

## MEMORANDUM OF UNDERSTANDING AND OFFER OF SETTLEMENT

The Chicago Sun-Times, Inc. ("CST"), 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), 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 shall be called "NewCo," 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 NewCo's bid for the Assets is accepted, a satisfactory sale order is issued by the Bankruptcy Court and all other conditions to NewCo's purchase of the Assets are fulfilled or are expressly waived by NewCo. The Employer has advised the Guild that NewCo's bid for the Assets is expressly conditioned upon the Parties' execution of this Agreement, including its ratification by the Guild's membership. The Employer has further advised the Guild that if NewCo 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 NewCo ("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 Union's decisions about how to achieve 15% composite-rate cuts, subject to Employer's approval]*

### **Pensions and Benefit Contributions**

The Guild understands and agrees that the Chicago Sun-Times Guild Employees' Pension Plan ("Defined Pension Plan") 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 NewCo in its purchase of the Assets. Any unfunded or withdrawal liability will remain the sole responsibility of CST and/or STMG, as applicable. The Guild understands, represents and agrees that it and its 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, NewCo, Bankruptcy Court, or otherwise, any right it or they may otherwise have to (a) object to NewCo's refusal to assume the Defined Pension Plan or any liability associated therewith or (b) pursue any claim or liability related to the Defined Pension Plan against NewCo, its affiliates or owners.

In lieu of any contributions to the Defined Pension Plan that were required by the Parties' Exhibit A, STMG agrees to cause NewCo to agree to (a) make available a defined contribution plan to which the Guild's members may contribute pursuant to applicable law and its plan rules and (b) contribute an amount on behalf of each Guild employee it hires equal to the 2% amount that the Employer would have been required to contribute on behalf of such employee to the Defined Pension Plan as of the Closing Date, provided that any responsibility of NewCo to make any such contributions may be waived as part of any Bargaining Unit's 15% composite-rate concessions, as set forth above.

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

### **Vacation**

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

### **Severance**

Any severance liability to the Guild or to any of its 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 liability, the Employer agrees to cause NewCo to agree to create a new

