadline shall not apply, (ii) in the case of Qualified Bids, if applicable, no additional Good Faith Deposit shall be required beyond the Good Faith Deposit previously submitted by a Qualified Bidder, provided that the Successful Bidder shall be required to make a representation at the end of the Auction that it will provide any additional deposit necessary so that its Good Faith Deposit is equal to the amount of ten percent (10%) of the cash portion of purchase price, or ten percent (10)% of the capital investment, contained in the Successful Bid, and (iii) each Overbid may be based on the Starting Bid, or any other form Modified Acquisition Agreement or Plan Bid Agreement submitted prior to the Auction. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes (if any) requested by the Qualified Bidder to the Acquisition Agreement or a previously submitted Modified Acquisition Agreement or Plan Bid Agreement, in connection therewith (including any changes to the designated assigned contracts and leases and assumed liabilities). Any Overbid must remain open and binding on the Qualified Bidder until and unless the Debtors accept a

higher or otherwise better Overbid from another Qualified Bidder (except, to the extent required hereby, to serve as the Backup Bid).

The Debtors, in their reasonable business judgment and in consultation with the Consultation Parties, may require, to the extent not previously provided (which shall be determined by the Debtors in consultation with the Consultation Parties), a Qualified Bidder submitting an Overbid at the Auction to submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors, in consultation with the Consultation Parties) reasonably demonstrating such Qualified Bidder's ability to close the Transaction proposed by such Overbid.

Announcement and Consideration of Overbids.

- (a) Announcement of Overbids: The Debtors shall announce at the Auction the material terms of each Overbid, the total amount of cash and non-cash consideration offered in each such Overbid, and the basis for calculating such total consideration and such other terms as the Debtors, in consultation with the Consultation Parties, reasonably determine will facilitate the Auction.
- (b) Consideration of Overbids: Subject to the deadlines set forth herein, the Debtors reserve the right, in consultation with the Consultation Parties, in their reasonable business judgment, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Debtors and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; or give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors in their reasonable business judgment, and in consultation with the Consultation Parties, may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Transaction at the prevailing Overbid amount.

Designation of Backup Bidder.

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Bid at the Auction, as determined by the Debtors, in the exercise of their business judgment and after consulting with the Consultation Parties, will be designated as the backup bidder (the "**Backup Bidder**"). The Backup Bidder shall be required to keep its Bid (or if the Backup Bidder submitted one or more Overbids at the Auction, the Backup Bidder's final Overbid) (the "**Backup Bid**") open and irrevocable until the earlier of the following: (a) if the Successful Bid was a Sale Bid, until 5:00 p.m. (prevailing Eastern Time) on the date that is sixty (60) calendar days after the date of entry of the order of the Bankruptcy Court approving the sale of the Acquired Assets (the "**Sale Order**"), or, (b) if the Successful Bid is a Plan Bid, until the date that is sixty (60) calendar days after the date of entry of the order of the Bankruptcy Court approving the Plan Bid (the "**Outside Backup Date**"), or (c) the closing of the transaction with the Successful Bidder.

Following the Sale Hearing, if the Successful Bidder fails to consummate an approved transaction, the Backup Bidder will be deemed to have the new prevailing bid, and the Debtors will be authorized, but not required, without further order of the Bankruptcy Court, to consummate the transaction with the Backup Bidder; provided that, if the Backup Bidder is deemed to have the new prevailing bid, the Debtors (a) will promptly notify the Consultation Parties and file a written notice of such with the Bankruptcy Court at least 24 hours in advance of consummation thereof, and/or (b) may (but shall not be required to) seek approval for the consummation of such transaction with such Backup Bidder pursuant to a separate order to be submitted at a later date consistent with the terms of the Backup Bid.

In such case of a breach or failure to perform on the part of the Successful Bidder (including any Backup Bidder designated as a Successful Bidder), the defaulting Successful Bidder's deposit shall be forfeited to the Debtors. The Debtors, on their behalf and on behalf of each of their respective estates, specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures.

Additional Procedures.

The Debtors, in consultation with the Consultation Parties, may announce at the Auction additional or modified procedural rules that are reasonable under the circumstances for conducting the Auction, so long as such rules are not inconsistent in any material respect with the Bidding Procedures.

Closing the Auction.

The Auction shall continue until there is one Qualified Bid for the Acquired Assets or a Plan Bid that the Debtors determine in their reasonable business judgment, in consultation with the Consultation Parties, is the highest or otherwise best Qualified Bid at the Auction. Thereafter, the Debtors shall select such Qualified Bid as the overall highest or otherwise best Qualified Bid (such bid, the "**Successful Bid**," the Qualified Bidder submitting such Successful Bid, the "**Successful Bidder**" and the Qualified Bidder's purchase or plan agreement, the "**Successful Bidder Acquisition Agreement**"). In making this decision, the Debtors shall consider the Bid Assessment Criteria.

The Auction shall close when the Successful Bidder submits fully executed sale and transaction documents memorializing the terms of the Successful Bid.

Promptly following the Debtors' selection of the Successful Bid and the conclusion of the Auction, the Debtors shall announce the Successful Bid and Successful Bidder and shall file with the Bankruptcy Court notice of the Successful Bid and Successful Bidder.

Unless otherwise required pursuant to the Debtors' fiduciary duties, the Debtors shall not consider any bids submitted after the conclusion of the Auction.

Sale Hearing.

A hearing to consider approval of the Successful Bid (the “**Sale Hearing**”) is presently scheduled to take place on **July 24, 2020, at 11:00 a.m., prevailing Eastern Time**, at the Bankruptcy Court.

At the Sale Hearing, the Debtors will present the Successful Bid to the Bankruptcy Court for approval.

The Sale Hearing may be adjourned by the Debtors, in consultation with the Consultation Parties and Successful Bidder, from time to time, upon the filing of a notice of adjournment on Bankruptcy Court’s docket of the date scheduled for the Sale Hearing.

Return of Good Faith Deposits

The Good Faith Deposit of any Qualified Bidder (if applicable) that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the Auction (or if no Auction is held, after the Debtors announce the Successful Bidder). The Good Faith Deposit of the Backup Bidder, if any, shall be returned to the Backup Bidder on the date that is the earlier of 72 hours after (a) the closing of the transaction with the Successful Bidder and (b) the Outside Backup Date. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder timely closes the Successful Bid, its Good Faith Deposit shall be credited towards the purchase price.

The Consultation Parties

The Debtors shall consult with the DIP Agent, the Official Committee of Unsecured Creditors appointed by the Bankruptcy Court on February 26, 2020 (the “**Committee**”), The News Guild-CWA, and each of their respective advisors (collectively, the “**Consultation Parties**” and each, a “**Consultation Party**”) (a) as explicitly provided for in the Bidding Procedures and the Bidding Procedures Order and (b) to the extent not explicitly required by the Bidding Procedures or the Bidding Procedures Order, in any event before making any material decision with respect to the Transaction or Auction; provided, however, that the Debtors shall not be required to (and shall not) consult with any Consultation Party (and its advisors) that is a Qualified Bidder (or an affiliate thereof) unless such Qualified Bidder does not submit a bid by the Bid Deadline, at which time, such Qualified Bidder shall become a Consultation Party. The Prepetition Secured Creditors shall be a Consultation Party with respect to a Plan Bid, unless such Plan Bid proposes to provide the Prepetition Secured Creditors with payment in full in cash.

Reservation of Rights

Except as otherwise provided in the Acquisition Agreement, the Bidding Procedures or the Bidding Procedures Order, the Debtors further reserve the right as they may reasonably determine to be in the best interest of their estates, in consultation with the Consultation Parties to: (a) determine which bidders are Qualified Bidders; (b) determine which Bids are Qualified Bids; (c) determine whether to enter into a Stalking Horse Agreement; (d) determine which Qualified Bid is the highest or otherwise best proposal and which is the next highest or otherwise

best proposal; (e) reject any Bid that is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (3) contrary to the best interests of the Debtors and their estates; (f) waive terms and conditions set forth herein otherwise applicable to all potential bidders; (g) impose additional terms and conditions with respect to all potential bidders; (h) extend the deadlines set forth herein; (i) continue or cancel the Auction and/or Sale Hearing; and (j) modify the Bidding Procedures and implement additional procedural rules that the Debtors determine, in their business judgment, after consulting with the Consultation Parties, will better promote the goals of the bidding process and discharge the Debtors' fiduciary duties and are not inconsistent with any Bankruptcy Court order.

Nothing in these Bidding Procedures shall prejudice the substantive rights of any party, including with respect to the Debtors' evaluation of any Sale Bid or Plan Bid.