

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Case No. 09-10645

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In the Matter of:

YOUNG BROADCASTING, INC.,

Debtor.

- - - - -x

United States Bankruptcy Court
One Bowling Green
New York, New York

September 10, 2009
9:31 AM

B E F O R E:

HON. ARTHUR J. GONZALEZ
U.S. BANKRUPTCY JUDGE

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Motion by Debtors Authorizing Assumption of Unexpired Lease
with Sutro Tower, Inc.

Motion by Debtors Authorizing Assumption of Unexpired Leases

Transcribed by: Sara Bernstein

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(TELEPHONICALLY)

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THE COURT: Please be seated. Young Broadcasting?

MS. REED: Good morning, Your Honor. Jo Christine Reed of Sonnenschein Nath & Rosenthal on behalf of the debtors. You caught me a bit off guard there so I'm not quite ready, but I think I can pull myself together here.

This morning, Your Honor, we have two very simple uncontested motions. I believe we may have a couple of parties on the line. We did? Okay.

THE COURT: Is there anyone on the telephone with respect to Young Broadcasting?

MR. CALIFANO: Yes, yes, Your Honor. Peter Califano, Cooper, White & Cooper, San Francisco, for the landlord, Sutro Tower.

THE COURT: Just speak louder, though, please.

MR. CALIFANO: Peter Califano for Cooper, White & Cooper, San Francisco, for the landlord, Sutro Tower.

THE COURT: All right, thank you.

MS. REED: Thank you, Your Honor. What we've filed with the Court on an emergency basis in an effort to not blow our deadline under 365(b) of the Bankruptcy Code are two motions to assume unexpired real property leases.

One is an omnibus motion that assumes various and sundry unexpired leases that cover both studio and office space, as well as tower space which is, given the nature of the

1 debtor's business, probably the most important set of leases
2 that we need to assume. We've received no objections. The
3 cure amounts for each of the leases that are set forth in an
4 exhibit to the motion were in various cure notices and
5 supplements. Two cure notices that we filed between June and
6 the end of July, to the extent we received objections, we've
7 either worked them out or they've been withdrawn.

8 Without boring the Court too much or walking you
9 through each of the hundred or so leases we have listed there,
10 unless the Court has any specific questions, the debtors would
11 respectfully request that Your Honor grant the omnibus motion
12 to assume unexpired leases.

13 THE COURT: All right. Excuse me, anyone else wish to
14 be heard? No further comment being heard, I'll grant the
15 relief as requested.

16 MS. REED: Thank you, Your Honor. The second motion
17 is also a motion to assume an unexpired lease but we have
18 assumption with a twist, if you will. We have modified the
19 underlying lease with the landlord, Sutro Tower, Inc., and
20 we're asking the Court to approve the amendment as well as
21 approve the assumption of the lease.

22 Sutro Tower is a very important tower out in San
23 Francisco. The way it's been explained to me is that it is the
24 only game in town, meaning if you aren't on Sutro Tower, you
25 don't broadcast in the San Francisco area. The debtor has been

1 on Sutro Tower since, basically, the beginning of time and
2 every other broadcaster in San Francisco's there as well. In
3 addition to the lease, around the time that the FCC required
4 all broadcasters to go digital, the debtor, along with the
5 other Sutro Tower tenants, entered into what's called "digital
6 conversion agreements" pursuant to which the debtor had to
7 provide Sutro Tower, Inc. with a note, agreed to certain terms
8 and conditions related to the digitalization of Sutro Tower, in
9 addition to covering the underlying lease obligations.

10 Once the debtor entered into bankruptcy, since the
11 note was a proof petition obligation, the debtor stopped paying
12 on the note. You may recall, I mentioned just a few minutes
13 ago, that Sutro is the only game in town. So the debtor and
14 Sutro Tower began negotiations to work out the fact that the
15 debtor wasn't paying the note, although the debtor stayed
16 current on its rent, and the result of our negotiations is the
17 amendment that's before Your Honor today.

18 Pursuant to the amendment, the lease is modified to
19 pick up the debtor's cost associated with the digitalization of
20 the Sutro Tower. It extends the term of the lease and it
21 essentially rids the debtor of any other financial obligations
22 that were set forth under the digital conversion agreement. We
23 have run this amendment by the purchaser, that's the purchaser
24 under the asset purchase agreement that Your Honor approved
25 back in July, and we've received no comments or objections.

1 Absent any questions from your Honor, the debtor would
2 respectfully request that the motion seeking approval of the
3 amendment and authorization to assume the lease and the
4 amendment are approved.

5 THE COURT: All right. Anyone else wish to be heard?
6 No further comment being heard, I'll grant the relief as
7 requested. You may hand up the orders.

8 MS. REED: Thank you, Your Honor. One more thing, for
9 the record, Sutro Tower, Inc. is an entity that filed a limited
10 objection to our cure notice. I believe that Sutro Tower, once
11 the order approving the amendment and the assumption of the
12 lease, will withdraw their limited objection.

13 May I approach, Your Honor?

14 THE COURT: Yes.

15 MR. CALIFANO: That's correct, Your Honor.

16 THE COURT: All right, thank you. Thank you.

17 MS. REED: Just one quick status update, we are
18 preparing a bundle o' fun for the Court; that would be a plan
19 and a disclosure statement. The current thought is to have
20 that on file this Monday by 11:59 p.m.

21 Your Honor may recall that we had a carve-out in our
22 exclusivity extension that would allow the official committee
23 of unsecured creditors to file a competing plan. It is my
24 understanding that they intend to do that. So everyone is
25 playing nicely in a sandbox and we are going to work together

1 to meet our deadline. But, things change at the eleventh hour
2 and the parties may ask the Court to entertain a very brief
3 extension of exclusivity but the plan is to be able to put our
4 documents on file by the current deadline.

5 And that's all I have today, Your Honor. Thank you so
6 much for your time.

7 THE COURT: All right. Thank you. That concludes the
8 9:30.

9 MR. KOEVARY: Your Honor, briefly?

10 THE COURT: I thought it concluded the 9:30 hearing.
11 Go ahead.

12 MR. KOEVARY: Briefly, Your Honor. Just for the record,
13 Jonathan Koevary, Paul, Weiss, Rifkind, Wharton & Garrison for
14 the Official Committee of Unsecured Creditors of Young
15 Broadcasting. I just wanted to concur with my colleague that
16 the committee is indeed working closely with the debtors to try
17 to meet the deadline and to the extent that they request a
18 brief extension, in all likelihood since we're trying to match
19 the same schedule, we would be supportive. Thank you, Your
20 Honor.

21 THE COURT: All right. Thank you. All right, we will
22 stand adjourned until 10 o'clock.

23 (Proceedings concluded at 9:40 AM)

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C E R T I F I C A T I O N

I, Sara Bernstein certify that the foregoing transcript is a true and accurate record of the proceedings.

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Date: September 14 2009