

MEMORANDUM OF UNDERSTANDING AND OFFER OF SETTLEMENT

Pioneer Newspapers, Inc. ("Pioneer"), on behalf of itself and Sun-Times Media Group, Inc. ("STMG"), (herein collectively, the "Employer") and the Chicago Newspaper Guild, Local 34071, of the Communications Workers of America (AFL-CIO, CLC) (hereinafter, the "Guild"), on behalf of itself and its bargaining unit members who are covered by the collective bargaining agreement attached hereto as Exhibit A ("Guild Members"), hereby agree to the following Memorandum of Understanding and Offer of Settlement ("Agreement") which amends that collective bargaining agreement. The Guild and the Employer are referred to collectively in this Agreement as the "Parties."

Except as modified by this Agreement, Exhibit A shall continue and this Agreement and Exhibit A shall represent the entire collective bargaining agreement of the Parties. The Parties expressly acknowledge and understand that they are not relying on any representations other than those set forth in this Agreement and that this Agreement and Exhibit A as amended herein contain the entire understanding among the Parties and supersede and replace all prior and contemporaneous discussions, agreements, proposals and understandings, oral or written. In the event of any conflict between the terms of Exhibit A and the terms of this Agreement, the terms of this Agreement shall prevail.

This Agreement is made in anticipation of the proposed purchase of certain assets of STMG ("the Assets") to be approved by the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") by a specific buyer, who for purposes of this Agreement (and without regard to whether any legal entity of this exact name is selected by the buyer for these purposes) shall be called "STMG Media Operations, LLC" which includes, for purposes of this Agreement, such buyer or any affiliated operating company that may be created to assume Exhibit A as modified by this Agreement. This Agreement shall be binding upon the Parties hereto, provided that STMG Media Operations, LLC's bid for the Assets is accepted, a sale order that is satisfactory to STMG Media Operations, LLC is issued by the Bankruptcy Court and all other conditions to STMG Media Operations, LLC's purchase of the Assets are fulfilled or are expressly waived by STMG Media Operations, LLC. The Employer has advised the Guild that STMG Media Operations, LLC's bid for the Assets is expressly conditioned upon the Parties' execution of this Agreement, including its ratification by the Guild Members. The Employer has further advised the Guild that if STMG Media Operations, LLC does not purchase the Assets, it is likely that STMG will be required to liquidate all of its assets. For these reasons and based on the mutual promises and covenants set forth in this Agreement, the Parties agree that they have each received valuable consideration for this Agreement.

TERMS

Duration Of Agreement

The existing collective bargaining agreement (Exhibit A), as amended by this Agreement, is extended, for a three-year period commencing on the closing date of any sale of the Assets to STMG Media Operations, LLC ("Closing Date") and expiring on the same calendar date three years later (the "Term").

Wages and Benefits

For the Term, the Guild agrees that the wage rates and benefit contribution rates set forth in Exhibit A shall be frozen at the rates in effect on the Closing Date through the end of the Term, provided that certain of these wage rate or benefit contribution increases scheduled to occur before the Closing Date may be utilized as part of the Guild's 15% composite-rate concessions as detailed below.

The Guild agrees to the following economic concessions which are intended to represent at least a 15% composite-rate savings over the prevailing wage and benefit composite rate in Exhibit A:

[insert itemized list of specifics based on Guild's decisions about how to achieve 15% composite-rate cuts, subject to Employer's approval]

The Employer agrees that, notwithstanding this provision, \$13.50 per hour represents a floor below which the Employer will not reduce wages.

Pensions and Benefit Contributions

The Guild represents and warrants that the Employer is neither contributing to nor obligated to contribute to any defined pension plan on behalf of the Guild Members covered by Exhibit A and agrees, to the extent that the Employer or any predecessor ever did make contributions to any defined pension plan on behalf of Guild Members covered by Exhibit A, each such defined pension plan, if still in existence, will be terminated prior to the Closing Date by the Employer and neither the defined pension plan nor any liabilities associated with it will be assumed or had by STMG Media Operations, LLC in its purchase of the Assets. Any unfunded or withdrawal liability will remain the sole responsibility of Pioneer and/or STMG, as applicable. The Guild understands, represents and agrees that it and the Guild Members, through their ratification of this Agreement, waive, by this Agreement and, if necessary, via execution of such other documents as may be required by the Employer, STMG Media Operations, LLC, Bankruptcy Court, or otherwise, any right it or they may otherwise have to (a) object to STMG Media Operations, LLC's refusal to assume any defined pension plan or any liability associated therewith or (b) pursue any claim or liability related to any defined pension plan against STMG Media Operations, LLC, its parents, affiliates or owners.

The Parties agree that any health and welfare or other benefits plans referenced in Exhibit A may, in STMG Media Operations, LLC's discretion, be replaced by substantially equivalent plans in the event that such plans are not assumed or cannot be assumed by STMG Media Operations, LLC.

Severance

Any severance pay liability to the Guild or to any of the Guild Members, under Exhibit A or any other prior agreement with the Employer, or otherwise, shall be eliminated by this Agreement. In lieu of any such severance pay liability, the Employer agrees to cause STMG Media Operations, LLC to agree to create a new severance plan for any of the Guild Members who accept employment with STMG Media Operations, LLC, which severance benefit shall be capped at four weeks of severance liability. If Guild Members are laid off by the Employer

during the Term of this Agreement, they may be eligible for an additional four weeks of severance pay according to the terms and conditions set forth in the "Guild Rights" section of this Agreement, below.

Vacation

The Employer will cause STMG Media Operations, LLC to agree to provide any Guild Member who is hired by STMG Media Operations, LLC with the same number of vacation days that such employee accrued and did not use from October 1, 2008 through the Closing Date.

Flexibility, Jurisdiction and Work Rules

The Employer represents and the Guild understands and acknowledges that STMG Media Operations, LLC would not agree to purchase the Assets or assume this Agreement or its Exhibit A without an agreement by the Guild, on behalf of and with respect to the Guild Members, that eliminates any work rule, jurisdictional rule, seniority limitation, or other provision of Exhibit A or the Parties' past practice, which, in STMG Media Operations, LLC's managerial discretion, might prevent, impede or increase the cost of STMG Media Operations, LLC's implementation of a new business plan designed to make STMG Media Operations, LLC's operations profitable. Such business plan will likely involve, among other things, development of a universal media desk, implementation of aspects of the New Media Agreements previously discussed with the Guild, and substantial reorganization of all editorial and publication processes of STMG Media Operations, LLC. Except as expressly set forth in this Agreement, nothing in this paragraph is intended to eliminate provisions in Exhibit A relating to sick leave, overtime pay, holidays, vacation, leaves of absence, dues deduction, grievance and arbitration, or any other similar provisions that are wholly unrelated to the matters set forth in this Agreement. As examples of the managerial flexibility and discretion intended by the Parties and without limitation and in the broadest manner possible consistent with the business plan of STMG Media Operations, LLC and its operational needs once it is ongoing, the Guild and the Guild Members agree to the following provisions:

1. All work assignments will be non-exclusive. The Employer may assign or reassign work which has been previously assigned to Guild Members either to such employees or to individuals not covered by Exhibit A, including without limitation to independent contractors and persons holding positions that are outside of the Guild's bargaining unit. In addition, the Employer may assign or reassign work to Guild Members which has been previously assigned to employees not covered by Exhibit A.
2. The Employer may use any and all content and services without restriction from any source, including but not limited to content obtained from part-time employees, syndicates, wire services, correspondents, stringers, freelancers and affiliated newspapers.
3. Except for the purposes of determining each Guild Member's rate of pay, job or work classifications shall not restrict the Employer from assigning work to any employee, in or out of any Guild bargaining unit.

4. Any employee in any classification may be transferred to and from various geographic locations in the Chicago metropolitan area/Chicago designated market area, at the discretion of the Employer's management. Guild Members will not be permanently transferred to work at another location without 30 calendar days' notice.
5. Neither the seniority of any Guild Member nor any seniority or priority list shall be used to prevent the Employer from deploying or redeploying any of its employees, reducing its workforce and/or rehiring employees without regard to their classification or seniority. Bumping rights, recall rights or other restrictions on such deployments and redeployments are eliminated by this Agreement.
6. The Parties recognize that in the future content will be delivered on a number of platforms ("alternate platforms") other than the traditional printed product, including platforms that have yet to be created. To do so, the Parties recognize that employees are working in a changing environment and with changing technologies. For example, and without limitation, Guild Members may be required to write copy, edit news material, take photos, produce videos, use audio equipment, prepare and update online content, do voice-overs, re-purpose content and engage in a variety of functions not traditionally a part of past practice or even historical print journalism. Such alternate platform work assignments or "New Media Agreement" assignments shall not be restricted by this Agreement, Exhibit A or any other Guild collective bargaining agreement during the term of this Agreement. The Employer agrees in its discretion to provide appropriate training for any new technologies and to consider in good faith any request by the Guild for additional training if the Guild believes such training has been inadequate.

Guild Rights

Upon entry by the Bankruptcy Court of a satisfactory sale order and the satisfaction of each condition to STMG Media Operations, LLC's purchase of the Assets, the Employer will cause STMG Media Operations, LLC to assume Exhibit A as amended by this Agreement. Nothing in this Agreement shall prevent the Guild from attempting to organize or recruit into any of its bargaining units, any news or editorial employee who is offered and accepts employment by STMG Media Operations, LLC. Notwithstanding the elimination of seniority rights as set forth in this Agreement, for a time period of 180 calendar days beginning on the Closing Date, if STMG Media Operations, LLC lays off any Guild Member the Employer will incur the obligation to pay such Guild Member an extra four weeks of severance pay. After this 180-day time period until the end of the Term, only Guild Members who are laid off in a manner that would have violated the seniority provisions of Exhibit A as they existed immediately prior to the date of this Agreement shall be entitled to an additional four weeks of severance pay.

In or about July of each year during the Term, each publisher and one of the owners of STMG Media Operations, LLC shall meet with all of STMG Media Operations, LLC's unions, including the Guild, to address the "state of the company." The purpose of such meeting will be

to provide information rather than for bargaining with the Guild or any of STMG Media Operations, LLC's unions.

Third Party Beneficiary

This Agreement was reached by the Parties for the benefit of the Guild, the Guild Members who are covered by Exhibit A, and STMG Media Operations, LLC; it is expressly acknowledged and agreed that STMG Media Operations, LLC is an intended third-party beneficiary of this Agreement.

Expiration of this Agreement

Upon expiration of the Term, the 15% composite-rate cuts set forth in this Agreement and the revised work rules, terms and conditions described in the "Flexibility, Jurisdiction and Work Rules" section shall survive this Agreement unless otherwise agreed by STMG Media Operations, LLC and the Guild. The Parties agree to begin negotiations for a single collective bargaining agreement to take effect no earlier than the expiration of this Agreement. Such negotiations shall begin on or about one year from the Closing Date and the Parties agree that all Guild bargaining units, including the Gary Newspaper Guild unit, shall participate in such negotiations. The Parties agree that there shall be no strikes or lockouts (without regard to whether they are characterized as justified by an unfair labor practice) with respect to such negotiations during the Term of this Agreement.

SUN-TIMES MEDIA GROUP, INC.

PIONEER NEWSPAPERS, INC.

By: _____
Name: Jeremy L. Halbreich
Title: Interim CEO and Chairman

By: _____
Name: Jeremy L. Halbreich
Title: President

**CHICAGO NEWSPAPER GUILD, LOCAL
34071, OF THE COMMUNICATIONS
WORKERS OF AMERICA (AFL-CIO,
CLC)**

**THE NEWSPAPER GUILD
COMMUNICATIONS WORKERS
OF AMERICA (AFL-CIO, CLC AND IFJ)**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____