

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

severance plan for any of the Guild's employees who accept employment with NewCo, which severance benefit shall be capped at four weeks of severance liability.

Flexibility, Jurisdiction and Work Rules

The Guild and the Employer understand that NewCo 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 each of its members who are covered by Exhibit A, that eliminates any work rule, jurisdictional rule, seniority limitation, or other provision of Exhibit A or the Parties' past practice, which, in NewCo's managerial discretion, might prevent, impede or increase the cost of NewCo's implementation of a new business plan designed to make NewCo'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 NewCo. As examples and without limitation and in the broadest manner possible consistent with the business plan of NewCo and its operational needs once it is ongoing, the Guild and its 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 employees 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 employees 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 Employee'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.
5. Neither the seniority of any Guild employee 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 employees 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.

Guild Rights

Upon entry by the Bankruptcy Court of a satisfactory sale order and the satisfaction of each condition to NewCo's purchase of the Assets, the Employer will cause NewCo 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 NewCo.

In or about July of each year during the Term, each publisher and one of the owners of NewCo shall meet with all of NewCo'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 any of the unions.

Third Party Beneficiary

This Agreement was reached by the Parties for the benefit of the Guild, its members who are covered by Exhibit A, and NewCo; it is expressly acknowledged and agreed that NewCo 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 NewCo and the Guild. The Parties agree that upon expiration of this Agreement, the Guild shall endeavor in good faith to negotiate with NewCo a single collective bargaining agreement to replace Exhibit A as amended by this Agreement, as well as each of the Guild's collective bargaining agreements that are assumed by NewCo.

SUN-TIMES MEDIA GROUP, INC.

CHICAGO SUN-TIMES, 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)**

By: _____
Name: _____
Title: _____

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

By: _____
Name: _____
Title: _____