

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In re:)	Chapter 11
Philadelphia Newspapers, LLC, <i>et al.</i> , ¹)	Case No. 09-11204 (SR)
Debtors.)	Jointly Administered

**MOTION TO APPROVE STIPULATION BY AND BETWEEN THE DEBTORS AND
RICHARD SPRAGUE**

Philadelphia Newspapers, LLC *et al.* (the “Debtors”), by and through counsel, hereby move (the “Motion”) this Court for the approval of a stipulation by and between the Debtors and Richard Sprague (the “Plaintiff”). In support of the Motion, the Debtors provide as follows:

Background

1. On February 24, 2009 (the “Petition Date”), the Debtors, other than Philadelphia Media Holdings, LLC, which filed for Chapter 11 relief on June 10, 2009, filed with this Court voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

2. On March 23, 2009, the Debtors filed a complaint (the “Adversary Proceeding”) against Plaintiffs pursuant to 11 U.S.C. §§ 105(a) seeking to enjoin temporarily the continuation of certain litigation against the Non-Debtors.

5. On May 8, 2009, the Bankruptcy Court entered a preliminary injunction and extended the automatic stay of 11 U.S.C. § 362(a), thereby temporarily enjoining the continuation of the certain litigation against the Non-Debtors (the “Preliminary Injunction”) for a period of sixty days.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PMH Acquisition, LLC (1299), Broad Street Video, LLC (4665), Philadelphia Newspapers, LLC (3870), Philadelphia Direct, LLC (4439), Philly Online, LLC (5185), PMH Holdings, LLC (1768), Broad Street Publishing, LLC (4574), Philadelphia Media, LLC (0657), and Philadelphia Media Holdings, LLC (4680).

6. The Preliminary Injunction has been extended by the Bankruptcy Court from time to time.

7. On May 15, 2009, the Debtors moved to extend the time period within which they may remove certain non-bankruptcy litigation (the "Removal Period") then pending against the Debtors and their employees.

8. The Removal Period has been further extended from time to time.

9. Subsequent to the Petition Date, Plaintiff initiated an action in the Court of Common Pleas for Philadelphia County captioned *Richard Sprague v. Jill Porter, Philadelphia Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC and Philadelphia Media Holdings, LLC*, January Term 2010, No. 2930 (the "Civil Action") against Debtor Philadelphia Newspapers, LLC and Jill Porter and, thereafter, requested that the Debtors stipulate to relief from the automatic stay to permit the filing of the Civil Action in order to preserve the statute of limitations with respect to that action.

Jurisdiction

10. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (K) and (O).

11. Venue of this proceeding and this Motion are proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is Fed. R. Bankr. P. 9019.

Stipulation

12. Litigating the issue of relief from the automatic stay would require the Debtors and the Plaintiff to incur potentially substantial expenses, including attorney's fees and professional fees.

13. In light of the costs and uncertainties of such litigation, the Debtors and the Plaintiff have entered into a stipulation (the "Stipulation") to provide for limited relief from the automatic stay on the terms stated in the Stipulation.

14. The Stipulation, a true and correct copy of which is attached hereto as **Exhibit A**, provides as follows:²

- (a) The automatic stay shall be lifted solely to permit Plaintiff to initiate the Civil Action.
- (b) The Civil Action shall be subject to the preliminary injunction issued in Adversary Proceeding No. 09-00085.
- (c) The period within which the Debtors may remove the Civil Action shall be governed by the Bankruptcy Court's order dated October 30, 2009 [Docket No. 953] and any Order of the Bankruptcy Court further extending the Removal Period.

15. The Stipulation is being made solely for the purpose of avoiding the expense and inconvenience of litigating Plaintiff's entitlement to relief from the automatic stay, and nothing in the Stipulation shall be deemed or construed to constitute an admission by, against, or on the part of any of the Parties regarding the merits of the claims asserted.

WHEREFORE, the Debtors respectfully request that this Court enter an order approving the Stipulation and granting such other relief as is just and proper.

² To the extent this summary conflicts with the actual terms of the Stipulation, the terms of the Stipulation shall control.

Dated: March 1, 2010

DILWORTH PAXSON LLP

By: /s/ Anne M. Aaronson

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EXHIBIT A

[Stipulation]

**UNITED STATES BANKRUPTCY COURT
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In re:	}	Chapter 11
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Debtors.	}	Jointly Administered

**STIPULATION GRANTING REQUEST OF
RICHARD SPRAGUE FOR RELIEF FROM AUTOMATIC STAY**

This Stipulation (the "Stipulation") is made this 24th day of February, 2010, by and between the above-captioned Debtors (the "Debtors") and Richard A. Sprague, Esquire (the "Plaintiff"), by and through their undersigned counsel (collectively, the Debtors and Richard A. Sprague, Esquire, are referred to herein as the "Parties").

RECITALS

WHEREAS, on February 22, 2009 (the "Petition Date"), the Debtors, with the exception of Philadelphia Media Holdings, LLC, which filed for Chapter 11 relief on June 10, 2009, filed with this Court voluntary petitions for relief under Chapter 11 of the Bankruptcy Code; and

WHEREAS, on January 26, 2010, subsequent to the Petition Date, Plaintiff initiated an action in the Court of Common Pleas for Philadelphia County captioned *Richard Sprague v. Jill Porter, Philadelphia Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC and Philadelphia Media Holdings, LLC*, January Term 2010, No.

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2930 (the "Civil Action") against the aforementioned Debtors and Non-Debtor employee Jill Porter (the "Non-Debtor") in an effort to preserve the limitations period applicable to Debtors and Non-Debtor within which to bring such action; and

WHEREAS, subsequent to filing the Civil Action, Plaintiff's counsel made a request (the "Request") that, with respect to Debtors Philadelphia Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC, and Philadelphia Media Holdings, LLC Debtors consent to relief from the automatic stay, *nunc pro tunc*, to permit the filing of the Civil Action against Debtors Philadelphia Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC, and Philadelphia Media Holdings, LLC; and

WHEREAS, in light of the nature of the Civil Action and the costs and uncertainties of litigating the Request, the Debtors have agreed to stipulate to relief from the automatic stay, on the terms set forth herein; and

WHEREAS, the Debtors have reviewed the terms of the Stipulation and believe in their business judgment that approval of the Stipulation is in the best interests of their estates;

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties, intending to be legally bound, stipulate and agree as follows:

1. The above recitals are incorporated herein as if set forth fully at length.
2. This Stipulation is subject to Bankruptcy Court approval. The Debtors shall submit this Stipulation to the Bankruptcy Court for approval, and the Parties agree to cooperate to obtain such approval.
3. The Parties agree the automatic stay shall be lifted solely for the purpose of allowing Plaintiff to file, *nunc pro tunc*, the Civil Action against Debtors Philadelphia

Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC, and Philadelphia Media Holdings, LLC where it will thereafter remain in suspense as against the Debtors, subject to orders of the Bankruptcy Court extending the Removal Period. Additionally, the Civil Action will remain in suspense as to the Debtors' employee, Jill Porter, pursuant to the preliminary injunction issued in Adversary Proceeding 09-00085, without prejudice to Plaintiff's right to seek relief from that injunction as provided by order of the Bankruptcy Court in Adversary Proceeding 09-00085.

4. The Parties understand and agree that neither the making of this Stipulation, nor anything contained herein, shall be construed or considered in any way to be an acknowledgement that cause for relief from the automatic stay exists or an admission of guilt, wrongdoing or noncompliance with federal, state or local law, statute, order or regulation, the Bankruptcy Code, tortious act, breach of contract, or violation of common law, or any other wrong doing whatsoever.

5. This Stipulation constitutes the entire agreement between the Parties and may not be altered or modified other than by a writing signed by all of the Parties.

6. This Stipulation may be executed in counterparts.

7. This Stipulation is to be construed under the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Without limiting the foregoing, the Parties hereby expressly and irrevocably waive any claim or defense based on any alleged lack of personal jurisdiction, improper venue or forum non conveniens, or any similar basis.

8. This Stipulation shall be binding upon the Parties hereto and their respective executors, heirs, successors and assigns.

9. Each representative signing this agreement represents and warrants that he has authority to bind his respective client(s) to the terms of this Stipulation.

10. This Stipulation is the result of negotiations between the Parties, each of whom is represented by counsel of its choosing. Accordingly, the Parties agree that the normal rule of construction construing any ambiguity against the drafter shall not be employed in the interpretation of this Stipulation or any amendment to it.

AGREED TO BY:

PHILADELPHIA NEWSPAPERS, LLC, *et al.*

By: 

Anne Aaronson
DILWORTH PAXSON LLP
1500 Market Street, Suite 3500E
Philadelphia, PA 19102

Counsel for the Debtors

and

RICHARD A. SPRAGUE, ESQUIRE

By: 

James E. Beasley, Jr.
Maxwell S. Kennerly
THE BEASLEY FIRM, LLC
The Beasley Building
1125 Walnut Street
Philadelphia, PA 19107

Counsel for Richard A. Sprague, Esquire

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ORDER APPROVING STIPULATION

AND NOW, this ___ day of _____, 2010, upon consideration of the Stipulation² and upon agreement of counsel, it is hereby ORDERED that the Stipulation is approved as set forth herein:

1. The automatic stay imposed pursuant to 11 U.S.C. §362(a) is hereby lifted retroactively solely to the extent necessary to permit Mr. Sprague to file a Complaint in the Court of Common Pleas for Philadelphia County captioned *Richard Sprague v. Jill Porter, Philadelphia Newspapers, LLC, Philly Online, LLC, PMH Acquisition, LLC and Philadelphia Media Holdings, LLC*, January Term 2010, No. 2930 (the "Civil Action").

2. The Civil Action is hereby subject to the preliminary injunction entered in Adversary Proceeding 09-00085(SR), as such injunction may be further extended, and the Civil Action is subject to the Removal Period, as such Removal Period may be further extended.

3. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

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² Capitalized terms not defined herein shall have the meaning set forth in the Stipulation.

4. Notwithstanding the possible applicability of Bankruptcy Rules 6004(g), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Stephen Raslavich
Chief Judge
United States Bankruptcy Court