IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SUN-TIMES MEDIA GROUP, INC., *et al.*,[1]	)	Case No. 09-11092 (CSS)
Debtors.	)	Jointly Administered
	)	**Hearing Date: October 8, 2009 at 12:00 p.m. ET**
	)	**Objection Deadline: October 1, 2009 at 4:00 p.m. ET**

MOTION FOR ENTRY OF ORDER (A) AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (B) APPROVING ASSET PURCHASE AGREEMENT, SUBJECT TO HIGHER OR BETTER OFFERS; AND (C) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT AND REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The above-captioned debtors in possession (collectively, the "Debtors"), file this motion (the "Sale Motion") for entry of an order (the "Sale Order"), substantially in the form attached hereto as Exhibit A, (a) authorizing the sale (the "Sale") of substantially all the Debtors' assets (the "Acquired Assets") free and clear of Liens, Claims and Interests (each as defined in the Purchase Agreement) to STMG Holdings, LLC (the "Purchaser") or such other buyer who

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

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submits a higher or better offer for the Acquired Assets; (b) approving the asset purchase agreement (the "Purchase Agreement") between the Debtors and the Purchaser, attached hereto as Exhibit B, subject to higher or better offers; (c) authorizing the assumption and assignment of executory contracts and unexpired leases (collectively, the "Assigned Contracts") to the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets; (d) authorizing the rejection of certain executory contracts and unexpired leases (collectively, the "Rejected Contracts); and (e) granting certain related relief. In support of the Sale Motion, the Debtors respectfully state as follows:

Jurisdiction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § § 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. § § 1408 and 1409.

3. The statutory bases for the relief requested herein are § § 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

Background

I. The Chapter 11 Cases

4. On March 31, 2009 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Bankruptcy Code § § 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases. On April 1, 2009, the Court entered an order directing

procedural consolidation and joint administration of these chapter 11 cases [Docket No. 37]. On April 15, 2009, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code.

5. A description of the Debtors' business and the reasons for filing these chapter 11 cases are set forth in the Declaration of James D. McDonough, Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of Sun-Times Media Group, Inc. in Support of First Day Motions [Docket No. 4], the Supplemental Declaration of James D. McDonough in Support of Second Day Motions [Docket No. 99], and the Second Supplemental Declaration of James D. McDonough [Docket No. 286], which are incorporated herein by reference.

II. Marketing Efforts

6. Since the inception of these cases, the Debtors have focused their efforts on locating a buyer to purchase the Debtors as a going concern. Prior to the bankruptcy cases, in 2007, the Debtors hired Lazard Freres & Co. LLC ("Lazard") to locate a potential purchaser. This sale effort lasted several months but yielded no offers. On the Petition Date, the Debtors retained Rothschild Inc. ("Rothschild") to assist the Debtors in a renewed effort to locate a purchaser for substantially all of their assets.[2]

7. Rothschild, with the assistance of the Debtors, identified 46 parties, including private equity investors, publishing companies and high net worth individuals, as potential buyers. Twenty-two entities executed confidentiality agreements and received investor

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[2] *See Order Granting Application of the Debtors to Employ and Retain Rothschild Inc. as Financial Advisor and Investment Banker Nunc Pro Tunc to the Petition Date* entered on May 12, 2009 [Docket No. 173].

presentations consisting of background information and summary financial information. Some of the entities expressed interest in acquiring different pieces of the Debtors' businesses, and one candidate, the Purchaser, expressed interest in the Debtors' entire enterprise on a going concern basis. The Purchaser submitted an offer to purchase the Debtors' assets on a going concern basis. The Debtors received no other offers or indications of interest. Thus, in addition to Lazard's previous efforts, Rothschild's extensive marketing and sale process was conducted over a five-month period.

8. The fact that the sale process did not garner additional offers is an indicator of the extremely distressed state of the newspaper industry. The ongoing recession has created a significant downturn in the print advertising market. Many newspapers, including the Debtors, rely on advertising as their principal source of revenue, and have seen their profits plummet as advertisers tighten their budgets. Also, with the proliferation of free sources of digital news content, consumer demand for print media has declined. In addition to reducing overall revenue from the sales of newspapers, reduced consumer demand further exacerbates the advertising revenue decline; the fewer readers view a particular publication, the less advertisers are willing to pay to advertise in that publication.[3] The Debtors are particularly vulnerable to this economic downtown that has battered the newspaper industry, because they are the victims of well-documented malfeasance by certain former directors and officers. Those acts bled the Debtors of

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[3] The Debtors clearly are not the only newspaper organization that has suffered during recent times. The bankruptcy cases involving the *Chicago Tribune*, *Los Angeles Times*, *Sun Sentinel*, *Philadelphia Inquirer and Philadelphia Daily News*, and *Star Tribune* are just a few well-publicized examples of newspapers that have turned to chapter 11 in recent months. *See In re Tribune Co.*, No. 08-13141(KJC) (Bankr. D. Del.), *In re Philadelphia Newspapers, LLC*, No. 09-11204(JKF) (Bankr. E.D. Penn.); *In re Star Tribune Holdings Corp.*, No. 09-10244(RDD) (S.D.N.Y.); *see also In re Journal Register Co.*, No. 09-10769(ALG) (Bankr. S.D.N.Y.); *In re The Columbian Publishing Co.*, No. 09-43133(PBS) (Bankr. W.D. Wash.).

hundreds of millions of dollars in cash, further handicapping the Debtors' ability to survive the recession.

9. In this case, the consideration offered by the Purchaser includes $5 million in cash (subject to customary purchase price adjustments) and approximately $22 million in assumed liabilities, including approximately $16 million in postpetition assumed liabilities. Mindful of their fiduciary duties to creditors, the Debtors have undertaken a preliminary hypothetical liquidation analysis and an analysis of the estates' projected post-closing cash position. This preliminary liquidation analysis produced a range of possible recoveries, from one slightly less than that offered by the Purchaser to a high-end liquidation scenario showing a potentially higher short-term recovery in absolute dollar terms.

10. Considering both the Purchaser's offer and the range of potential liquidation outcomes, the Debtors have concluded that the estates' interests are best served by selling the business to the Purchaser as a going-concern. The sale option likely will require that the estate be administered for a period of time in chapter 11 to realize a full recovery for administrative creditors. Nonetheless, the sale option will preserve the *Chicago Sun-Times* as a going concern with substantial benefits for various constituents. The Debtors currently employ 1,409 hourly employees (approximately 45% of which are unionized) and 495 salaried employees, all of whose jobs would be eliminated in a liquidation. The proposed sale option avoids this draconian result and preserves jobs. A going concern will also continue to do business with the estates' suppliers, vendors and customers, and, importantly, it will continue to produce tax revenues. Lastly, the sale option will preserve rather than destroy a vital part of Chicago's rich journalism history, which in the case of the *Sun-Times* traces its origins to 1948. The Debtors' goals in filing these chapter 11 cases have always been to create a stronger, more competitive business

that is better positioned to serve its readers and advertisers, and the Debtors believe that this Sale will achieve those goals.

III. The Debtors' Cash Position and the Sale Process Timeline

11. Since the filing of these chapter 11 cases, the Debtors have significantly improved their operating and cash positions. During the first three months of these cases, the Debtors cut operating losses by more than 50 percent over the prior three-month period. In addition, prior to the Petition Date, the Debtors' cash was being depleted at a rate of more than $2 million per week. This depletion rate has been significantly ameliorated since that time. Nonetheless, because of the continuing operational challenges and a difficult revenue environment, cash depletion remains a serious problem. Accordingly, in addition to other reasons, the Debtors are requesting the following schedule:

a. A hearing on a Bid Procedures Motion and entry of the Bid Procedures Order on or before September 24, 2009;

b. An auction on or before October 7, 2009, not more than 12 days after entry of the Bid Procedures Order; and

c. A Sale Hearing and entry of the Sale Order not more than one business day after the Auction.

12. Because the Debtors have been extensively marketed to date, first by Lazard and then by Rothschild, the Debtors believe the foregoing schedule more than suffices to solicit competing offers and maximize value.

IV. Bid Procedures Motion

13. The Debtors have also filed their Bid Procedures Motion to establish a fair and efficient process by which to further market and sell the Acquired Assets. The Bid Procedures were developed to permit an expedited sale process, to promote participation and active bidding, and to ensure that the Debtors receive the highest or otherwise best offer for the Acquired Assets.

The Bid Procedures describe, among other things, the requirements for prospective purchasers to participate in the bidding process, the availability and conduct of due diligence, the deadline and requirements for submitting a competing bid, the method and factors for determining qualifying bids, and the criteria for selecting a successful bidder, including if necessary, the implementation of the court supervised Auction.

V. The Purchase Agreement

14. The Debtors and their Sale Advisors conducted extensive negotiations with the Purchaser regarding the terms of a possible acquisition. Ultimately, the Debtors determined that the Sale of the Acquired Assets under the terms of the Purchase Agreement is the Debtors' best option, and that the consideration is fair and reasonable. Accordingly, the Debtors' board of directors authorized, and the Debtors entered into the Purchase Agreement subject to the Court's approval. None of the board members has a relationship with the Purchaser or its affiliates.

15. In accordance with the terms and conditions of the Purchase Agreement, the Debtors propose to sell, assign, and transfer to the Purchaser the Acquired Assets, free and clear of all Liens, Claims and Interests other than Assumed Liabilities and the Transferred Liens (as defined in the Purchase Agreements), with such Liens, Claims and Interests attaching to the proceeds of the Sale. Local Rule 6004-1(b)(iv) provides, among other things, that a sale motion must highlight "material terms" of the proposed agreement and sale order. By way of summary, the material terms of the Purchase Agreement and Sale Order are as follows:[4]

a. Sale to Insider. The Purchaser is not an insider of any of the Debtors.

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[4] The description of the terms of the Purchase Agreement provided here is intended only to give the Court and interested parties an overview of the Purchase Agreement. Capitalized terms used but not otherwise defined in this paragraph shall have the meanings set forth in the Purchase Agreement. To the extent of any discrepancy between the description in this Motion and the Purchase Agreement, the Purchase Agreement will govern.

b. Agreements with Management. The Purchase Agreement does not contain any covenants regarding the employment of any employees, including management or key employees. The Purchaser has no obligation to extend offers of employment to any of the Debtors' employees. The Purchaser has agreed to notify the Debtors in writing of any of the top 11 executive level employees to which the Purchaser will not make an offer of employment. Purchase Agreement, Section 9.

c. Releases. Any claim, right or cause of action by Purchaser or any other person against the Debtors or its or their "Related Persons" (as defined in the Purchase Agreement, and with the exception of the applicable Break-Up Fee and Buyer Expense Reimbursement) is fully waived and released. Section 13.5(c)(iv). Further, Section 15.6 broadly waives and releases the Purchaser's recourse against any Seller or any Seller Subsidiary (each as defined in the Purchase Agreement).

d. Private Sale/No Competitive Bidding. The Debtors and the Purchaser contemplate an auction process. The Debtors represent that they are not party to any other agreements with respect to a disposition or restructuring of their business. The Debtors agree that, until the entry of the Bid Procedures Order, the Debtors will not solicit negotiations or enter into any other agreements for the purchase of the Debtors' assets or business. Section 6.2. This provision will not inhibit the Debtors from negotiating with prospective bidders after entry of the Bid Procedures Order and prior to the Auction.

Closing and Other Deadlines. The Purchase Agreement requires: (i) the Debtors to file the Bid Procedures Motion and the Sale Motion within three business days after the execution of the Purchase Agreement; (ii) the scheduling of the Auction for not more than 30 days after the entry of the Bid Procedures Order; and (iii) assuming that the Purchaser is the successful bidder at the Auction (or there is no bidding), the entry of the Sale Order not more than 45 days after filing of the Bid Procedures Motion. Section 12.3(f)-(h). If any such condition does not occur, the Purchaser may terminate the Purchase Agreement within five business days after the specified date, unless the Purchaser's failure to fulfill any of its obligations under the Purchase Agreement is a reason that such condition has not been satisfied. Section 13.2(a)(ii).

In addition, the Purchase Agreement provides that the Purchaser may terminate the Purchase Agreement on any date that is more than 90 days after the date of the Purchase Agreement if any of the

conditions in Section 12.1 or Section 12.3 have not been satisfied or waived, unless the Purchaser's failure to fulfill any of its obligations under the Purchase Agreement is a reason that the Closing has not already occurred by that date. Section 13.2(a)(iii).

Further, the Purchase Agreement may be terminated by either the Debtors or the Purchaser on any date that is more than 25 days after the filing of the Bid Procedures Motion in the event that the Bid Procedures Order has not yet been entered as of that date. Section 13.2(a)(vi).

e. Good Faith Deposit. The Purchaser has submitted a deposit of $500,000 (the "Deposit"). Section 2.2. The Deposit is subject to forfeit upon a material breach by Purchaser that is not cured as set forth in the Purchase Agreement. Section 13.3(a), (b).

f. Interim Arrangements with Proposed Buyer. At the Closing, Buyer and Sellers will enter into a transition services agreement pursuant to which the Purchaser will provide to the Debtors certain transition services to enable the Debtors to administer the remainder of the chapter 11 cases and the wind down of the Debtors' business, including providing access to certain of the Purchaser's employees, IT equipment and facilities, providing payroll processing services and allowing the Debtors' retained employees to participate in the Purchaser's benefit plans.

The Purchaser also has a period of 60 days (the "Contract Option Period") after Closing to decide which of the executory contracts described in Section 1.1 to the Purchase Agreement (other than real property leases) (the "Executory Contracts") it would like the Debtors to assume and assign (the "Potentially Assigned Contracts"). During the Contract Option Period, the Purchaser will deliver to the Debtors written notices of which Potentially Assigned Contracts are to become Rejected Contracts (such notices, the "Rejection Notices") and which Potentially Assigned Contracts are to become Assigned Contracts (such notices, the "Assumption Notices"). At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered, from the Closing until the date on which Buyer delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed 15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, Buyer shall pay and be solely responsible for all liabilities and obligations accruing during such period under Potentially Assigned Contracts to the extent such liabilities and obligations

first arise on or after the Closing Date and would otherwise constitute administrative expenses in the Chapter 11 Case, and shall be entitled to the benefits accruing under such Potentially Assigned Contracts during such period; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any Executory Contract. Section 1.5(b).

In addition, prior to the earlier of (i) October 27, 2009 and (ii) the date of the Sale Hearing, the Purchaser may designate any real property leases or licenses (collectively, the "Leases") for rejection pursuant to § 365 of the Bankruptcy Code. Such Leases will appear on a schedule to be filed on or before the date of the Sale Hearing (the "Excluded Real Property Schedule"). All Leases not appearing on the Excluded Real Property Schedule will be assumed and assigned to Purchaser at Closing. The Purchaser may request that the Debtors delay the effective date of rejection until October 27, 2009 or, if the Purchaser has delivered to the Debtors the consent of the applicable landlord or licensor to extend the date for assumption or rejection of a Lease to a later date, such later date (the "Rejection Period"), and such effective date will be reflected on the Excluded Real Property Schedule (any such Lease with respect to which the Debtors have elected to delay the effective date of rejection is referred to as a "Delayed Lease"). Upon the Purchaser's delivery of written notice to the Debtors, Delayed Leases may be removed from the Excluded Real Property Schedule during the Rejection Period with the consent of the applicable landlord (or, at the sole expense of Purchaser, further order of the Bankruptcy Court). The Purchaser will pay and be solely responsible for all liabilities and obligations accruing under any Delayed Lease from and after the Closing until either the effective date of rejection of such Delayed Lease or the effective date of the assumption and assignment to Purchaser of such Delayed Lease, to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute chapter 11 administrative expenses, provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any executory contract. Section 1.5(a). The Purchaser will also solely pay and be responsible for all liabilities and obligations relating to moving any Acquired Asset from the locations of the Leases or owned real property that are not Acquired Assets and for any damages caused by the Purchaser, its affiliates or their respective agents or representatives to the real property or improvements thereon in connection with such move.

g. Use of Proceeds. The Purchase Agreement does not include any provision regarding the allocation or use of proceeds after the Closing.

h. Tax Exemption. The Debtors do not seek to have the Sale declared exempt from taxes under § 1146 of the Bankruptcy Code. The Purchase Agreement contains provisions relating to the allocation of tax liability arising from the transaction. *See* Section 11.

i. Record Retention. The Transition Services Agreement will provide that the Debtors will have reasonable access to their books and records to enable the Debtors to administer the remainder of the chapter 11 cases.

j. Sale of Avoidance Actions. The Acquired Assets include all Bankruptcy Claims against any employee of the Debtors who becomes an employee of the Purchaser, and any supplier of Seller or a Seller Subsidiary relating to the Acquired Assets. Section 1.1(z). "Bankruptcy Claims" are defined as "all avoidance claims and causes of action under sections 544, 547, 549, 550 and 553 of the Bankruptcy Code and any related claims and causes of action under applicable non-bankruptcy law arising out of the same set of facts, and the proceeds thereof." Section 16.1.

k. Requested Findings as to Successor Liability. The Debtors request a finding in the Sale Order that neither the purchase of the Acquired Assets nor the Purchaser's use of assets previously used by the Debtors will cause the Purchaser to be deemed a successor with respect to various laws, agreements and liabilities, including with respect to products liability laws, employment laws or agreements, labor agreements, pension liabilities, tax liabilities or any of the other Excluded Liabilities. The Debtors also request a finding in the Sale Order that would bar and enjoin any assertion, prosecution or pursuit of any Liens, Claims and Interests against the Purchaser, the Purchaser's affiliates or the Acquired Assets.

l. Sale Free and Clear of Unexpired Leases. The Purchase Agreement requires the Debtors to sell all of their right, title and interest in the Acquired Assets, free and clear of all Liens, Claims and Interests, other than the Transferred Liens and the Assumed Liabilities. Section 1.1.

m. Credit Bid. The Debtors do not seek to allow credit bidding pursuant to § 363(k) of the Bankruptcy Code.

n. Relief from Bankruptcy Rule 6004(h). The Debtors request relief from the ten-day stay imposed by Bankruptcy Rule 6004(h).

Relief Requested

16. By this Sale Motion, the Debtors request the entry of an order: (a) authorizing the Sale of the Acquired Assets, or portions thereof, free and clear of all Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) to the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets; (b) approving the Purchase Agreement subject to higher or better offers; (c) authorizing the assumption and assignment of the Assigned Contracts to the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets; (d) authorizing the rejection of the Rejected Contracts; (e) granting the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets the protections afforded to a good faith purchaser pursuant to Bankruptcy Code § 363(m); and (f) granting certain related relief.

Basis for Relief

I. The Sale of the Acquired Assets Pursuant to the Purchase Agreement Is Authorized by Bankruptcy Code § 363 as a Sound Exercise of the Debtors' Business Judgment.

17. The Debtors submit that ample authority exists for the authorization of the Sale to the Purchaser pursuant to the Purchase Agreement. Section 363 of the Bankruptcy Code provides that a debtor, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Section 105(a) provides in pertinent part that "[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

18. Although Bankruptcy Code § 363(b) does not set forth a standard for determining when a sale of estate property should be authorized, courts in this and other circuits have consistently held that the sale of property of the estate, pursuant to Bankruptcy Code § 363(b), is

appropriate if the transaction represents the sound business judgment of the debtor and if the purchaser is acting in good faith. *See In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (stating that the court generally defers to the trustee's judgment concerning use of property of the estate under Bankruptcy Code § 363(b) when there is a legitimate business reason); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 149-50 (3d Cir. 1986) (requiring a finding of "good faith" to approve a sale under section 363(b)); *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (holding that courts require the debtor to demonstrate a sound business justification for selling property of the estate pursuant to Bankruptcy Code § 363(b)); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (same).

19. If a valid business justification exists for the Sale, the Debtors' decision to sell property out of the ordinary course of business enjoys a strong presumption "that in making a business decision the directors . . . acted on an informed basis, in good faith and in an honest belief that the action taken was in the best interests of the company." *In re Integrated Res., Inc.*, 147 B.R. 650, 656 (Bankr. S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *see also In re Bridgeport Holdings, Inc.*, 388 B.R. 548, 567 (Bankr. D. Del. 2008) (stating that directors enjoy a presumption of honesty and good faith with respect to negotiating and approving a transaction involving a sale of assets). Therefore, parties objecting to the Sale must make a showing of "bad faith, self-interest or gross negligence." *Integrated Res.*, 147 B.R. at 656; *see also Comm. of Asbestos-Related Litigants v. Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) ("Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct.").

20. Courts typically consider the following factors in determining whether a proposed sale satisfies this standard: (a) whether a sound business justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested parties; (c) whether the sale will produce a fair and reasonable price for the property; and (d) whether the parties have acted in good faith. *Delaware & Hudson Ry.*, 124 B.R. at 176; *In re Phoenix Steel Corp.*, 82 B.R. at 334. This Court also has the authority to approve the sale of an estate's principal asset under § 363 where the sale price was less than liquidation value. *In re Canyon P'ship*, 55 B.R. 520 (Bankr. S.D. Cal. 1985) (approving sale of landlocked real estate parcel for 70% of liquidation value).

21. The Sale satisfies factors for approval under § 363. First, the Debtors have proposed the Sale after thorough consideration of all viable alternatives and have concluded that the Sale is supported by a number of sound business reasons. In particular, the Debtors submit that the facts described above, which require a prompt sale of the Acquired Assets to preserve value for their estates, provide a strong business justification for the Sale. Over time, the Debtors' main constituents – the IRS, trade creditors, customers and employees – will derive greater benefit from the continued operations of the Debtors' business as a going concern, in the form of future tax revenues, continued business dealings and preserved jobs, than if the Debtors liquidated. The Debtors believe that a continuing flow of value to creditors on a going forward basis constitutes a sound business justification for the Sale. Further, after significant market testing, the Debtors have concluded that the Sale represents the highest value that the Debtors are able to garner for the Acquired Assets, and that further marketing will not be fruitful.

22. Second, the Debtors have provided all interested parties with notice of the Bid Procedures Motion, notice of the Auction and the Sale as outlined in the Bid Procedures Order,

and notice of the filing of the Sale Motion. The Debtors submit that such notice constitutes adequate and reasonable notice to interested parties. The Debtors believe that a more extended process may harm the recovery of the Debtors' stakeholders.

23. Third, the consideration received by the Debtors by the Purchaser for the Acquired Assets is fair and reasonable. The Purchaser proposes to pay $5 million in cash, subject to customary purchase price adjustments, and assume approximately $22 million of liabilities, approximately $16 million of which are postpetition liabilities. As noted above, the Debtors' previous attempt to effectuate a sale failed to produce any offers, and the Debtors and Rothschild have engaged in an extensive solicitation of potential buyers since the Petition Date. No other potential buyer has provided an offer to acquire the Acquired Assets, and the Debtors therefore believe that the Purchase Agreement represents the market value of the Debtors.

24. Based on the Debtors' preliminary analysis, it is possible that the Debtors would recover less cash in a liquidation than from the Sale. It is also possible, however, that certain liquidation scenarios may produce a higher short-term recovery in absolute dollar terms. The estate also may have to be administered for a period of time in chapter 11 to realize a full recovery for administrative creditors. Even so, the Debtors believe that the estates' interests are best served by moving forward and selling the business. Among the benefits of a going-concern sale are the prospect for future tax revenues, continuation of business with suppliers and customers, and the preservation of jobs.

25. Finally, as described in more detail below, the terms and conditions of the Purchase Agreement were negotiated at arm's length and in good faith.

26. For the foregoing reasons, the Debtors submit that approval of the Sale to the Purchaser pursuant to the Purchase Agreement and all related transactions are appropriate and warranted under § 363 of the Bankruptcy Code.

II. The Sale of the Acquired Assets Free and Clear of Liens, Claims and Interests Is Authorized By § 363(f).

27. The Debtors further submit that it is appropriate to sell the Acquired Assets free and clear of Liens, Claims and Interests, other than Assumed Liabilities and Transferred Liens pursuant to § 363(f), with any such Liens, Claims and Interests attaching to the net proceeds of the Sale, and to the extent applicable. Section 363(f) of the Bankruptcy Code authorizes a debtor to sell assets free and clear of liens, claims, security interests and encumbrances if:

a. applicable nonbankruptcy law permits sale of such property free and clear of such interests;

b. such entity consents;

c. such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;

d. such interest is in bona fide dispute; or

e. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

28. Because § 363(f) is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the Acquired Assets "free and clear" of liens and interests. *In re Kellstrom Indus., Inc.*, 282 B.R. 787, 793 (Bankr. D. Del. 2002); *In re Decora Indus., Inc.*, No. 00-4459, 2002 WL 32332749, *7 (D. Del. 2002); *In re Chrysler LLC*, ---F.3d ---, No. 09-2311, 2009 WL 2382766 at *8 (2d Cir. June 5, 2009); *In re General Motors Corp.*, 407 B.R. 463, 505 (S.D.N.Y. 2009); *Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988). The Court also may authorize the sale of a debtor's

assets free and clear of any liens pursuant to § 105, even if § 363(f) does not apply. *See In re Trans World Airlines, Inc.*, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) ("[B]ankruptcy courts have long had the authority to authorize the sale of estate assets free and clear even in the absence of § 363(f)[.]"), *aff'd*, 322 F.3d 283 (3d Cir. 2003); *see also Volvo White Truck Corp. v. Chambersberg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) ("Authority to conduct such sales [free and clear of liens] is within the court's equitable powers when necessary to carry out the provisions of Title 11.").

29. One or more of the tests of Bankruptcy Code § 363(f) is satisfied with respect to the Sale. In particular, the Debtors believe that at least Bankruptcy Code § § 363(f)(2) and (f)(3) will be met in connection with the transactions proposed under the Purchase Agreement. Notably, the Debtors have no funded debt and therefore the amount of secured debt against the Acquired Assets is very small. The proceeds of the Sale will be more than sufficient to pay any valid secured claims in full. Thus, each of the parties holding liens on the Acquired Assets, if any, will consent, or absent any objection to the Sale Motion, will be deemed to have consented to, the Sale.

30. Moreover, any lien holder also will be adequately protected by having its Lien, if any, attach to the sale proceeds received by the Debtors for the Acquired Assets in the same order of priority and with the same validity, force, and effect that such creditor had prior to such sale, subject to any claims and defenses the Debtors and their estates may possess with respect thereto. Accordingly, Bankruptcy Code § 363(f) authorizes the sale and transfer of the Acquired Assets free and clear of any such Lien.

III. The Acquired Assets Should Be Sold Free and Clear of Successor Liability.

31. Under the terms of the Purchase Agreement, the Purchaser is assuming certain liabilities of the Debtors. The Purchaser should not be liable for any of the Debtors' liabilities in

connection with the sale of the Acquired Assets as a successor to the Debtors' business or otherwise, unless expressly assumed. Extensive case law exists providing that claims against the winning bidder are directed to the proceeds of a free and clear sale of property and may not be asserted against a buyer subsequently.

32. Courts have consistently held that a buyer of a debtor's assets pursuant to a § 363 sale takes free from successor liability resulting from pre-existing claims. *See, e.g., In re Trans World Airlines, Inc.*, 322 F.3d 283, 293 (3d Cir. 2003) (approving sale free and clear of successor liability for EEOC claims); *In re Chrysler, LLC*, --- F.3d ---, 2009 WL 2382766 (2d Cir. 2009) (approving extinguishment of claims on any theory of successor or transferee liability); *MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89, 93–94 (2d Cir. 1988) (channeling of claims to proceeds consistent with intent of sale free and clear under § 363(f) of the Bankruptcy Code); *In re General Motors Corp.*, 407 B.R. 463, 505 (Bankr. S.D.N.Y. 2009) (holding that § 363 may be invoked to sell assets free and clear of claims and interests, including successor liability claims); *Ninth Ave. Remedial Group v. Allis-Chalmers Corp.*, 195 B.R. 716, 732 (Bankr. N.D. Ind. 1996) (stating that a bankruptcy court has the power to sell assets free and clear of any interest that could be brought against the bankruptcy estate during the bankruptcy); *WBQ P'ship v. Virginia Dept. of Med. Assistance Servs.*, 189 B.R. 97, 104–05 (Bankr. E.D. Va. 1995) (holding that Commonwealth of Virginia's right to recapture depreciation is an "interest" as used in § 363(f) of the Bankruptcy Code); *American Living Sys. v. Bonapfel*, 56 B.R. 186, 190 (Bankr. N.D. Ga. 1986) (precluding product liability claims on successor doctrine in a sale of assets free and clear); *In re Hoffman*, 53 B.R. 874, 876 (Bankr. D.R.I. 1985) (permitting the transfer of a liquor license free and clear of any interest even though the estate had unpaid taxes); *In re New England Fish Co.*, 19 B.R. 323, 329 (Bankr. W.D. Wash. 1982) (finding the transfer of property

in a free and clear sale meant the property was free and clear of Title VII employment discrimination and civil rights claims of the debtor's employees).

33. The purpose of an order purporting to authorize the transfer of assets free and clear of all "interests" would be frustrated if claimants could thereafter use the transfer as a basis to assert claims against the Purchaser arising from the Debtors' pre-sale conduct. Under Bankruptcy Code § 363(f), the Purchaser is entitled to know that the Acquired Assets are not infected with latent claims that will be asserted against the Purchaser after the proposed transaction is completed.

34. Accordingly, consistent with the above-cited case law, the order approving the Sale should state that the Purchaser is not liable as a successor for claims that encumber or relate to the Acquired Assets other than the Assumed Liabilities.

IV. The Purchase Agreement Was Negotiated at Arm's Length and In Good Faith.

35. In addition, the Court should grant Purchaser the protections afforded to a good faith purchaser under Bankruptcy Code § 363(m). Section 363(m) provides, in relevant part:

> The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). Section 363(m), thus protects a purchaser of assets, sold pursuant to Bankruptcy Code § 363, from the risk that it will lose its interest in the Acquired Assets if the order allowing the sale is reversed on appeal. Although the Bankruptcy Code does not define "good faith purchaser," the Third Circuit has stated that a good faith purchaser is "one who purchases in 'good faith' and for 'value.'" *In re Abbotts Dairies*, 788 F.2d at 147. To constitute lack of good faith, a party's conduct in connection with the sale must usually amount to "fraud,

collusion between the purchaser and other bidders or the trustee or an attempt to take grossly unfair advantage of other bidders." *Id.* (citing *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978)).

36. Before the execution of the Purchase Agreement, the Debtors and the Purchaser engaged in thorough arm's length negotiations, and there was no fraud or collusion in those negotiations. Upon execution of the Purchase Agreement, the Purchaser also complied with the provisions in the Bid Procedures Order and agreed to subject its bid to the competitive bidding procedures set forth in the Bid Procedures Order.

37. The terms of the Purchase Agreement were negotiated at arm's length and in good faith. Accordingly, the Debtors request that the Court determine the Purchaser to have negotiated and acted at all times in good faith and, as a result, be entitled to the full protections of a good faith purchaser under Bankruptcy Code § 363(m), and that the Purchase Agreement does not constitute an avoidable transaction pursuant to Bankruptcy Code § 363(n).

V. Assumption and Assignment of the Assigned Contracts Is Authorized by Bankruptcy Code § 365.

38. The Debtors also seek authority to assume and assign the Assigned Contracts. Sections 365(a) and (b) of the Bankruptcy Code authorize a debtor in possession to assume executory contracts or unexpired leases of the debtor, subject to the court's approval, and requires such debtors in possession to satisfy certain requirements at the time of assumption:

> (b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee—
>
> > (A) cures, or provides adequate assurance that the trustee will promptly cure, such default ...;
> >
> > (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the

> debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
>
> (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(a) and (b)(1).

39. A debtor's decision to assume or reject an executory contract or unexpired lease pursuant to Bankruptcy Code § 365(a) is governed by the "business judgment" standard. *Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp. (In re Sharon Steel Corp.)*, 872 F.2d 36, 39-40 (3d Cir. 1989); *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006); *In re Fleming Cos.*, 308 B.R. 689, 691 (Bankr. D. Del. 2004); *In re Trans World Airlines, Inc.*, 261 B.R. 103, 120-21 (Bankr. D. Del. 2001). To satisfy the business judgment test the debtor must establish that rejection of an executory contract or unexpired lease will benefit the estate. *In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003); *Trans World Airlines*, 261 B.R. at 121. Under this standard, a court should approve a debtor's business decision unless that decision is the product of bad faith or a gross abuse of discretion. *See Computer Sales Int'l, Inc. v. Federal Mogul (In re Federal Mogul Global, Inc.)*, 293 B.R. 124, 126 (D. Del. 2003); *HQ Global Holdings*, 290 B.R. at 511; *Trans World Airlines*, 261 B.R. at 121. Accordingly, courts generally do not second-guess a debtor's business judgment concerning the assumption of an executory contract. *In re III Enters., Inc.*, 163 B.R. 453, 469 (Bankr. E.D. Pa. 1994); *In re Wheeling-Pittsburgh Steel Corp.*, 59 B.R. 129, 136 (Bankr. W.D. Pa. 1986).

40. In the present case, the Debtors' assumption and assignment of the Assigned Contracts to the Purchaser meets the business judgment standard and satisfies the requirements of Bankruptcy Code § 365. The transactions contemplated by the Purchase Agreement will provide significant benefits to the Debtors' estates. The assumption and assignment of the Assigned Contracts is essential to inducing the highest or best offer for the Acquired Assets.

Finally, upon consummation of the Sale, and subject to the Contract Option Period and, in the case of Leases, the Rejection Period, the Debtors will no longer have use for the Assigned Contracts.

41. Further, a debtor in possession may assign an executory contract or an unexpired lease of the debtor if it assumes the agreement in accordance with Bankruptcy Code § 365(a) and provides adequate assurance of future performance by the assignee, whether or not there has been a default under the agreement. *See* 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case but should be given "practical, pragmatic construction." *EBG Midtown South Corp. v. McLaren/Hart Envtl. Eng'g Corp.*, 139 B.R. 585, 592 (Bankr. S.D.N.Y. 1992) (internal citations omitted), *aff'd*, 993 F.2d 300 (2d Cir. 1993); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988). Significantly, among other things, adequate assurance may be provided by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *See, e.g., In re Bygaph, Inc.*, 56 B.R. 596, 605–06 (Bankr. S.D.N.Y. 1986) (stating that adequate assurance of future performance is present when the prospective assignee of lease from the debtor has financial resources and has expressed willingness to devote sufficient funding to the business in order to give it a strong likelihood of succeeding).

42. Here, pursuant to the Bid Procedures, the Debtors will require potential bidders to provide evidence constituting adequate assurance of future performance to be provided to counterparties to Assigned Contracts upon their request. The Debtors and the Purchaser have agreed on each party's obligations with respect to the payment of Cure Amounts. With respect to Cure Amounts, the Debtors will pay an aggregate amount equal to the lesser of (a) the Cure

Amounts and (b) (i) $300,000, plus (ii) to the extent the Cure Amounts under such Assigned Contracts exceed the amount previously agreed by the Debtors and the Purchaser with respect to such Assigned Contracts, an amount equal to fifty percent of such excess in accordance with the Purchase Agreement. A condition to the Purchase Agreement is that the remaining Cure Amounts, other than those paid by the Debtors, must not exceed $600,000, but this condition will be satisfied if the Debtors agree, prior to Closing, to pay for any such excess. *See* Purchase Agreement § 12.3(l). The Purchaser and the Debtors each have sufficient assets to meet their respective obligations with respect to Cure Amounts under the Assigned Contracts.

43. Further, as soon as practicable after entry of the Bid Procedures Order, all parties to executory contracts and unexpired leases will receive a notice informing them of what their Cure Amounts would be, in the event that the Purchaser instructs the Debtors to assume and assign them. The Sale Hearing will therefore provide the Court and other interested parties with the opportunity to evaluate and, if necessary, challenge any Cure Amounts as well as the ability of the Purchaser, or such other buyer who submits a higher or better offer for the Acquired Assets, to provide adequate assurance of future performance under the Assigned Contracts. Accordingly, the Debtors submit that the assumption and assignment of the Assigned Contracts as set forth herein should be approved.

44. To further assist in the assumption, assignment, and sale of the Assigned Contracts, the Debtors also request that the Court enter an order providing that anti-assignment provisions in the Assigned Contracts shall not restrict, limit, or prohibit the assumption, assignment, and sale of the Assigned Contracts and are deemed and found to be unenforceable anti-assignment provisions within the meaning of Bankruptcy Code § 365(f). Section 365(f)(1)

of the Bankruptcy Code permits a debtor to assign unexpired leases and contracts free from such anti-assignment restrictions:

> [N]otwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the trustee may assign such contract or lease under paragraph (2) of this subsection.

11 U.S.C. § 365(f)(l).

45. Section 365(f)(l), by operation of law, invalidates provisions that prohibit, restrict, or condition assignment of an executory contract or unexpired lease. *See, e.g., Coleman Oil Co., Inc. v. Circle K Corp.*, 127 F.3d 904, 910–11 (9th Cir. 1997) ("[N]o principle of bankruptcy or contract law precludes us from permitting the Debtors here to extend their leases in a manner contrary to the leases' terms, when to do so will effectuate the purposes of section 365."), *cert. denied*, 522 U.S. 1148 (1998). Section 365(f)(3) goes beyond the scope of § 365(f)(1) by prohibiting enforcement of any clause creating a right to modify or terminate the contract or lease upon a proposed assumption or assignment thereof. *See, e.g., In re Jamesway Corp.*, 201 B.R. 73, 78 (Bankr. S.D.N.Y. 1996) (stating that section 365(f)(3) prohibits enforcement of any lease clause creating right to terminate lease because it is being assumed or assigned, thereby indirectly barring assignment by debtor and that all lease provisions, not merely those entitled anti-assignment clauses, are subject to court's scrutiny regarding anti-assignment effect).

46. Other courts have recognized that provisions that have the effect of restricting assignments cannot be enforced. *See In re Rickel Home Ctrs., Inc.*, 240 B.R. 826, 831 (Bankr. D. Del. 1998) ("In interpreting Section 356(f) [sic], courts and commentators alike have construed the terms to not only render unenforceable lease provisions which prohibit assignment

outright, but also lease provisions that are so restrictive that they constitute de facto anti-assignment provisions."). Similarly, in *In re Mr. Grocer, Inc.*, the court noted that:

> the case law interpreting § 365(f)(l) of the Bankruptcy Code establishes that the court does retain some discretion in determining that lease provisions, which are not themselves ipso facto anti-assignment clauses, may still be refused enforcement in a bankruptcy context in which there is no substantial economic detriment to the landlord shown, and in which enforcement would preclude the bankruptcy estate from realizing the intrinsic value of its assets.

77 B.R. 349, 354 (Bankr. D.N.H. 1987).

47. Thus, the Debtors request that any anti-assignment provisions be deemed not to restrict, limit, or prohibit the assumption, assignment, and sale of the Assigned Contracts and be deemed and found to be unenforceable anti-assignment provisions within the meaning of Bankruptcy Code § 365(f).

VI. Rejection of the Rejected Contracts Reflects the Debtors' Sound Business Judgment

48. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, "subject to the court's approval, may . . . reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). *See also Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992). Under § 365, a debtor may relieve itself of burdensome agreements where performance still remains. *See Stewart Title Guar. Co. v. Old Republic Nat'l Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (stating that § 365 "allows a [debtor] to relieve a bankruptcy estate of burdensome agreements which have not been completely performed") (citing *Phoenix Exploration, Inc. v. Yaquinto (In re Muerexco Petroleum, Inc.)*, 15 F.3d 60, 62 (5th Cir. 1994)).

49. The decision to assume or reject an executory contract is a matter within the "business judgment" of the debtor. *See NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d

72, 79 (3d Cir. 1982) ("The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the 'business judgment' test."). *See also In re Federal Mogul Global, Inc.*, 293 B.R. 124, 126 (D. Del. 2003); *In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003). The business judgment standard mandates that a court approve a debtor's business decision unless the decision is the product of bad faith, whim or caprice. *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); *see also Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (absent extraordinary circumstance, court approval of a debtor's decision to assume or reject an executory contract "should be granted as a matter of course").

50. Rejection of an executory contract is appropriate where rejection would benefit the estate. *See Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp. (In re Sharon Steel Corp.)*, 872 F.2d 36, 39-40 (3d Cir. 1989). The standard for rejection is satisfied when a debtor has made a business determination that rejection will benefit the estate. *See Commercial Fin. Ltd. v. Haw. Dimensions, Inc. (In re Haw. Dimensions, Inc.)*, 47 B.R. 425, 427 (D. Haw. 1985) ("Under the business judgment test, a court should approve a debtor's proposed rejection if such rejection will benefit the estate."). If a debtor's business judgment has been reasonably exercised, a court should approve the assumption or rejection of an executory contract. *See, e.g., Federal Mogul*, 293 B.R. at 126.

51. No less than one day prior to the Sale Hearing, the Debtors or the Purchaser will have filed and served a list of executory contracts (other than real property leases) that have been determined to be Rejected Contracts; the Debtors request that executory contracts appearing on this list be deemed rejected as of the entry of the Sale Order. In addition, the Debtor will have until 60 days after the Closing (the "Contract Option Period") to instruct the Debtors whether to

assume and assign or reject the executory contracts of the type set forth in Section 1.1 of the Purchase Agreement (the "Potentially Assigned Contracts"). At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered, from the Closing until the date on which Buyer delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed 15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, Buyer shall pay and be solely responsible for all liabilities and obligations accruing during such period under Potentially Assigned Contracts to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute administrative expenses in the Chapter 11 Case, and shall be entitled to the benefits accruing under such Potentially Assigned Contracts during such period; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any Executory Contract. In the event that the Debtors wish to reject an executory contract (other than a real property lease) after the Sale Hearing, the counterparty will receive a notice and such contract will be rejected pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on April 28, 2009 [Docket No. 126].

52. Additionally, prior to the earlier of October 27, 2009 and the date of the Sale Hearing, the Debtors or the Purchaser will file a list (the "Excluded Real Property Schedule") of unexpired leases of real property and real property licenses (collectively, the "Leases") that the Purchaser designates for potential rejection pursuant to § 365 of the Bankruptcy Code. All Leases not appearing on the Excluded Real Property Schedule will be assumed and assigned to Purchaser at Closing. The Purchaser may request that the Debtors delay the effective date of

rejection until October 27, 2009 or, if the Purchaser has delivered to the Debtors the consent of the applicable lessor or licensor to such Lease to extend the date for assumption or rejection of the Lease, to a later date (the "Rejection Period"), and such effective date will be reflected on the Excluded Real Property Schedule. During the Rejection Period, the Purchaser may, with the consent of the counterparty to the Lease or (at the sole expense of the Purchaser) further order of the Bankruptcy Court, re-designate such Lease as an Assigned Contract.

53. In the event that (a) any Lease is listed on the Excluded Real Property Schedule or (b) the Closing Date has not occurred prior to October 27, 2009, and the Purchaser has not delivered to Debtors the consent of the applicable landlord or licensor to extend the date for assumption or rejection of such Assigned Contract beyond October 27, 2009, then the Debtors may reject such Lease, including by operation of § 365.

54. With respect to the Leases set forth on the Excluded Real Property Schedule, the Purchaser will pay and be solely responsible for all liabilities and obligations under the Leases accruing from and after the Closing Date until the effective date of rejection, including any extension thereof (or, if such Lease is re-designated as an Assigned Contract, until the effective date of the assignment thereof to the Purchaser) but only to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute administrative expenses in the chapter 11 cases; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any executory contract. The Purchaser will also solely pay and be responsible for all liabilities and obligations relating to moving any Acquired Asset from the locations of the Leases that are Rejected Contracts and for any damages cause by the Purchaser, its Affiliates or their respective agents or representatives to the real property in connection with such move.

55. The Rejected Contracts are those contracts and leases that the Purchaser has indicated it does not want the Debtors to assume and assign. Since the Debtors will not have any operations following the Closing, the Debtors have no need for the Rejected Contracts, and such contracts and leases will only be a net drain on the Debtors' estate. Thus, rejection of the Rejected Contracts would remove a significant burden from the Debtors' estates.

56. Accordingly, the Debtors have determined, after reviewing their overall operations and in the exercise of their sound business judgment, that the Rejected Contracts are burdensome to their estates and that it is in the best interests the Debtors, their estates and their creditors to reject the Rejected Contracts.

Waiver of Bankruptcy Rules 6004(a), 6004(h), and 6006(d)

57. Given the many pressures that the Debtors are facing, as discussed above, the Debtors respectfully submit that it is in the best interests of their estates to close the Sale as soon as possible after all closing conditions have been met or waived. Accordingly, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a), the 10-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h), and the 10-day stay of an order authorizing assignment of an executory contract or unexpired lease under Bankruptcy Rule 6006(d). Pursuant to Bankruptcy 6004(h), "a[n] order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise." FED. R. BANKR. P. 6004(h). Additionally, Bankruptcy Rule 6006(d) provides that an "order authorizing the trustee to assign an executory contract or unexpired lease . . . is stayed until the expiration of 10 days after the entry of the order, unless the court orders otherwise." FED. R. BANKR. P. 6006(d).

58. The purpose of Bankruptcy Rules 6004(h) and 6006(d) is to provide sufficient time for an objecting party to appeal before an order can be implemented. *See* Advisory

Creditors' Committee Notes to Fed. R. Bankr. P. 6004(h) and 6006(d). Although Bankruptcy Rules 6004(h) and 6006(d) and the Advisory Creditors' Committee Notes are silent as to when a court should "order otherwise" and eliminate or reduce the 10-day stay period, the leading treatise on bankruptcy suggests that the 10-day stay period should be eliminated to allow a sale or other transaction to close immediately "where there has been no objection to the procedure." 10 COLLIER ON BANKRUPTCY ¶ 6004.10 (15th rev. ed. 2006). Furthermore, Collier suggests that if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay may be reduced to the amount of time actually necessary to file such appeal. *Id.*

59. The Debtors request that any order entered pursuant to the Sale Motion be effective immediately by providing a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 10-day stay periods under Bankruptcy Rules 6004(h) and 6006(d) or, in the alternative, if an objection is filed, a reduction of the stay period to the minimum amount of time needed by the objecting party to file its appeal. This will permit the Debtors to close on the Sale and other proposed transactions as expeditiously as possible and within the time frames contemplated by the Debtors and the Purchaser.

Notice

60. The Debtors will mail the Sale Motion and the Purchase Agreement to: (a) the U.S. Trustee; (b) counsel to the Creditors' Committee; (c) the 30 largest unsecured creditors for the Debtors on a consolidated basis as identified in the Debtors' chapter 11 petitions; (d) all taxing authorities having jurisdiction over any of the Acquired Assets, including the Internal Revenue Service, the Illinois Department of Revenue and the Indiana Department of Revenue; (e) counsel to the Purchaser; (f) all parties who are known to possess or assert a secured claim against the Acquired Assets; (g) all contract and lease counterparties; (h) all parties known or

reasonably believe to have express an interest in acquiring the Acquired Assets; (i) the Securities and Exchange Commission; (j) all creditors of the Debtors (whether liquidated, contingent or unmatured) other than creditors specifically excluded from such service, as agreed to by the Debtors and the Purchaser; (k) all parties to any pension plan maintained, sponsored or contributed to by any of the Debtors; (l) all Unions (as defined in the Purchase Agreement) that are parties to agreements with any of the Debtors; (m) parties to any governmental approvals or permits; (n) the United States Department of Justice; (o) the Attorney General in the state(s) where the Acquired Assets are located; (p) the Attorney General of the United States; (q) any applicable state environmental agency; and (r) all parties who have filed a request for notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no other or further notice is necessary.

No Prior Request

61. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto as Exhibit A, granting the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: September 8, 2009

Wilmington, Delaware

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SUN-TIMES MEDIA GROUP, INC., *et al.*,[1]	)	Case No. 09-11092 (CSS)
Debtors.	)	Jointly Administered
	)	**Sale Hearing Date: October 8, 2009 at 12:00 noon (ET)**
	)	**Sale Objection Deadline: October 1, 2009 at 4:00 p.m. (ET)**

NOTICE OF MOTION

TO: (A) THE U.S. TRUSTEE; (B) COUNSEL TO THE CREDITORS' COMMITTEE; (C) THE 30 LARGEST UNSECURED CREDITORS FOR THE DEBTORS ON A CONSOLIDATED BASIS AS IDENTIFIED IN THE DEBTORS' CHAPTER 11 PETITIONS; (D) ALL TAXING AUTHORITIES HAVING JURISDICTION OVER ANY OF THE ACQUIRED ASSETS, INCLUDING THE INTERNAL REVENUE SERVICE, THE ILLINOIS DEPARTMENT OF REVENUE AND THE INDIANA DEPARTMENT OF REVENUE; (E) COUNSEL TO THE PURCHASER; (F) ALL PARTIES WHO ARE KNOWN TO POSSESS OR ASSERT A SECURED CLAIM AGAINST THE ACQUIRED ASSETS; (G) ALL CONTRACT AND LEASE COUNTERPARTIES; (H) ALL PARTIES KNOWN OR REASONABLY BELIEVE TO HAVE EXPRESS AN INTEREST IN ACQUIRING THE ACQUIRED ASSETS; (I) THE SECURITIES AND EXCHANGE COMMISSION; (J) ALL CREDITORS OF THE DEBTORS (WHETHER LIQUIDATED, CONTINGENT OR UNMATURED) OTHER THAN CREDITORS SPECIFICALLY EXCLUDED FROM SUCH SERVICE, AS AGREED TO BY THE DEBTORS AND THE PURCHASER; (K) ALL PARTIES TO ANY PENSION PLAN MAINTAINED, SPONSORED OR CONTRIBUTED TO BY ANY OF THE DEBTORS; (L) ALL UNIONS (AS DEFINED IN THE PURCHASE AGREEMENT) THAT ARE PARTIES TO AGREEMENTS WITH ANY OF THE DEBTORS; (M) PARTIES TO ANY GOVERNMENTAL APPROVALS OR PERMITS; (N) THE UNITED STATES DEPARTMENT OF JUSTICE; (O) THE ATTORNEY GENERAL IN THE STATE(S) WHERE THE ACQUIRED ASSETS ARE LOCATED; (P) THE ATTORNEY GENERAL OF THE UNITED STATES; (Q) ANY APPLICABLE STATE ENVIRONMENTAL AGENCY; AND (R) ALL PARTIES

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

WHO HAVE FILED A REQUEST FOR NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that the above-captioned debtors and debtors-in-possession (collectively the "Debtors") have filed the **Debtors' Motion for Entry of Order (A) Authorizing Sale of Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving Asset Purchase Agreement, Subject to Higher or Better Offers; and (C) Authorizing the Assumption and Assignment and Rejection of Executory Contracts and Unexpired Leases** (the "Motion") with the United States Bankruptcy Court for the District of Delaware.

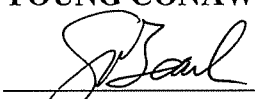
PLEASE TAKE FURTHER NOTICE that responses to the Motion, if any, are required to be filed on or before **October 1, 2009 at 4:00 p.m. (ET)** (the "Objection Deadline") with the United States Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must also serve a copy of the response upon the Debtors' proposed undersigned counsel so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **OCTOBER 8, 2009 AT 12:00 P.M. NOON (ET)** BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED WITHOUT FURTHER NOTICE OR HEARING.

Dated: September 8, 2009
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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Attorneys for the Debtors and Debtors in Possession

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SUN-TIMES MEDIA GROUP, INC., *et al.*,[1]	)	Case No. 09-11092 (CSS)
Debtors.	)	Jointly Administered
	)	**Ref. Docket No.** _____

ORDER (A) AUTHORIZING SALE OF THE ASSETS COMPRISING DEBTORS' NEWSPAPER OPERATIONS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (B) APPROVING ASSET PURCHASE AGREEMENT, SUBJECT TO HIGHER OR BETTER OFFERS; AND (C) AUTHORIZING ASSUMPTION AND ASSIGNMENT AND REJECTION OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Upon the motion (the "Sale Motion") of the Debtors,[2] pursuant to sections 105(a), 363 and 365 of Title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order (the "Sale Order") (a) authorizing the sale (the "Sale") of the Acquired Assets (as defined in the Purchase Agreement) free and clear of all Liens, Claims and Interests (each as

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

2 Capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Sale Motion.

defined in the Purchase Agreement (as defined below)) in accordance with such Purchase Agreement to STMG Holdings, LLC, including any Buyer Designee (as defined in the Purchase Agreement) (the "Purchaser") or such other buyer who submits a higher or better offer for the Acquired Assets; (b) approving the asset purchase agreement, attached hereto as Exhibit 1, between the Debtors and the Purchaser, subject to higher or better offers (the "Purchase Agreement"); (c) authorizing the assumption and assignment of the executory contracts and unexpired leases designated by the Purchaser, including those identified on Exhibit 2 attached hereto (collectively, the "Assigned Contracts") to the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets; (d) rejecting certain executory contracts and unexpired leases designated by the Purchaser, including those identified on Exhibit 3 (collectively, the "Rejected Contracts"); and (e) granting certain related relief, all as more fully set forth in the Sale Motion; the Court having entered an order dated [_____], 2009 (the "Bid Procedures Order," and attached as Exhibit 1 thereto, the "Bid Procedures") approving the Bid Procedures, scheduling an Auction and Sale Hearing, approving the form and manner of notice of the Sale Notice, Real Property Notice and Executory Contract Notice (each as defined in the Bid Procedures Order) and establishing procedures relating to the assumption and assignment of certain contracts; and the Court having jurisdiction to consider the Sale Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(b)(2) and 1334; and consideration of the Sale Motion, the relief requested therein, and the responses thereto being a core proceeding in accordance with 28 U.S.C. § 157(b); and the appearance of all interested parties and all responses and objections, if any, to the Sale Motion having been duly noted in the record of the Sale Hearing; and upon the record of the Sale Hearing, and all other pleadings and proceedings in this case, including the Sale Motion; and it appearing that the relief requested in the Sale

Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and after due deliberation and sufficient cause appearing therefore, **IT IS HEREBY FOUND, DETERMINED, AND CONCLUDED THAT**:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over the Sale Motion and the transactions contemplated by the Purchase Agreement pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue in this District is proper under 28 U.S.C. §§ 1408 and 1409.

C. This Sale Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a).

D. Good and sufficient notice of the Sale Motion and the relief sought therein has been given to all interested persons and entities, including, without limitation, (i) the U.S. Trustee; (ii) counsel to the Creditors' Committee; (iii) the 30 largest unsecured creditors for the Debtors on a consolidated basis as identified in the Debtors' chapter 11 petitions; (iv) all taxing authorities having jurisdiction over any of the Acquired Assets, including the Internal Revenue Service, the Illinois Department of Revenue and the Indiana Department of Revenue; (v) counsel to the Purchaser; (vi) all parties who are known to possess or assert a secured claim against the Acquired Assets; (vii) all contract and lease counterparties; (viii) all parties known or reasonably believed to have expressed an interest in the Acquired Assets; (ix) all creditors of the Debtors

(whether liquidated, contingent or unmatured) other than creditors specifically excluded from such service, as agreed to by the Debtors and the Purchaser; (x) the Securities and Exchange Commission; (xi) all parties to any pension plan maintained, sponsored or contributed to by any of the Debtors; (xii) all Unions (as defined in the Purchase Agreement) that are parties to agreements with any of the Debtors; (xiii) parties to any governmental approvals or permits; (xiv) the United States Department of Justice; (xv) the Attorney General in the state(s) where the Acquired Assets are located; (xvi) the Attorney General of the United States; (xvii) any applicable state environmental agency; and (xviii) all parties who have filed a request for notice in the above-captioned cases pursuant to Bankruptcy Rule 2002.

E. A sound business purpose justifies the Sale of the Acquired Assets outside of the ordinary course of business.

F. The Bid Procedures set forth in the Bid Procedures Order were non-collusive and substantively and procedurally fair to all parties.

G. The Debtors solicited offers for, scheduled an auction of, and selected the Successful Bidder (as defined in the Bid Procedures) for the Sale of the Acquired Assets in accordance with the Bid Procedures Order. The Debtors (i) afforded interested potential purchasers a full, fair and reasonable opportunity to qualify as Qualified Bidders (as defined in the Bid Procedures) and submit their highest or otherwise best offer to purchase the Acquired Assets, (ii) provided potential purchasers, upon request, sufficient information to enable them to make an informed judgment on whether to bid on the Acquired Assets and (iii) considered any bids submitted on or before the bid deadline.

H. **[No Qualified Bids (as defined in the Bid Procedures) other than the Purchaser's bid pursuant to the Purchase Agreement were submitted. Accordingly, no**

Auction (as defined in the Bid Procedures) was held.] [The Purchaser submitted the highest or otherwise best offer, as determined by the Debtors, in consultation with the Creditors' Committee, and the Purchaser is the Successful Bidder for the Acquired Assets in accordance with the Bid Procedures Order. The Bid Procedures obtained the highest value for the Acquired Assets for the Debtors and their estates.]

I. The consideration to be provided by the Purchaser pursuant to the Purchase Agreement: (i) is fair and reasonable; (ii) is the highest or otherwise best offer for the Acquired Assets; (iii) is in the best interests of the Debtors' creditors and estates; (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and the Uniform Fraudulent Conveyance Act (7A part II, U.L.A. 2 (1999)) or the Uniform Fraudulent Transfer Act (7A part II, U.L.A. 66 (1999)) or any similar laws of any state or other jurisdiction whose law is applicable to the contemplated transactions; and (v) will provide a greater recovery for the Debtors' creditors and other interested parties than would be provided by any other practically available alternative. In reaching this determination, the Court has taken into account both the consideration to be realized directly by the Debtors, including the assumption of claims against the Debtors' estates, and the indirect benefits of such Sale for the Debtors' employees, the Debtors' vendors and suppliers and the public served, directly and indirectly, by the functions performed by the Debtors' employees and the Debtors' business.

J. Entry into the Purchase Agreement and consummation of the transactions contemplated thereby constitute the exercise of the Debtors' sound business judgment and fiduciary duties and such acts are in the best interests of the Debtors, their creditors and estates.

K. The transactions contemplated by the Purchase Agreement are undertaken by the Debtors and the Purchaser at arms' length, without collusion and in good faith within the

meaning of section 363(m) of the Bankruptcy Code. The Purchaser is a good faith purchaser under section 363(m) of the Bankruptcy Code and as such, is entitled to all of the protections afforded thereby and otherwise has proceeded in good faith in all respects in connection with this proceeding in that: (a) the Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Acquired Assets; (b) the Purchaser in no way induced or caused the chapter 11 filing of the Debtors; (c) the Purchaser made the highest and/or otherwise best bid for the Acquired Assets; (d) all payments to be made to the Purchaser and other agreements or arrangements entered into by the Purchaser in connection with the transactions have been disclosed; and (e) the negotiation and execution of the Purchase Agreement and any other agreements or instruments related thereto was in good faith and an arms' length transaction between the Purchaser and the Debtors.

L. The Debtors and the Purchaser have not engaged in any conduct that would permit the Purchase Agreement or the Sale to be avoided under Section 363(n) of the Bankruptcy Code.

M. The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession or the District of Columbia.

N. The Purchaser is not an "insider" or "affiliate" of the Debtors, as those terms are defined in sections 101(31) and 101(2) of the Bankruptcy Code.

O. The sale of the Acquired Assets outside of a plan of reorganization pursuant to the Purchase Agreement neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtors. The Sale does not constitute a *sub rosa* chapter 11 plan.

P. Based upon the representations of the Debtors, the Acquired Assets constitute property of the Debtors' estates and title thereto is vested in the Debtors' estates within the meaning of section 541(a) of the Bankruptcy Code. Based upon the representations of the Debtors, the Debtors have all right, title and interest in, to and under the Acquired Assets to transfer and convey the Acquired Assets as contemplated by the Purchase Agreement.

Q. Except as permitted under the express terms of the Purchase Agreement, the consummation of the Sale pursuant to the Purchase Agreement will be a legal, valid and effective Sale of the Acquired Assets and will vest the Purchaser (and its designees or assignees, as applicable) with all right, title and interest of Debtors and their bankruptcy estates in and to the Acquired Assets free and clear of all Liens, Claims and Interests, except for the Assumed Liabilities and Transferred Liens (each as defined in the Purchase Agreement), including any such Liens, Claims and Interests (i) that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal or termination of the Debtors', the Debtors' estates or the Purchaser's interest in the Acquired Assets, or any similar rights, or (ii) relating to taxes or any other liabilities, arising under or out of, in connection with, or in any way relating to, the Acquired Assets, the Debtors, the Debtors' estates or their respective operations or activities prior to the Closing Date.

R. A sale of the Acquired Assets other than one free and clear of Liens, Claims and Interests (other than the Assumed Liabilities and Transferred Liens) would be of substantially less benefit to and would adversely affect the Debtors' bankruptcy estates.

S. With respect to all parties asserting Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) in, to, or against the Acquired Assets, the Sale complies with all the requirements of section 363(f) of the Bankruptcy Code. With respect to

each such interest in the Acquired Assets: (a) applicable non-bankruptcy law permits the sale free and clear of such interest; (b) the holder of such interest consents to the Sale; (c) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on the Acquired Assets; (d) such interest is in bona fide dispute; or (e) the holder of such interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

T. All parties with Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) against the Acquired Assets identified to be sold under the Purchase Agreement, if any, who did not object to the Sale Motion and the relief requested therein, or who withdrew their objections to the Sale Motion, are deemed to have consented pursuant to Section 363(f)(2) of the Bankruptcy Code; and all parties with Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) against the Acquired Assets who objected to the Sale Motion, but who did not withdraw any such objection, can be compelled to accept a monetary satisfaction of their Liens, Claims and Interests within the meaning of Section 363(f)(5) of the Bankruptcy Code, and in each case, are enjoined from taking any action against the Acquired Assets, the Purchaser, its affiliates or any agent of the foregoing to recover any claim which such person or entity has solely against the Debtors, or any of their respective affiliates.

U. The Sale and related transactions are not and do not amount to a consolidation, merger or *de facto* merger of the Purchaser and any of the Debtors and/or any of the Debtors' estates, there is not substantial continuity between the Purchaser and any of the Debtors, there is no common identity between the Purchaser and any of the Debtors, there is no continuity of enterprise between the Purchaser and any of the Debtors, the Purchaser is not a mere continuation of any of the Debtors or any of their estates and the Purchaser does not constitute a

successor to any of the Debtors or any of their estates with respect to any and all claims, including federal or state tax claims, multi-employer pension plan claims or other pension claims and claims arising under collective bargaining agreements.

V. By virtue of the Purchase Agreement or otherwise, the Purchaser will not acquire any liabilities of the Debtors, other than the Assumed Liabilities as set forth in the Purchase Agreement.

W. Without limiting the generality of the foregoing, other than the Assumed Liabilities and the Transferred Liens, the Purchaser would not have entered into the Purchase Agreement and would not consummate the transactions contemplated thereby, thus adversely affecting the Debtors, their estates and their creditors, if the Sale of the Acquired Assets to the Purchaser and the assignment of the Assigned Contracts to the Purchaser were not free and clear of all Liens, Claims and Interests of any kind or nature whatsoever, other than the Assumed Liabilities and the Transferred Liens, or if the Purchaser would, or in the future could, be liable for the Excluded Liabilities (as defined in the Purchase Agreement).

X. Good and sufficient notice of the possible transfer, assumption and assignment of the Assigned Contracts has been given to all non-debtor parties to the Assigned Contracts and no other or further notice is required. A reasonable opportunity to object or be heard has been offered to parties in interest.

Y. The Assigned Contracts are valid and binding, in full force and effect, and enforceable in accordance with their terms.

Z. The Cure Costs (as defined in the Purchase Agreement) are deemed to be amounts necessary to "cure" (within the meaning of Section 365(b)(1) of the Bankruptcy Code) all

"defaults" (within the meaning of Section 365(b) of the Bankruptcy Code) under such Assigned Contracts to the extent required by Section 365 of the Bankruptcy Code.

AA. The Purchaser has demonstrated adequate assurance of future performance with respect to the Assigned Contracts pursuant to Section 365(b)(1)(C) of the Bankruptcy Code.

BB. The Assigned Contracts are assignable notwithstanding any provisions contained therein to the contrary. Failure to object to the assumption and assignment of an Assigned Contract is deemed consent to the assumption and assignment.

CC. The assumption and assignment of the Assigned Contracts as set forth in the Purchase Agreement is integral to the Purchase Agreement and is in the best interests of the Debtors, their creditors and estates and other parties-in-interest, and represents the exercise of sound and prudent business judgment by the Debtors.

DD. The legal and factual bases set forth in the Sale Motion and at the Sale Hearing establish just cause for the relief granted herein.

EE. Upon entry of this Sale Order, the Debtors shall have full power and authority to consummate the Sale contemplated by the Purchase Agreement. The Purchase Agreement and the Sale have been duly and validly authorized by all necessary action of the Debtors and no shareholder vote, board resolution or other corporate action is required of Debtors for Debtors to consummate such Sale or the other transactions contemplated in the Purchase Agreement.

FF. Cause has been shown as to why this Sale Order should not be subject to the stay provided by Bankruptcy Rules 6004 and 6006.

GG. The entry of this Sale Order is in the best interests of the Debtors, their creditors and estates and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Sale Motion, the Purchase Agreement and the transactions contemplated thereby shall be, and hereby are, granted and approved in all respects as modified by this Sale Order.

2. All objections, responses and requests for continuance concerning the Motion are resolved in accordance with the terms of this Sale Order as set forth in the record of the Sale Hearing. To the extent any such objection, response or request for continuance was not otherwise withdrawn, waived, or settled, it, and all reservations of rights contained therein, is overruled and denied.

3. Notice of the Auction and the Sale Hearing was fair and equitable under the circumstances and complied in all respects with 11 U.S.C. § 104(1) and Bankruptcy Rules 2002 and 6004. The Sale Motion or notice thereof shall be deemed to provide sufficient notice of the Sale free and clear of Liens, Claims and Interests in accordance with Local Rule 6004-1.

4. The Debtors are authorized and directed to close, consummate and comply with the Purchase Agreement and all other agreements and documents related to and contemplated thereby (collectively, the "Sale Documents"), which Sale Documents hereby are authorized and approved in all respects and to execute such other documents and take such other actions as are necessary or appropriate to effectuate the Purchase Agreement.

5. The Purchaser's offer for the Acquired Assets, as embodied in the Purchase Agreement, is the highest or otherwise best offer for the Acquired Assets and is hereby approved.

6. Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, the Sale by the Debtors to the Purchaser of the Acquired Assets and the transactions related thereto, upon the Closing under the Purchase Agreement, are authorized and approved in all respects.

7. Subject to the payment by the Purchaser to the Debtors of the consideration provided for in the Purchase Agreement pursuant to sections 363 and 365(a) of the Bankruptcy Code, the Sale of the Acquired Assets by the Debtors to the Purchaser shall constitute a legal, valid and effective transfer of the Acquired Assets and shall vest the Purchaser with all right, title and interest of Debtors in and to the Acquired Assets free and clear of all Liens, Claims and Interests (except the Assumed Liabilities and Transferred Liens) pursuant to section 363(f) of the Bankruptcy Code, effective as of the Closing Date.

8. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration and governmental authorization or approval of the Debtors with respect to the Acquired Assets, and all such licenses, permits, registrations and governmental authorizations and approvals are deemed to have been, and hereby are, authorized to be transferred to the Purchaser as of the Closing Date. Pursuant to Section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Acquired Assets sold, transferred or conveyed to the Purchaser on account of the filing or pendency of the chapter 11 cases or the consummation of the transaction contemplated by the Purchase Agreement.

9. Pursuant to Section 363(f) of the Bankruptcy Code, the Sale of the Acquired Assets shall be free and clear of all Liens, Claims and Interests and all liabilities of Debtors whether known or unknown, other than the Assumed Liabilities and Transferred Liens, including, but not limited to, Liens, Claims and Interests asserted by any of the Debtors' creditors, vendors, suppliers, employees, executory contract counterparties, governmental units or lessors. The Purchaser shall not be liable in any way (as successor entity or otherwise) for any claims that any of the foregoing parties or any other third party may have against the Debtors,

other than the Assumed Liabilities and Transferred Liens. Any and all valid and enforceable Liens, Claims and Interests on, against or in the Acquired Assets, other than the Assumed Liabilities and Transferred Liens, shall be transferred, affixed and attached to the net proceeds of the Sale with the same validity, priority, force and effect such Liens, Claims and Interests had on the Acquired Assets immediately prior to the Sale and subject to the rights, claims, defenses and objections, if any, of the Debtors and all interested parties with respect to any such asserted Liens, Claims and Interests. The Sale of the Acquired Assets to the Purchaser shall vest the Purchaser with all the right, title and interest of the Debtors to the Acquired Assets free and clear of Liens, Claims and Interests, other than the Assumed Liabilities and Transferred Liens.

10. The Purchaser has not assumed or otherwise become obligated for any of the Debtors' liabilities other than the Assumed Liabilities and Transferred Liens, and the Purchaser has not purchased any of the "Excluded Assets" as defined in Section 1.2 of the Purchase Agreement. Upon the Closing Date, the estate shall be relieved from any liability for the Assumed Liabilities and Transferred Liens.

11. Except for the Assumed Liabilities and Transferred Liens, pursuant to Sections 105(a), 363, and 365 of the Bankruptcy Code, all persons and entities, including, without limitation, the Debtors, the Debtors' affiliates, all debt security holders, equity security holders, the Debtors' employees or former employees, governmental, tax, and regulatory authorities, lenders, parties to, beneficiaries under, sponsors of or contributors to any benefit plan, trade and other creditors asserting or holding any Liens, Claims and Interests, in or with respect to the Debtors or the Acquired Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to the Debtors, the Acquired Assets, the operation of the

Debtors' business prior to the closing date under the Purchase Agreement or the transfer of the Acquired Assets to the Purchaser, shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing such Liens, Claims and Interests against the Purchaser or any affiliate, successor or assign thereof and each of their respective current and former members, officers, directors, managed funds, investment advisors, financial advisors, attorneys, employees, partners, affiliates and representatives (each of the foregoing in its individual capacity), or the Acquired Assets, including claims under section 365(n) of the Bankruptcy Code against the Purchaser with respect to the Acquired Assets.

12. Except for the Assumed Liabilities and Transferred Liens, the Purchaser shall not acquire or assume, and shall have no liability or obligation for any liabilities of the Debtors, as a successor in interest, successor-in-title or otherwise, including, without limitation any liability for any remedies sought under the National Labor Relations Act ("NLRA"), by the National Labor Relations Board, or by any Person under the WARN Act or similar state statute or ERISA or any liability with respect to COBRA Coverage for employees or consultants of the Debtors terminated prior to or as part of the consummation of the transaction set forth in the Purchase Agreement with regard to any conduct by the Debtors occurring prior to the Closing Date or any other liability to, arising out of or related to the Excluded Assets, in each case whether arising prior to or after the Closing Date.

13. If any Person that has filed any financing statement, mortgage, mechanic's lien, *lis pendens* or other document or instrument evidencing liens with respect to any of the Acquired Assets shall have failed to deliver to the Debtors and the Purchaser prior to the Closing of the Purchase Agreement, in proper form for filing and executed by the appropriate entity or entities, termination statements, instruments of satisfaction and releases of all Liens, Claims and Interests

which such Person has with respect to the Acquired Assets, then (a) the Debtors are authorized to execute and file such statements, instruments, releases and other documents on behalf of such Person and (b) the Purchaser is authorized to file, register or otherwise record a certified copy of this Sale Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Liens, Claims and Interests in the Acquired Assets as of the Closing of the Purchase Agreement, in each case, other than Transferred Liens and the Assumed Liabilities.

14. This Sale Order (a) is and shall be effective as a determination that, upon Closing, other than the Assumed Liabilities and Transferred Liens, Liens, Claims and Interests existing as to the Acquired Assets conveyed to the Purchaser have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) is and shall be binding upon and govern the acts of all entities, including, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other Persons who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Acquired Assets conveyed to the Purchaser.

15. The provisions of this Sale Order authorizing the sale of the Acquired Assets free and clear of Liens, Claims and Interests, other than the Assumed Liabilities and Transferred Liens, shall be self-executing, and neither the Debtors nor the Purchaser shall be required to execute or file releases, termination statements, assignments, consents or other instruments to effectuate, consummate and implement the provisions of this Sale Order. However, the Debtors

and the Purchaser, and each of their respective officers, employees and agents, are authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtors or the Purchaser deem necessary or appropriate to implement and effectuate the terms of the Purchase Agreement and this Sale Order.

16. Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement and this Sale Order.

17. Other than with respect to the Assumed Liabilities or Transferred Liens, after the date of Closing of the Purchase Agreement, no Person, including, without limitation, any federal, state or local taxing authority, may (a) attach or perfect liens or a security interest against any of the Acquired Assets on account of, or (b) collect or attempt to collect from the Purchaser or any of its affiliates, any tax (or other amount alleged to be owing by Debtors) (i) for any period commencing before and concluding prior to or on the Closing Date or (ii) assessed prior to and payable after the Closing.

18. This Sale Order shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials and all other persons or entities who may be required by operation of law, the duties of their office or contract to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report to or insure title or state of title in or to any of the Acquired Assets.

19. Other than as to the Assumed Liabilities and Transferred Liens, pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, all "persons" (as that term is defined in

section 101(41) of the Bankruptcy Code) are hereby enjoined from taking any action against the Purchaser, the Purchaser's affiliates (as they existed immediately prior to the Closing) or the Acquired Assets to recover any claim which such "person" has solely against the Debtors or the Debtors' affiliates (as they exist immediately following the Closing).

20. The transactions contemplated under the Purchase Agreement and the Sale Documents do not amount to a consolidation, merger or *de facto* merger of the Purchaser and the Debtors and/or the Debtors' estates, there is not substantial continuity between the Purchaser and the Debtors, there is no continuity of enterprise between the Debtors and the Purchaser, the Purchaser is not a mere continuation of the Debtors or their estates and the Purchaser does not constitute a successor to the Debtors or their estates. Other than the Assumed Liabilities, the Purchaser shall not assume, nor be deemed to assume or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates including, but not limited to, any bulk sales law (including without limitation, 35 Ill. Comp. Stat. 5/902(d) and 35 Ill. Comp. Stat. 120/5j), successor or transferee liability, liability or responsibility for any claim against the Debtors or against any insider of the Debtors or similar liability. The Sale Motion and notice thereof contains sufficient notice of such limitation in accordance with Local Rule 6004-1. Neither the purchase of the Acquired Assets by the Purchaser, nor the fact that the Purchaser or its affiliates are using any Acquired Assets previously used by the Debtors, will cause the Purchaser or any of its affiliates to be deemed a successor in any respect to the Debtors' business with respect to (i) any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, antitrust, environmental, or other law, rule or regulation (including without limitation filing requirements under any such laws, rules or regulations), (ii) under any products liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or

doctrine, or under any product warranty liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or doctrine, (iii) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which the Debtors are a party, (iv) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan maintained, sponsored or contributed to by the Debtors (including, without limitation, contributions or payments on account of any under-funding with respect to any pension plans), (v) the cessation of the Debtor's operations, dismissal of employees or termination of employment or labor agreements or pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, or (vi) the other Excluded Liabilities.

21. All Persons who are presently, or at the Closing of the Purchase Agreement will be, in possession of any of the Acquired Assets conveyed to the Purchaser hereunder are hereby directed to surrender possession of such Acquired Assets to the Purchaser at the Closing or such other period provided by the Purchase Agreement.

22. Any landlord under any nonresidential lease of real property in the possession or occupancy of the Debtors as of the Closing Date shall not interfere with the Purchaser's right to take possession of any Acquired Assets at any leased premises whether or not the term of such premises has expired prior to the Closing Date; and that until October 27, 2009 (the "Occupancy Termination Date"), the Purchaser shall have the right to occupy such premises for the period from and after the Closing Date until the earlier to occur of the Occupancy Termination Date and the date the Purchaser removes all material Acquired Assets from the Premises, so long as the

Purchaser pays the applicable Debtor a per diem rent equal to the amount that the Debtor would otherwise be obligated to pay under such lease in accordance with applicable law.

23. From and after the date of the entry of this Sale Order, the Debtors or any creditor or other party in interest shall not take or cause to be taken any action that would interfere with the transfer of the Acquired Assets to the Purchaser in accordance with the terms of this Sale Order.

24. Pursuant to Section 365 of the Bankruptcy Code, the Debtors are authorized to assume and assign the Assigned Contracts (including but not limited to those set forth on Exhibit 2 and those designated by the Purchaser during the Contract Option Period (as defined below) as Assigned Contracts) to the Purchaser upon written direction from the Purchaser as set forth herein and in Section 1.5 of the Purchase Agreement.

25. The Debtors are authorized to assume and assign to the Purchaser all unexpired leases and licenses of real property (the "Leases") except: (a) those that appear on Exhibit 3 and (b) those for which the date for assumption and assignment of such Lease has been extended pursuant to § 365(d)(4), by Purchaser's delivery to the Debtors of the consent of the applicable landlord.

26. The Leases that appear on the *Excluded Real Property Schedule* that was filed on ____, 2009 [Docket No. xx] will be and are deemed rejected as of the dates set forth on such schedule. Further, on or prior to October 27, 2009, or, if Purchaser has delivered to the Debtors the consent of a lessor or licensor to a Lease to extend the date for assumption or rejection of such Lease to a later date, such later date (the "Rejection Period"), the Excluded Real Property Schedule may be amended (following the Purchaser's delivery of written notice to the Debtors) to re-designate a lease that appears on the Excluded Real Property Schedule as an Assigned

Contract, provided that the counterparty to such real property lease consents (or, at the sole expense of Purchaser, further order of the Bankruptcy Court).

27. With respect to any Leases set forth on the *Excluded Real Property Schedule*, the Purchaser will pay and be solely responsible for all liabilities and obligations under the Leases accruing from and after the Closing Date until the effective date of rejection, including any extension thereof (or, if such Lease is re-designated as an Assigned Contract, until the effective date of the assignment thereof to the Purchaser) but only to the extent such liabilities and obligations first arise on or after the Closing Date and would constitute administrative expenses in the chapter 11 cases; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any executory contract. The Purchaser will also solely pay and be responsible for all liabilities and obligations relating to moving any Acquired Asset from the locations of the Leases that are Rejected Contracts and for any damages cause by the Purchaser to the real property, its affiliates or their respective agents or representatives in connection with such move.

28. The Purchaser shall inform in the Debtors in writing as soon as possible, but in any event at least five business days prior to the Closing Date, which of the executory contracts set forth on Schedule 1.1 to the Purchase Agreement (other than real property leases) ("Executory Contracts") shall be Assigned Contracts as of the Closing (the "Closing Assigned Contracts"). The Closing Assigned Contracts include, but are not necessarily limited to, the Executory Contracts set forth on Exhibit 2 hereto. Executory Contracts other than those set forth on Exhibit 2 and Exhibit 3 will be deemed "Potentially Assigned Contracts."

29. In accordance with Section 1.5 of the Purchase Agreement, the Purchaser shall have a period of 60 days from the Closing Date (the "Contract Option Period") to designate, by

written notice to the Debtors, (a) which of the Potentially Assigned Contracts are to be treated as Rejected Contracts (such notice, the "Rejection Notice") and (b) which of the Potentially Assigned Contracts are to be treated as Assigned Contracts (such notice, the "Assumption Notice"). In the event that a Potentially Assigned Contract is subject to a Rejection Notice, the counterparty will receive a notice pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on January 26, 2009 [Docket No. 126]. In the event that a Potentially Assigned Contract is subject to an Assumption Notice, the Debtors will send the applicable counterparty a notice of assumption and assignment of such contract (the "Post-Closing Assumption Notice") which will provide the counterparty with an opportunity to object to the proposed adequate assurance of future performance. In the event that the counterparty does not object to the Post-Closing Assumption Notice within 10 days following service of same, such Potentially Assigned Contract will be deemed an Assigned Contract. In the event that a counterparty objects to the Post-Closing Assumption Notice, the Debtors will request a hearing, the sole issue at which will be the proposed adequate assurance of future performance.

30. At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered, from the Closing until the date on which Buyer delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed 15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, Buyer shall pay and be solely responsible for all liabilities and obligations accruing during such period under Potentially Assigned Contracts to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute chapter 11

administrative expenses, and shall be entitled to the benefits accruing under such Potentially Assigned Contracts during such period; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any Executory Contract.

31. Upon assumption and assignment, the Purchaser and the Debtors shall make provision for the payment of the cure amounts to the counterparties of any such Assigned Contracts in the amounts (the "Cure Amounts") set forth in Exhibit 4 to this Sale Order (the "Cure Schedule"). Except as set forth herein, the Cure Amounts set forth in the Cure Schedule shall be deemed the entire cure obligation of the Debtors due and owing under section 365 of the Bankruptcy Code. Any non-debtor party to an Assigned Contract is barred, enjoined and prohibited from asserting any claim against the Debtors or their property or estates other than the Cure Amount with respect to such Assigned Contract or from offsetting, seeking to offset, recoup, deduct or set-off any claims such party may have against the Debtors from any amounts that may be or may become due in the future to the Purchaser under such Assigned Contract. With respect to Cure Amounts, the Debtors shall pay an aggregate amount equal to the lesser of (a) the Cure Amounts and (b) (i) $300,000, plus (ii) to the extent the Cure Amounts under such Assigned Contracts exceed the amounts previously agreed by the Debtors and the Purchaser with respect to such Assigned Contracts, an amount equal to fifty percent of such excess, and, at their election, may pay such additional Cure Amounts as provided in Section 12.3(l) of the Purchase Agreement.

32. The failure of the Debtors or the Purchaser to enforce at any time one or more terms or conditions of any Assigned Contract shall not be a waiver of such terms or conditions, or of the Debtors' or the Purchaser's right to enforce every term and condition of the Assigned Contracts.

33. The Purchaser has demonstrated adequate assurance of future performance with respect to all Assigned Contracts. The proposed assumption and assignment of the Assigned Contracts satisfies the requirements of the Bankruptcy Code including, *inter alia*, sections 365(b)(1) and (3) and 365(f) of the Bankruptcy Code to the extent applicable.

34. All parties to the Assigned Contracts are forever barred and enjoined from raising or asserting against the Purchaser, the Purchaser's affiliates, the Acquired Assets, or the Debtors any assignment fee, default or breach under or any claim or pecuniary loss or condition to assignment, arising under or related to, the Assigned Contracts existing as of the Closing or arising by reason of the Closing.

35. The Assigned Contracts, upon assignment to the Purchaser, shall be deemed valid and binding, in full force and effect in accordance with their terms, subject to the provisions of this Sale Order and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability thereunder.

36. Any provision in any Assigned Contract that purports to declare a breach, default or payment right as a result of an assignment or a change of control in respect of the Debtors is unenforceable and is hereby nullified with respect to the sale and assignments authorized by this Sale Order, and all Assigned Contracts shall remain in full force and effect, subject only to payment of the appropriate Cure Amounts, if any. No sections or provisions of any Assigned Contract that purport to provide for additional payments, penalties, charges or other financial accommodations in favor of the non-debtor third party to the Assigned Contracts or restrict use of the premises which are demised by an Assigned Contract to a specific named tenant or business shall have any force and effect with respect to the sale and assignments authorized by this Sale Order, and such provisions constitute unenforceable anti-assignment provisions under

Section 365(f) of the Bankruptcy Code and/or are otherwise unenforceable under Section 365(e) of the Bankruptcy Code.

37. Any party having the right to consent to the assumption and assignment of an Assigned Contract that failed to object to such assumption and assignment is deemed to have consented to such assumption and assignment as required by Section 365(c) of the Bankruptcy Code. The Purchaser shall enjoy all of the rights and benefits under each such Assigned Contract as of the applicable date of assumption and assignment without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

38. Upon assignment, the Purchaser, its successors and assigns shall have the express right to exercise any and all unexercised extension options, renewal options and/or non-disturbance rights or protections, notwithstanding any language in the Assigned Contracts making the exercise of such rights personal to any party or limiting the exercise of such rights only to an assignee who is an affiliate of the original named party under such Assigned Contract or an entity that acquires all or substantially all of the assets of the original named party to such Assigned Contract. Upon assignment, the Purchaser shall exercise said rights consistent with the terms of any such Assigned Contract.

39. The executory contracts listed on Exhibit 3 attached hereto are hereby rejected. Counterparties to such executory contracts shall be required to file a rejection damages claim, if any, by 30 days after entry of this Order. Nothing in this Order shall impair the Debtors ability to reject executory contracts pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on April 28, 2009 [Docket No. 126], which order remains in full force and effect.

40. The Purchaser is a good faith purchaser entitled to the benefits and protections afforded by Section 363(m) of the Bankruptcy Code (including with respect to the transfer of the Assigned Contracts assigned as part of the Sale of the Acquired Assets pursuant to Section 365 of the Bankruptcy Code and this Sale Order); accordingly, the reversal, modification on appeal or vacatur by subsequent order of the Court of the authorization provided herein to consummate the Sale of the Acquired Assets shall not affect the validity of the Sale of the Acquired Assets to the Purchaser (including with respect to the transfer of the Assigned Contracts assigned as part of the Sale of the Acquired Assets pursuant to Section 365 of the Bankruptcy Code and this Sale Order).

41. The consideration provided by the Purchaser for the Acquired Assets under the Purchase Agreement is fair and reasonable and shall be deemed for all purposes to constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and any other applicable law, and the Sale may not be avoided under Section 363(n) of the Bankruptcy Code.

42. With respect to the transactions consummated pursuant to this Sale Order, this Sale Order shall be sufficient evidence of the transfer of title to the Purchaser, and the Sale consummated pursuant to this Sale Order shall be binding upon and shall govern the acts of all persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the property sold pursuant to this Sale Order, including, without limitation, all foreign affiliates and foreign receivers, filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, administrative agencies, governmental departments, secretaries of state and

federal, state and local officials, and each of such persons and entities is hereby directed to accept this Sale Order as sole and sufficient evidence of such transfer of title and shall rely upon this Sale Order in consummating the transactions contemplated hereby.

43. This Court shall retain exclusive jurisdiction to interpret and enforce the provisions of the Purchase Agreement, the Bid Procedures Order and this Sale Order in all respects and further to hear and determine any and all disputes between the Debtors and/or the Purchaser, as the case may be, and any non-debtors party to, among other things, any Assigned Contracts; *provided, however*, that in the event the Court abstains from exercising or declines to exercise such jurisdiction or is without jurisdiction with respect to the Purchase Agreement, the Bid Procedures Order and this Sale Order, such abstention, refusal or lack of jurisdiction shall have no effect upon, and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

44. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, in accordance with the terms thereof without further order of the Court; provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

45. From and after the date hereof, each Debtor and the Purchaser shall act in accordance with the terms of the Purchase Agreement and each Debtor and the Purchaser, to the extent it already has not done so, shall execute any Sale Document at or prior to Closing.

46. The failure specifically to include any particular provisions of the Purchase Agreement, the Sale Documents or any related agreements in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court, the Debtors and the

Purchaser that the Purchase Agreement, the Sale Documents and any related agreements are authorized and approved in their entirety with such amendments thereto as may be made by the parties in accordance with the Sale Order prior to Closing.

47. To the extent of any inconsistency between the provisions of this Sale Order and the Purchase Agreement, or any documents executed in connection therewith, the provisions contained in this Sale Order shall govern and control.

48. The provisions of this Sale Order are nonseverable and mutually dependent.

49. This Sale Order shall inure to the benefit of the Purchaser, the Debtors and their respective successors and assigns, including, but not limited to, any chapter 11 or chapter 7 trustee that may be appointed in the Debtors' cases and shall be binding upon any trustee, party, entity or fiduciary that may be appointed in connection with these cases or any other or further case involving the Debtors, whether under chapter 7 or chapter 11 of the Bankruptcy Code.

50. Nothing in any order of this Court or contained in any plan of reorganization or liquidation confirmed in these Chapter 11 Cases, or in any subsequent or converted cases of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code, shall conflict with or derogate from the provisions of the Purchase Agreement or the terms of this Sale Order. The provisions of this Sale Order and any actions taken pursuant hereto shall survive the entry of any order which may be entered confirming any chapter 11 plan of the Debtors, converting the Debtors' cases from chapter 11 to cases under chapter 7 of the Bankruptcy Code or dismissing the Debtors' Chapter 11 Cases.

51. The transactions contemplated by the Purchase Agreement shall be exempt from any so-called "bulk-sale" law (including without limitation, 35 Ill. Comp. Stat. 5/902(d) and 35

Ill. Comp. Stat. 120/5j) in all necessary jurisdictions arising as a result of or in connection with the Debtors' Sale and transfer of the Acquired Assets to the Purchaser.

52. The Debtors shall not transfer to the Purchaser "personally identifiable information" as such term is defined in section 101(41A) of the Bankruptcy Code, if such transfer violates a disclosed privacy policy described in Bankruptcy Code Section 363(b).

53. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

54. This Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing, and the stay of (i) orders authorizing the sale, use or lease of property of the estate, as set forth in Bankruptcy Rule 6004(h); (ii) orders authorizing the assignment of an executory contract or unexpired lease, as set forth in Bankruptcy Rule 6006(d); and (iii) proceedings to enforce a judgment, as set forth in Bankruptcy Rule 7062, or otherwise shall not apply to this Sale Order.

55. The Debtors are authorized to close the Sale immediately upon entry of this Sale Order.

56.

Dated: _____ __, 2009
Wilmington, Delaware

_____
CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Purchase Agreement

Exhibit 2

Assigned Contracts
(as of Entry of Sale Order)

Exhibit 3

Rejected Contracts
(as of Entry of Sale Order)

Exhibit 4

Cure Schedule

EXHIBIT B

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

By and Among

SUN-TIMES MEDIA GROUP, INC.
AND THE SELLER SUBSIDIARIES

AS SELLERS

And

STMG HOLDINGS, LLC

AS BUYER

Dated as of September 8, 2009

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Schedule 9.3	Assumed Benefit Plans

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "***Agreement***"), dated as of September 8, 2009, is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***") and the Seller Subsidiaries listed on the signature page hereto (individually "***Seller Subsidiary***" and collectively the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Sellers***") and STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"). Buyer and Sellers are sometimes referred to in this Agreement, individually as a "***Party***" and collectively as the "***Parties***". Capitalized terms used in this Agreement are defined or cross-referenced in Article 16.

BACKGROUND INFORMATION

WHEREAS, Seller and the Seller Subsidiaries own, license and lease assets used in the operation of the Business;

WHEREAS, on March 31, 2009 (the "***Petition Date***"), Seller and certain of its Affiliates, including Seller Subsidiaries, filed voluntary petitions for relief under the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Buyer (or a Buyer Designee) desires to purchase from Sellers, and Sellers desire to sell to Buyer, or in Buyer's sole discretion, to one or more Buyer Designees, the Acquired Assets, in a sale authorized by the Bankruptcy Court pursuant to, *inter alia*, Sections 105, 363, and 365 of the Bankruptcy Code;

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Buyer also desires to assume, and Sellers desire to assign and transfer to Buyer, or in Buyer's sole discretion, to one or more Buyer Designees, the Assumed Liabilities;

WHEREAS, Buyer and Sellers desire to enter into this Agreement providing for the purchase by Buyer (or a Buyer Designee) and sale by Sellers of the Acquired Assets and the assumption by Buyer (or a Buyer Designee) of the Assumed Liabilities;

WHEREAS, the board of directors of each of the Sellers has approved this Agreement and the transactions contemplated hereby (including the purchase and sale of the Acquired Assets and the assumption by Buyer (or a Buyer Designee) of the Assumed Liabilities) upon the terms and conditions set forth in this Agreement and in accordance with the Delaware General Corporation Law (the "***Delaware Corporation Law***"); and

WHEREAS, the board of managers of Buyer has (and the board of directors or board of managers of any Buyer Designee will have prior to Closing) approved this Agreement and the transactions contemplated hereby (including the purchase and sale of the Acquired Assets and the assumption by Buyer or such Buyer Designee of the Assumed Liabilities) upon the terms and conditions set forth in this Agreement and in accordance with the Delaware Limited Liability Company Act (the "***Delaware LLC Act***").

NOW, THEREFORE, in consideration of the foregoing and their respective representations, warranties, covenants and undertakings herein contained, and intending to be legally bound, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF THE ACQUIRED ASSETS

1.1 Transfer of Acquired Assets. At, and effective as of, the Closing, and subject to the terms and conditions set forth in this Agreement (including Sections 1.5 and 1.6) and in reliance on the representations and warranties contained herein, Sellers shall sell, assign, transfer, and convey to Buyer (or a Buyer Designee), and Buyer (or a Buyer Designee) shall purchase and accept from Seller (or the applicable Seller Subsidiary), at Closing, all of Seller's (or the applicable Seller Subsidiary's) right, title and interest in, to and under all the Acquired Assets, free and clear of all Liens, Claims and Interests, other than Transferred Liens, to the extent provided by the Bankruptcy Code (including Sections 105 and 363(f) thereof) or by order of the Bankruptcy Court (including the Sale Order). For purposes of this Agreement, "***Acquired Assets***" means all of the properties, assets, interests, goodwill and rights of Seller and the Seller Subsidiaries, and all assets used in the Business, including the following, but specifically excluding in all cases the Excluded Assets:

(a) the real property owned by Seller and the Seller Subsidiaries, together with any Improvements erected thereon owned by Seller and the Seller Subsidiaries (collectively, the "***Owned Real Property***") other than any Owned Real Property that is Excluded Real Property, if any (the "***Purchased Owned Real Property***");

(b) all of Seller's and the Seller Subsidiaries' rights under (i) leases of real property listed on Schedule 1.1(b), if any ("***Real Property Leases***"), other than Real Property Leases that are Excluded Real Property (the "***Assumed Real Property Leases***") and (ii) licenses of real property, easements and other executory agreements for the right to use, access or occupy real property listed on Schedule 1.1(b), if any ("***Real Property Licenses***") other than Real Property Licenses that are Excluded Real Property (the "***Assumed Real Property Licenses***") (such real property in clauses (i) and (ii) collectively, the "***Assumed Leased Real Property***," and, together with the Purchased Owned Real Property, the "***Transferred Real Property***");

(c) all of Seller's and the Seller Subsidiaries' (i) owned or leased machinery, furniture, fixtures, equipment (including without limitation printing presses, trucks and vehicles), including Seller's and the Seller Subsidiaries' interest in shared systems and facilities, wherever located or in the possession of third parties (the "***Equipment***") and (ii) rights, to the extent transferable, to the warranties and licenses received from manufacturers and sellers of the Equipment;

(d) the Computer Hardware owned by Seller and the Seller Subsidiaries or which Seller or the Seller Subsidiaries have a valid right to use;

(e) the Computer Software owned by Seller and the Seller Subsidiaries or which Seller or the Seller Subsidiaries have a valid right to use;

(f) all other tangible personal property and interests therein owned by Seller and the

Seller Subsidiaries (or which they have a legal right to use) (specifically excluding Equipment, Computer Hardware, Computer Software, and Inventory, which are the subject of Sections 1.1(c), 1.1(d), 1.1(e) and 1.1(k)), including all equipment, furniture and furnishings of Seller and the Seller Subsidiaries that are owned by Seller or any of the Seller Subsidiaries or that Seller or any of the Seller Subsidiaries have a valid leasehold interest in or other valid right to use;

(g) all of Seller's and the Seller Subsidiaries' rights under sales orders, subscription agreements, service agreements, advertising agreements or other similar Contracts entered into with customers, excluding in all cases the Excluded Contracts;

(h) all of Seller's and the Seller Subsidiaries' rights under outstanding purchase orders or other similar Contracts entered into with suppliers, excluding in all cases the Excluded Contracts;

(i) all of Seller's and the Seller Subsidiaries' rights under agreements or licenses related to the Intellectual Property, excluding in all cases the Excluded Contracts ("***Assumed IP Licenses***");

(j) all of Seller's and the Seller Subsidiaries' rights under any other Contracts, excluding in all cases the Excluded Contracts;

(k) all (i) newsprint, ink, supplies, materials, raw materials, spare parts and other inventory owned by Seller and the Seller Subsidiaries on the Closing Date (the "***Inventory***") and (ii) rights of Seller and the Seller Subsidiaries, to the extent transferable, to the warranties received from suppliers with respect to such Inventory;

(l) all short term notes receivable, accounts receivable, accounts receivable-barter and other receivables of Seller and the Seller Subsidiaries as of the Closing Date (including any receivables related to the ABC circulation litigation, to the extent assignable), other than Cash and long term notes receivable and other receivables referenced in Section 1.2(b) and Section 1.2(t) (the "***Receivables***");

(m) all Intellectual Property of Seller and the Seller Subsidiaries, and all rights of Seller and the Seller Subsidiaries to or to use any of the foregoing (together with Assumed IP Licenses, "***Transferred Intellectual Property***"), including all right, title and interest in and to the tradenames and related trademarks for "Chicago Sun-Times", "Pioneer Press", "Southtown Star", "Post-Tribune", "Herald News", "Courier News", "Beacon News", "Naperville Sun" and "Lake County News Sun" and all additional tradenames of Seller and the Seller Subsidiaries.

(n) all credits, prepaid expenses, deferred charges, advance payments and prepaid items of Seller and the Seller Subsidiaries, but excluding the same to the extent the same are or relate to Excluded Assets and, in any case, only to the extent assignable (the "***Prepaid Items***");

(o) all rights of Seller and the Seller Subsidiaries in and to products sold (including products returned after the Closing Date) in the operation of the Business;

(p) copies of all Business Records;

(q) all of Sellers' libraries and collections, including all clippings, photographs (negatives and positives), videotapes, compact discs, files of back issues, and microfilm, microfiche and electronic reproductions of back issues (the "***Libraries***");

(r) to the extent transferable, all rights of Seller's and the Seller Subsidiaries' rights under the Permits, but excluding Permits that are Excluded Assets (the "***Transferred Permits***");

(s) all other properties, assets, goodwill and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned by Seller and the Seller Subsidiaries as of the Closing Date;

(t) all assets to be acquired by Buyer pursuant to Article 9 and all assets, if any, held under or with respect to any Employee Benefit Plan, if any, assumed by Buyer pursuant to Article 9;

(u) all rights of Seller and Seller Subsidiaries under non-disclosure, confidentiality, non-compete, non-solicitation, works for hire and invention agreements with current employees, former employees, current or former directors, consultants, independent contractors, or third parties to the extent related to the Business or the Acquired Assets, in each case, only to the extent such agreement may be legally transferred to Buyer without the removal of any Legal Impediment or the obtaining of any Consent (it being acknowledged and agreed that, notwithstanding anything herein to the contrary, Sellers shall have no obligation to remove any such Legal Impediment or obtain any such Consent);

(v) the insurance policies of Seller and/or the Seller Subsidiaries listed on Schedule 1.1(v) (the "***Assumed Insurance Policies***") and, to the extent relating to other Acquired Assets, all claims, refunds, security deposits, letters of credit, cash or cash collateral to obtain or maintain letters of credit, adjustment proceeds and other rights and benefits under such Assumed Insurance Policies;

(w) cash or cash equivalents, but only in an amount (if any) by which the amount determined pursuant to Section 3.3(b) is less than $0 (the "***Acquired Cash***");

(x) refunds, credits, and other Claims solely to the extent related to the Taxes assumed by Buyer pursuant to Section 1.3(e) of this Agreement (the "***Acquired Refunds***");

(y) all rights to recovery of Seller and the Seller Subsidiaries to any security deposits (including security deposits relating to BCBS and Mid American), escrow deposits and cash collateral, including cash collateral given to obtain or maintain letters of credit, and cash drawn or paid on letters of credit ("***Restricted Cash***"), in each case delivered by Seller or any Seller Subsidiary pursuant to, or otherwise securing any of Seller's or any Seller Subsidiaries liabilities or obligations under, any of the Assigned Contracts to the extent such Assigned Contract is or becomes and remains in accordance with the terms hereof an Acquired Asset ("***Acquired Restricted Cash***");

(z) all Bankruptcy Claims against any Transferred Employee or any supplier of Seller or any Seller Subsidiary relating to the Acquired Assets (the "***Acquired Bankruptcy Claims***"); and

(aa) all lockbox accounts of Seller or any Seller Subsidiary.

Notwithstanding anything in this Agreement to the contrary, Sellers shall not be obligated to assign, transfer, or convey (or cause to be assigned, transferred, or conveyed) to Buyer (or any Buyer Designee) (i) any Delayed Acquired Asset or Delayed Assumed Liability until such time as all Legal Impediments are removed and/or all Consents necessary for the legal transfer and/or assumption thereof are obtained or delivered in respect of such Delayed Acquired Asset or Delayed Assumed Liability, as applicable or (ii) any Executory Contract unless and until such Executory Contract shall have been designated (or deemed designated) as an Assigned Contract pursuant to Section 1.5(b). Each of the Parties agrees that the Delayed Acquired Assets shall be assigned, transferred, and conveyed, and any Delayed Acquired Liabilities shall be assumed, in accordance with the provisions of Section 1.6. Following such assignment, transfer, and conveyance of any Delayed Acquired Asset, or the assumption of any Delayed Assumed Liability, the applicable Delayed Acquired Asset or Delayed Assumed Liability shall be treated for all purposes of this Agreement as an "Acquired Asset" or as an "Assumed Liability," as the case may be, and for all purposes hereof, unless otherwise waived in writing by Buyer or the applicable Buyer Designee, "Acquired Assets" shall not include any Delayed Acquired Asset and "Assumed Liabilities" shall not include any "Delayed Assumed Liability" until the Legal Impediments are removed and/or all Consents necessary for the legal transfer and/or assumption thereof are obtained or delivered in respect of such Delayed Acquired Asset or Delayed Assumed Liability.

1.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement (including Section 1.1), the Acquired Assets do not include (i) any right, property, interest or asset whatsoever of any Non-Seller Subsidiary or (ii) any right, property, interest or asset of Seller or any Seller Subsidiary listed or described in this Section 1.2 (all such rights, properties, interests and assets not being acquired by Buyer are herein referred to as the "***Excluded Assets***"):

(a) all cash and cash equivalents, marketable securities, commercial paper, checks in transit, deposited but uncleared checks, undeposited checks and Restricted Cash of Seller and the Seller Subsidiaries (including any of the foregoing held in any lockbox account included in the Acquired Assets as of the Adjustment Calculation Time), other than the Acquired Cash and the Acquired Restricted Cash ("***Cash***");

(b) all long term notes receivables;

(c) Prepaid Items related to any other Excluded Asset or any Excluded Liability, including prepaid legal;

(d) the Owned Real Property, Real Property Leases and Real Property Licenses set forth on Schedule 1.2(d), which Schedule 1.2(d) shall be amended in accordance with Section 1.5 (the "***Excluded Real Property***");

(e) all Retained Books and Records;

(f) all assets to be retained by Seller or the Seller Subsidiaries pursuant to Article 9 and all assets, if any, held under or with respect to any Employee Benefit Plan not assumed by Buyer pursuant to Article 9;

(g) all rights, Claims, interests and benefits of Seller and the Seller Subsidiaries under any divestiture, acquisition or settlement agreement or arising from or related to the transactions or disputes effectuated by or giving rise to such agreement;

(h) all insurance policies of Seller and the Seller Subsidiaries and all Claims, refunds, adjustments, proceeds and recoveries, and any other rights and benefits, under such policies, other than the Assigned Insurance Policies and also other than insurance proceeds to which Buyer may be entitled pursuant to Section 6.7;

(i) all Claims, refunds, adjustments, proceeds and recoveries, and any other rights of and benefits to, Seller and the Seller Subsidiaries under or with respect to (i) any Excluded Asset and (ii) any proceeding before any Government relating to the period prior to the Closing;

(j) every asset (other than Owned Real Property) of Seller and the Seller Subsidiaries that would constitute an Acquired Asset (if owned by Seller and the Seller Subsidiaries immediately prior to the Closing) that is conveyed or otherwise disposed of during the period from the date hereof until the Closing Date either (i) in the Ordinary Course of Business or (ii) as otherwise permitted by the terms of this Agreement;

(k) other than Acquired Refunds, all losses, loss carry forwards and rights to receive refunds, credits, Claims, refunds and credits from net operating loss carry backs, in all cases, with respect to any and all Taxes, of Seller and the Seller Subsidiaries incurred or accrued on or prior to the Closing Date (or for periods (including partial periods) ending on or prior to the Closing Date), including interest receivable with respect to any of the foregoing and including any tax allocations or tax sharing agreements or similar agreements (all of which shall be Excluded Contracts);

(l) except for the Acquired Bankruptcy Claims, all Bankruptcy Claims and other Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries arising out of or relating in any way to the Chapter 11 Case or any of the transactions contemplated thereby or entered into as a consequence thereof, including any claims (as defined in Section 101(5) of the Bankruptcy Code) filed, scheduled or otherwise arising in the Chapter 11 Case;

(m) all shares of capital stock or other equity interests issued by Seller and the Seller Subsidiaries;

(n) all Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries arising under this Agreement and the Ancillary Agreements, including rights of Seller to the Deposit under and in accordance with this Agreement and the Escrow Agreement;

(o) all Restricted Cash, other than Acquired Restricted Cash;

(p) to the extent they relate to either Excluded Liabilities or Excluded Assets, all Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries, whether arising out of events occurring prior to, on or after the Closing Date, including rights under or pursuant to all warranties, representations, indemnities, agreements to hold harmless and guarantees made by suppliers, manufacturers and contractors;

(q) all Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries relating to litigation or arbitration or other proceedings with directors, officers, stockholders or other Related Persons of Seller or any of its Subsidiaries or former directors, officers, stockholders or other Related Persons of Seller or any of its Subsidiaries, including those matters described in Item 3 of Part I of Seller's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and any similar or related matters (whether or not asserted prior to the Closing Date), including all Claims and other rights of, and benefits to, Seller and the Seller Subsidiaries arising from or related to the Delaware Litigation Escrow;

(r) all Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries against or with respect to any director, officer, stockholder or other Related Person of, or any former director, officer, stockholder or other Related Person of, Seller or any of its Subsidiaries, including any Claims or other rights of, or benefits to, Seller and the Seller Subsidiaries against any such Person or any third party for indemnification, contribution, subrogation or reimbursement for expenses advanced or indemnification provided to any director, officer, stockholder or other Related Person of, or any former director, officer, stockholder or other Related Person of, Seller or any of its Subsidiaries;

(s) all Claims or other rights of, or benefits to, Seller or the Seller Subsidiaries relating to any litigation, arbitration or other proceeding involving Seller or any of its Subsidiaries pending, threatened, adjudicated, settled or instituted prior to or as of the Closing Date, except to the extent related to any Acquired Assets;

(t) all intercompany Receivables of Seller or any of its Subsidiaries from Seller or any Seller Subsidiary or its Affiliates;

(u) all bank accounts (other than lockbox accounts) of Seller and its Affiliates;

(v) all assets set forth on Schedule 1.2(v) (it being agreed that Sellers shall use their commercially reasonable efforts to transition the activities related to the Acquired Assets that are currently conducted on the Great Plains server described on Schedule 1.2(v) to an Oracle system prior to Closing).

(w) the Contracts (including agreements or licenses related to Intellectual Property) and Permits set forth on Schedule 1.2(w), which Schedule 1.2(w) shall be amended in accordance with Section 1.5 (the "***Excluded Contracts***") and all rights under the Excluded Contracts; and

(x) all rights of Seller or any Seller Subsidiary in the domain name www.thesuntimesgroup.com (it being agreed that Sellers shall use their commercially reasonable efforts to, as soon as practicable after Closing, change the name of such domain name so that it does not include any of the trademarks or trade names included in the Transferred Intellectual Property owned by Seller or the Seller Subsidiaries and to delete from such website information not relevant to the administration of the Chapter 11 Case and/or the wind-down of Sellers' business after the Closing).

1.3 Assumption of Assumed Liabilities. At, and effective as of, the Closing, Seller shall assign, transfer, and convey (or shall cause the Seller Subsidiaries to assign, transfer, and

convey) to Buyer (or a Buyer Designee), and Buyer shall (or shall cause a Buyer Designee to) assume and, if applicable, comply with only the Assumed Liabilities in accordance with their respective terms. For the purposes of this Agreement, "***Assumed Liabilities***" shall mean only the following obligations, liabilities and commitments of Seller and the Seller Subsidiaries:

(a) all liabilities and obligations of Seller and the Seller Subsidiaries under the Assigned Contracts, along with all Cure Costs related thereto (other than the Seller Cure Cost Obligations but only to the extent the same have not reduced the payment to Seller pursuant to Section 3.3(b));

(b) all accounts payable-barter in effect on the Closing Date;

(c) all liabilities and obligations of the Seller and Seller Subsidiaries under the Transferred Permits for periods arising on or after the Closing Date;

(d) all liabilities and obligations assumed by Buyer pursuant to Article 9 and all liabilities and obligations under or with respect to any Employee Benefit Plan assumed by Buyer pursuant to Article 9;

(e) (i) all liabilities and obligations of Seller and the Seller Subsidiaries for (A) personal and real property Taxes and assessments relating to the Transferred Real Property to the extent they are installments that otherwise first become due and payable on or after the Closing Date, (B) Taxes relating to the Acquired Assets for taxable periods beginning on or after the Closing or (C) sales and use Taxes with respect to the Acquired Assets for the taxable period in which the Closing Date occurs and (ii) 50% of Transaction Taxes as provided in Section 11.1;

(f) all liabilities and obligations assumed by or agreed to be performed by Buyer or any of its Affiliates pursuant to this Agreement and the Ancillary Agreements;

(g) all accrued liabilities and obligations of Seller or the applicable Seller Subsidiary related to (i) solicitors and (ii) newspapers in education;

(h) all liabilities and obligations to the extent relating to or arising from the operation of the Business or the ownership of the Acquired Assets on and following the Closing Date;

(i) all Deferred Revenue Obligations and long term subscription obligations;

(j) liabilities for vacation pay for Transferred Employees to the extent arising from employment prior to the Petition Date, but in the case of this clause (j) only to the extent such liability for vacation pay would constitute a priority claim under Section 507 of the Bankruptcy Code if not assumed (the "***Pre-Petition Vacation Obligations***");

(k) liabilities for vacation pay for Transferred Employees to the extent arising from employment on and after the Petition Date (the "***Post-Petition Vacation Obligations***" and together with the Pre-Petition Vacation Obligations, collectively the "***Vacation Obligations***");

(l) accrued but unpaid salary, hourly pay, commissions and other payroll obligations, including payroll taxes with respect thereto, as of the Adjustment Calculation Time with respect

to Transferred Employees (the "***Payroll Obligations***"), but only to the extent included in the Closing Net Working Capital;

(m) moving expenses incurred after the Closing with respect to the Plainfield Real Property, unless the Plainfield Real Property becomes Excluded Real Property;

(n) [Reserved];

(o) all liabilities and obligations of Seller and the Seller Subsidiaries in respect of the Transferred Liens; and

(p) all liabilities and obligations under the Amended Union Contracts.

Notwithstanding anything to the contrary in this Agreement, the Parties hereby acknowledge and agree that, subject to applicable Law, Buyer (or the applicable Buyer Designee) may satisfy the Vacation Obligations assumed by it with respect to any Transferred Employee by providing such Transferred Employee with a bank of accrued vacation days equal to the number of days of unpaid vacation for such Transferred Employee comprising the Vacation Obligations.

1.4 Excluded Liabilities. Seller and the Seller Subsidiaries shall retain (i) all obligations and liabilities whatsoever of the Non-Seller Subsidiaries and (ii) all obligations and liabilities of Seller and the Seller Subsidiaries to the extent arising out of or relating to the Acquired Assets, the Business or the operation of the Business prior to the Closing Date, including the following obligations and liabilities, but excluding only Assumed Liabilities (collectively, the "***Excluded Liabilities***"):

(a) all obligations and liabilities relating to or arising, whether before, on or after the Closing Date, out of or in connection with or related to any of the Excluded Assets or Excluded Contracts or any Excluded Real Property;

(b) except for obligations and liabilities under or with respect to the Assumed Benefit Plans and the Amended Union Contracts, all obligations and liabilities under or with respect to any collective bargaining agreements or other contracts with any Union of Seller or any Seller Subsidiary in existence on the date hereof or any former or prior Union agreements or other contracts, including without limitation any multi-employer pension benefit withdrawal liability, and all obligations and liabilities under or with respect to any Employee Benefit Plan of Seller or any Seller Subsidiary or maintained by, sponsored by, or contributed to by Seller or any Seller Subsidiary;

(c) all obligations and liabilities of Seller and the Seller Subsidiaries under any divestiture, acquisition or settlement agreement, or arising from or related to the transactions or disputes effectuated by or giving rise to such agreement;

(d) all obligations and liabilities agreed to be performed by Seller and the Seller Subsidiaries pursuant to this Agreement or any Ancillary Agreement;

(e) all obligations and liabilities of Seller and the Seller Subsidiaries in respect of or

related to workers compensation claims or automobile claims pending or threatened or for injuries first occurring prior to the Closing;

(f) all obligations and liabilities of Seller and the Seller Subsidiaries relating to litigation or arbitration or other proceedings with, or to indemnify or advance expenses to, directors, officers, stockholders or other Related Persons of Seller or any of its Subsidiaries or former directors, officers, stockholders or other Related Persons of Seller or any of its Subsidiaries, including those matters described in Item 3 of Part I of Seller's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and any similar or related matters (whether or not asserted prior to the Closing Date or arising after the Closing date with respect to events occurring prior to the Closing);

(g) all obligations and liabilities relating to any litigation, arbitration or other proceeding involving Seller and the Seller Subsidiaries pending, threatened, adjudicated, settled or instituted prior to or as of the Closing Date, except to the extent included as part of the Acquired Assets;

(h) all accounts payable and accrued liabilities not referred to in Section 1.3;

(i) except for Taxes specifically assumed in Section 1.3(e), all liabilities with respect to any (A) Taxes arising in connection with the Business, the Acquired Assets or the Assumed Liabilities and that are attributable to a pre-Closing Tax Period (including any liabilities to the Internal Revenue Service based upon audits of prior periods), and (B) other Taxes of Seller or any Seller Subsidiary, including as such Taxes may arise for Seller or any Seller Subsidiary as a result of being a member of a consolidated tax group;

(j) all obligations and liabilities of Seller and the Seller Subsidiaries with respect to intercompany accounts payable or accrued liabilities to Seller or any Seller Subsidiary, or any of their respective Affiliates in the amounts in existence as of the Adjustment Calculation Time;

(k) all obligations and liabilities of Seller and the Seller Subsidiaries in respect of indebtedness for borrowed money;

(l) all obligations and liabilities of Seller and the Seller Subsidiaries in respect of management fees or similar fees payable to former stockholders of Seller or its Affiliates;

(m) those liabilities of Seller and the Seller Subsidiaries listed on Schedule 1.4(m);

(n) except as expressly provided in Section 1.3(j), Section 1.3(k), Section 1.3(l) and/or Article 9, liabilities for any salary, wages, bonuses, commissions, other compensation, payroll taxes, accrued vacation pay, final compensation, or the employee benefits accrued as of the Closing Date and any liabilities arising out of any pension, profit sharing or other employee retirement or benefit plan maintained or sponsored by or contributed to by Seller or any Seller Subsidiary or any of their Affiliates;

(o) all liabilities of Sellers for libel claims pending, threatened or arising out of the operation of the Business prior to the Closing Date;

(p) any liabilities arising from the operation of any successor liability laws or regulations, including without limitation under the NLRA or under "bulk sales" statutes, to the extent that noncompliance therewith or the failure to obtain the necessary clearances would subject Buyer or the Acquired Assets to the claims of any creditors of Sellers or would subject any of the Acquired Assets to any Liens, Claims or Interests or other restrictions, other than Transferred Liens, that are not released by the operation of the Bankruptcy Code (including Sections 105 and 363(f) thereof) or by order of the Bankruptcy Court (including the Sale Order);

(q) all obligations and liabilities of Seller and the Seller Subsidiaries (A) associated with noncompliance with Environmental Laws (including for fines, penalties, damages and remedies) prior to the Closing; (B) arising out of or relating to the off-site transportation, off-site storage or off-site disposal, in each case prior to the Closing, of any Hazardous Materials generated or located at any Real Property owned or leased by Sellers, whether or not transferred to Buyer (or a Buyer Designee); (C) arising out of or relating to employee or third-party Claims for bodily injury or property damage, in each case occurring prior to the Closing, related to Hazardous Materials that were or are located at or that migrated to or may migrate from any Real Property owned or leased by Sellers, whether or not such Real Property is being transferred to Buyer (or a Buyer Designee); (D) arising under Environmental Laws related to the Excluded Real Property; or (E) for Environmental Liabilities with respect to real property formerly owned, operated or leased by Sellers (prior to the Closing);

(r) all liabilities of Sellers for (A) costs and expenses relating to the preparation, negotiation and entry into this Agreement and the Ancillary Agreements (and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements), (B) administrative fees, professional fees and all other expenses under the Bankruptcy Code and (C) all other fees and expenses associated with the administration of the Bankruptcy Cases.

1.5 Assigned Contracts and Excluded Contracts.

(a) Prior to the earlier of (i) October 27, 2009 and (ii) the date of the hearing by the Bankruptcy Court for entry of the Sale Order (the "***Sale Hearing***"), Buyer may designate in a writing delivered to Seller any Owned Real Property, Assumed Real Property Leases or Assumed Real Property Licenses otherwise included as Acquired Assets to be Excluded Real Property for all purposes of this Agreement and, upon such designation, Schedule 1.1(b) and Schedule 1.2(d) shall automatically be deemed amended, as applicable, to reflect such designation. To the extent Buyer designates any Assumed Real Property Leases or Assumed Real Property Licenses as Excluded Real Property, the Sale Order shall provide for rejection of such leases or licenses; provided that, at the time of such designation, Buyer may request, by written notice to Seller, that Seller delay the effective date of such rejection until October 27, 2009, or, if Buyer has delivered to Seller the consent of the applicable lessor or licensor to such Assumed Real Property Lease or Assumed Real Property License to extend the date for assumption or rejection of such Assumed Real Property Lease or Assumed Real Property License to a later date, such later date (the "***Rejection Period***"), and, during the Rejection Period, Buyer may, by delivering written notice thereof to Seller and with the consent of the counterparty to such Real Property Lease or Real Property License (or, at the sole expense of Buyer, further order of the Bankruptcy Court), re-designate such Real Property Lease or Real Property License as an Acquired Asset, in which case Schedule 1.1(b) and Schedule 1.2(d) shall

be deemed automatically amended to reflect such re-designation. Promptly after entry of the Bid Procedures Order, Seller shall provide written notice to the lessors and licensors party to the Assumed Real Property Leases and Assumed Real Property Licenses that such Assumed Real Property Leases and Assumed Real Property Licenses are Acquired Assets for purposes of this Agreement, but that Buyer has the option of designating such Assumed Real Property Leases and Assumed Real Property Licenses as Excluded Assets for purposes of this Agreement and, if such designation is made, such Assumed Real Property Leases and Assumed Real Property Licenses will be rejected by Seller and the Seller Subsidiaries. In the event that (x) any Assumed Real Property Lease or Assumed Real Property License is designated in writing by Buyer to be an Excluded Asset or (y) the Closing Date has not occurred prior to the expiration of the Rejection Period with respect to such Assumed Real Property Lease or Assumed Real Property License, Buyer agrees that Seller may, without breach of any representation, warranty, covenant or agreement in this Agreement and without giving rise to any Material Adverse Effect, reject such Assumed Real Property Lease or Assumed Real Property License or such lease or license may be rejected by operation of law. If the effective date of rejection of any Real Property Lease or Real Property License is delayed pursuant to the second sentence of this Section 1.5(a), then Buyer shall pay and be solely responsible for all liabilities and obligations under such Real Property Lease or Real Property License accruing from and after the Closing Date until the effective date of rejection of such Real Property Lease or Real Property License (or, if such Real Property Lease or Real Property License is re-designated as an Acquired Asset pursuant to this Section 1.5(a), until the effective date of the assumption and assignment thereof to Buyer (or a Buyer Designee)), but only to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute administrative expenses in the Chapter 11 Case; provided that such performance by Buyer shall not be deemed to be an explicit or implicit assumption by Buyer of any executory contract. Buyer shall pay and be solely responsible for all liabilities and obligations relating to moving any Acquired Asset from the Real Property Leases and Real Property Licenses designated as Excluded Assets and for any damages caused by Buyer, its Affiliates or their respective agents or representatives to the real property or the improvements thereon in connection with such move.

(b) Buyer shall inform Seller in writing as soon as possible, but in any event at least five (5) Business Days prior to the Closing Date, which of the Executory Contracts shall be designated as Assigned Contracts as of the Closing (the "***Closing Assigned Contracts***"). Any Executory Contract that is not so designated as a Closing Assigned Contract prior to the Closing Date is referred to herein as a "***Potentially Assigned Contract***". Buyer shall have a period of 60 days after the Closing Date (the "***Contract Option Period***") to designate, by written notice to Seller (which notice shall be irrevocable unless otherwise consented to by Seller), (i) any of the Potentially Assigned Contracts as Excluded Contracts (a "***Rejection Notice***") and upon Seller's receipt of such Rejection Notice, such Potentially Assigned Contract so designated shall automatically be deemed added to Schedule 1.2(w) or (ii) to designate any such Potentially Assigned Contract as an Assigned Contract (an "***Assumption Notice***"); provided that any Potentially Assigned Contract with respect to which Seller has not received either a Rejection Notice or an Assumption Notice prior to the end of the Contract Option Period shall automatically be deemed designated as an Assigned Contract. At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered pursuant to this Section 1.5, from the Closing until the date on which Buyer delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed

15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, Buyer shall pay and be solely responsible for all liabilities and obligations accruing during such period under Potentially Assigned Contracts to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute administrative expenses in the Chapter 11 Case (and shall be entitled to the benefits accruing under such Potentially Assigned Contracts during such period); provided that such performance by Buyer shall not be deemed to be an explicit or implicit assumption by Buyer of any executory contract. Buyer agrees that Seller may, without breach of any representation, warranty, covenant or agreement in this Agreement and without giving rise to any Material Adverse Effect, reject any Executory Contract at any time after Seller's receipt of a Rejection Notice with respect to such Executory Contract.

(c) The parties hereby acknowledge and agree that, except for the Assumed Benefit Plans and the Amended Union Contracts, the Assigned Contracts shall in no event include any collective bargaining agreement or other contract with any Union or any employment, pension, profit-sharing, deferred compensation or any other employee health or other benefit plan maintained or sponsored by or contributed to by Seller or any Seller Subsidiary.

(d) To the extent set forth in the Sale Order, the Assigned Contracts shall be deemed part of the Acquired Assets transferred pursuant to Section 1.1 and Sections 363 and 365 of the Bankruptcy Code, and, pursuant to Section 365 of the Bankruptcy Code, Sellers shall assume and assign to Buyer (or a Buyer Designee), and Buyer (or a Buyer Designee) shall accept from Sellers, all of such Seller's rights, title and interest in (i) all Assumed Real Property Leases, Assumed Real Property Licenses and Closing Assigned Contracts at the Closing and (ii) all other Executory Contracts that are designated (or deemed designated) as Assigned Contracts pursuant to Section 1.5(b) promptly after such designation pursuant to an assignment and assumption agreement in substantially the same form as the General Contract Conveyance Document. Buyer (or Buyer's Designee) shall agree in writing to assume all liabilities of Seller under the Assigned Contracts as provided in the Sale Order.

(e) Notwithstanding anything to the contrary herein, in the event that any of the Acquired Assets become Excluded Assets in accordance with this Section 1.5 or otherwise in accordance with this Agreement, then Buyer shall pay to Seller within five (5) Business Days thereafter an amount equal to the amount of Restricted Cash or Prepaid Items related to such Contract.

1.6 Delayed Conveyance of Certain Property.

(a) To the extent permitted by Law and to the extent otherwise permissible in light of any Legal Impediment or required Consent (in each case, determined after giving effect to Sections 363 and 365 of the Bankruptcy Code), if the transfer, assignment or conveyance or assumption of any Delayed Acquired Asset or any Delayed Assumed Liability intended to be transferred, assigned or assumed hereunder is not consummated prior to or on the Closing Date, then Seller shall (or shall cause the Seller Subsidiaries to), unless otherwise agreed in writing by Seller, thereafter hold such Delayed Acquired Asset or such Delayed Assumed Liability for the use and benefit, insofar as commercially reasonably practicable and to the extent it may lawfully do so, of Buyer (at the expense of Buyer). In addition, to the extent permitted by Law and to the

extent otherwise permissible in light of any Legal Impediment or required Consent (in each case, determined after giving effect to Sections 363 and 365 of the Bankruptcy Code), Seller shall take (and shall cause the Seller Subsidiaries to take) such other actions in order to place Buyer, insofar as commercially reasonably practicable and to the extent it may lawfully do so, in the same position as if such Delayed Acquired Asset or such Delayed Assumed Liability had been transferred, assigned or conveyed or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Acquired Asset or such Delayed Assumed Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such asset, are to inure, from and after the Closing Date, to Buyer. To the extent permitted by Law and to the extent otherwise permissible in light of any Legal Impediment or required Consent (in each case, determined after giving effect to Sections 363 and 365 of the Bankruptcy Code), Buyer shall be entitled to, and shall be responsible for, the management and the benefits and burdens of any Delayed Acquired Asset or any Delayed Assumed Liability not yet transferred to or assumed by it as a result of this Section 1.6, and, subject to the other provisions of this Agreement (including Sections 6.5, 6.6, 7.2 and 7.3), the Parties agree to use commercially reasonable efforts to cooperate and coordinate with respect to obtaining any Consent or removing any Legal Impediment, including by providing any financial information and pro forma financial information of the relevant Party and its Affiliates reasonably required by the Party from whom a Consent is sought to be obtained or from whom a Legal Impediment is sought to be removed. Except as specifically provided elsewhere herein, nothing herein shall require Buyer or Seller or its Related Persons to expend any money or commence any litigation to obtain the removal of any Legal Impediment or obtain any required Consent.

(b) If and when the Legal Impediments and the Consents, the failure to remove or the absence of which caused the deferral of the transfer or assumption of any Acquired Asset or Assumed Liability pursuant to Section 1.6(a), are removed or obtained, as the case may be, the transfer and assumption of the applicable Acquired Asset or Assumed Liability shall be promptly effected in accordance with the terms of this Agreement and/or any other applicable Ancillary Agreements, without the payment of additional consideration.

(c) In connection with Seller's or the Seller Subsidiaries' retention of an Acquired Asset or Assumed Liability due to the deferral of the transfer or assumption of such Acquired Asset or Assumed Liability pursuant to this Section 1.6, none of Seller or its Related Persons shall be obligated to expend any money, unless the necessary funds are advanced by Buyer.

(d) In the event that at any time or from time to time, any Person shall receive or otherwise possess any asset that is acquired by, or retained by, any other Person pursuant to this Agreement, such Party shall promptly transfer, or cause to be transferred, such asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such asset shall hold such asset in trust for any such other Person.

ARTICLE 2
CONSIDERATION

2.1 Consideration. The aggregate consideration for the sale and transfer of the Acquired Assets is (i) the Closing Cash Purchase Price, which is payable and deliverable at the Closing in accordance with Section 3.3 and is subject to adjustment in accordance with

Section 2.3 and Section 3.4, plus (ii) the assumption by Buyer at the Closing of the Assumed Liabilities.

2.2 Deposit. On the date hereof, Buyer and Seller have executed and delivered the Escrow Agreement. Within one (1) Business Day after the date hereof, Buyer shall deposit with the Escrow Agent $500,000 in immediately available funds (the "***Deposit***"). The Deposit shall be held and disbursed pursuant to the terms of the Escrow Agreement and this Agreement. Notwithstanding anything to the contrary herein, if Buyer does not deposit with the Escrow Agent the Deposit within one (1) Business Day after the date hereof, Seller may, without any further liability on the part of any Party hereto, terminate this Agreement by written notice to Buyer and withdraw the Bid Procedures Motion, the Sale Motion and any other motion filed with the Bankruptcy Court with respect to the transactions contemplated hereby.

2.3 Physical Inventory. On the Business Day prior to the Closing Date, Seller shall conduct a physical inventory of the volume (in tons) of newsprint inventory of Seller and the Seller Subsidiaries (the "***Physical Inventory***"). Seller shall give Buyer at least two Business Days' prior written notice of the times that it is conducting the Physical Inventory and Buyer may attend, or cause one of its representatives to attend, the Physical Inventory. If, as a result of the Physical Inventory, (a) the volume (in tons) of such newsprint inventory is greater than 4,328 metric tons (such excess, the "***Excess Inventory Tonnage***"), at the Closing, Buyer shall pay to Seller at Closing an additional amount equal to the product of the Excess Inventory Tonnage multiplied by the average of the price per ton paid by Seller and the Seller Subsidiaries pursuant to their five (5) most recent purchase orders therefor prior to the date of the Physical Inventory (the "***Applicable Newsprint Price***") or (b) the volume (in tons) of such newsprint inventory is less than 4,328 metric tons (such deficit, the "***Deficit Inventory Tonnage***"), at the Closing, the amount paid to Seller pursuant to Section 3.3(b) shall be reduced by an amount equal to the Deficit Inventory Tonnage multiplied by the Applicable Newsprint Price.

ARTICLE 3
CLOSING AND DELIVERIES

3.1 Closing. The sale, transfer, assignment and delivery by Seller and the Seller Subsidiaries of the Acquired Assets to Buyer (or a Buyer Designee) and the assumption by Buyer (or a Buyer Designee) of the Assumed Liabilities, on the terms and subject to the conditions set forth in this Agreement and the Sale Order, will be effected on the Closing Date (the "***Closing***") and will take place at the offices of Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654 at 10:00 a.m. central prevailing time on the second Business Day following, or at Seller's election, on such later Business Day that is not more than ten (10) Business Days after, the satisfaction or waiver by the appropriate Party of all the conditions contained in Article 12 (other than conditions which by their terms or their nature are to be performed or measured as of the Closing Date (provided such conditions are satisfied at Closing or waived by the applicable Party)), or on such other date or at such other place and time as may be agreed to by the Parties (the "***Closing Date***"). The Closing will be deemed to be effective at the Adjustment Calculation Time. On the Business Day immediately prior to the Closing Date, Buyer and Seller shall conduct a pre-Closing at the same location as the Closing, commencing at 9:00 a.m. local time, at which each Party shall present for review by the other Parties copies in execution form of all documents required to be delivered by such party at or in connection with

the Closing. Each Party will, and will cause its Affiliates to, at the Closing execute and deliver the agreements, documents, certificates and other deliveries (including the Ancillary Agreements) required to be executed and/or delivered at the Closing by such Party and/or such Affiliates of such Party or for which such execution and/or delivery is a condition to another Party's obligations to consummate the Closing.

3.2 Seller's Deliveries.

(a) At the Closing, Seller shall, or shall cause one of its Affiliates to, deliver the following documents consistent with the terms of this Agreement:

(i) a bill of sale with respect to the Acquired Assets (other than the Assigned Contracts, Transferred Intellectual Property and Transferred Real Property and assets set forth in Sections 1.1(c)(ii) and 1.1(k)(ii)), duly executed by Seller and any applicable Seller Subsidiary, and in the form of Exhibit A hereto;

(ii) an assignment and assumption agreement with respect to the Closing Assigned Contracts (other than any Assumed IP Licenses) and Assumed Liabilities, duly executed by Seller and any applicable Seller Subsidiary, and in the form of Exhibit B hereto (the "***General Contract Conveyance Document***");

(iii) originals of the Business Records and Libraries in the possession or control of Seller or the Seller Subsidiaries (it being understood that any Business Records located at any Real Property need not be physically delivered, but will be deemed delivered at the Closing), provided that, for any Business Records not located at any such Real Property, Seller may deliver such Business Records to Buyer promptly after the Closing Date, but in no event later than thirty (30) days after the Closing Date;

(iv) an assignment and assumption agreement with respect to the Transferred Intellectual Property (other than any Assumed IP Licenses that have not been designated as Assigned Contracts as of the Closing), duly executed by Seller and any applicable Seller Subsidiary, and in the form of Exhibit C-1 hereto and an assignment agreement with respect to trademark registrations and applications in the form of Exhibit C-2 hereto and an assignment agreement with respect to copyright registrations and applications in the form of Exhibit C-3 hereto, as modified as necessary to meet the filing requirements for each recording jurisdiction (collectively, the "***IP Conveyance Documents***");

(v) an assignment and assumption agreement with regard to the Assumed Real Property Leases, duly executed by Seller and any applicable Seller Subsidiary, and in the form of Exhibit D hereto, as modified as necessary to meet the filing requirements for each recording jurisdiction (the "***Assumed Real Property Leases Conveyance Document***");

(vi) an assignment and assumption agreement with regard to the Assumed Real Property Licenses duly executed by Seller and any applicable Seller Subsidiary, and in the form of Exhibit E hereto, as modified as necessary to meet the filing requirements for each recording jurisdiction (the "***Assumed Real Property Licenses Conveyance Document***");

(vii) with regard to each parcel of the Owned Real Property other than Excluded Real Property, (x) transfer tax declarations and quit-claim deeds (with all required transfer tax stamps affixed) duly executed by Seller or any applicable Seller Subsidiary and in the form of Exhibit F hereto, as modified as necessary to meet the filing requirements for each recording jurisdiction, (y) policies or commitments to issue policies of title insurance ("***Title Policies***") to Buyer (or a Buyer Designee), designating Buyer (or a Buyer Designee) as named insured, insuring an aggregate amount of not less than the fair market value of all of the Owned Real Property that is Transferred Real Property, full marketable title to all Owned Real Property that is Transferred Real Property, free and clear of all Liens, Claims and Interests, other than Transferred Liens, to the extent provided by the Bankruptcy Code (including Sections 105 and 363(f) thereof) or by order of the Bankruptcy Court (including the Sale Order), including the following endorsements to the extent reasonably available: extended coverage, zoning 3.1 with parking, survey, access, tax parcel and affirmative coverage over encroachments, all in form and substance reasonably satisfactory to Buyer, and (z) a survey dated after August 1, 2009 and in the name of STMG Investors, LLC, Buyer or any Affiliate of Buyer and Phase I environmental site assessment together with a reliance letter in favor of Buyer or a Buyer Designee;

(viii) a secretary's certificate certifying as to the resolutions of the board of directors of Seller approving and authorizing this Agreement and the transactions contemplated by this Agreement, and in the form of Exhibit G hereto;

(ix) certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent agreed by Buyer and Seller to be necessary to evidence the transfer, conveyance and assignment to Buyer of Seller's and the Seller Subsidiaries' right, title and interest in and to the Acquired Assets (collectively, the "***Additional Asset Conveyance Documents***");

(x) such assignments of Contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption by Buyer (or a Buyer Designee) of the Assumed Liabilities (collectively, the "***Additional Liabilities Assumption Documents***");

(xi) an affidavit of non-foreign status that complies with Section 1445 of the Code, duly executed by Seller or Seller's Affiliate, as applicable, and in the form of Exhibit H hereto;

(xii) such other documents and instruments, in form and substance reasonably satisfactory to Seller and Buyer, as may be required or customary in order to accomplish the transaction on the terms and conditions and in the manner prescribed under this Agreement, including without limitation owner's affidavits, IRS Form 1099 statements, gap indemnitees and evidence of authority that may be requested by the title insurance company; and

(xiii) a transition services agreement in the form attached hereto as Exhibit N (the "***Transition Agreement***"), duly executed by Sellers.

(b) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, Sellers' obligation to convey to Buyer (or the applicable Buyer Designee) all rights of

Sellers under the Permits consists solely of providing: (i) if required by Law, notices of intent to transfer the Permit to Buyer in accordance with the Government regulations governing such Permit transfer, and (ii) information as required by the Government regulations governing such Permit transfer. Furthermore, in no event shall Seller, any of its Related Persons (including the Seller Subsidiaries), or any of their Related Persons be required to deliver any Ancillary Agreement or other agreement, document or instrument that (i) requires Seller, any of its Related Persons (including any Seller Subsidiary) or any of their Related Persons to make any additional material representations, warranties or covenants, express or implied, not contained in this Agreement or (ii) otherwise expands the liabilities or obligations of, or requires any payments to be made or expenses to be incurred by, Seller, any of its Affiliates or any of their respective Related Persons related to the transactions contemplated hereby.

3.3 Buyer's Deliveries.

(a) At Closing, the Escrow Agent shall pay to Seller the Deposit in accordance with the terms of the Escrow Agreement, by wire transfer of immediately available funds to a bank account designated by Seller in writing (the "***Seller's Account***"), and each of Buyer and Seller shall take all action required to cause such delivery of the Deposit to Seller to occur;

(b) At Closing, Buyer (or, subject to Section 15.1, the applicable Buyer Designee) shall pay to Seller an amount equal to (i) the Closing Cash Purchase Price, minus (ii) the amount of the Deposit paid pursuant to Section 3.3(a), minus (iii) to the extent not paid (or provision therefor not made) by Seller or one of the Seller Subsidiaries prior thereto, (A) the Seller Cure Cost Obligations and (B) 50% of the Transaction Taxes, plus (iv) any amount determined to be payable to Seller in accordance with Section 2.3, minus (v) any amount determined to be payable to Buyer in accordance with Section 2.3. Notwithstanding anything to the contrary herein, to the extent any amount are subtracted from the Closing Cash Purchase Price in respect of Seller Cure Cost Obligations or Transaction Taxes pursuant to clause (iii) of the preceding sentence, such Seller Cure Cost Obligations or Transaction Taxes shall be Assumed Liabilities hereunder and Buyer shall be solely responsible therefor.

(c) At or prior to Closing, Buyer shall deliver the following documents consistent with the terms of this Agreement:

(i) the General Contract Conveyance Document, duly executed by Buyer or the applicable Buyer Designee;

(ii) the Assumed Real Property Leases Conveyance Documents, duly executed by Buyer or the applicable Buyer Designee;

(iii) the Assumed Real Property License Conveyance Documents, duly executed by Buyer or the applicable Buyer Designee;

(iv) the Assumed IP Conveyance Documents, duly executed by Buyer or the applicable Buyer Designee;

(v) a secretary's certificate certifying as to the resolutions of Buyer approving and authorizing this Agreement and the transactions contemplated by this Agreement and in the form of Exhibit I hereto;

(vi) each of the Additional Asset Conveyance Documents and Additional Liabilities Assumption Documents;

(vii) the Transition Agreement, duly executed by Buyer (and any applicable Buyer Designees); and

(viii) subject to Section 3.2(b), such other documents and instruments, in form and substance reasonably satisfactory to Buyer and Seller, as may be required or customary in order to accomplish the transaction on the terms and conditions and in the manner prescribed under this Agreement.

3.4 Purchase Price Adjustment.

(a) Within sixty (60) days following the Closing Date, Buyer shall prepare and deliver to Seller (i) a balance sheet of the Business as of the Adjustment Calculation Time (the "***Closing Balance Sheet***"), and (ii) a statement (the "***Closing Statement***") setting forth Buyer's calculation of Closing Net Working Capital and the resulting Final Cash Purchase Price as calculated with reference to such amounts and any other components thereof in accordance with the definition thereof. The Closing Balance Sheet shall be prepared in accordance with the Accounting Principles (except as otherwise provided in the definition of Closing Net Working Capital and without regard to any purchase accounting adjustments arising out of the transactions contemplated hereby).

(b) During the thirty (30) days immediately following Seller's receipt of the Closing Balance Sheet and the Closing Statement, Buyer shall provide Seller with full access to the books and records (including working papers, schedules, memoranda, supporting data and other documents) relating to the Closing Balance Sheet and the Closing Statement. The Closing Balance Sheet, the Closing Statement and the resulting calculation of Final Cash Purchase Price shall become final and binding upon the parties thirty (30) days following Seller's receipt thereof unless Seller gives written notice of its disagreement (the "***Notice of Disagreement***") to Buyer prior to such date. Any Notice of Disagreement shall (i) specify in reasonable detail the nature and amount of any disagreement so asserted and (ii) only include disagreements based on mathematical errors or based on the Closing Balance Sheet or the Closing Statement not being prepared in accordance with this Agreement. If a timely Notice of Disagreement is received by Buyer, then the Closing Balance Sheet, the Closing Statement and the resulting calculation of Closing Cash Purchase Price (as revised in accordance with clause (x) or (y) below) shall become final and binding upon the Parties on the earlier of (x) the date Seller and Buyer resolve in writing any and all differences they have with respect to any matter specified in the Notice of Disagreement and (y) the date any and all matters properly in dispute are finally resolved in writing by the Accounting Firm. During the thirty (30) days immediately following the delivery of a Notice of Disagreement, Seller and Buyer shall seek in good faith to resolve in writing any differences which they may have with respect to any matter specified in the Notice of Disagreement, and all such discussions related thereto shall (unless otherwise agreed by Buyer

and Seller in writing) be governed by Rule 408 of the Federal Rules of Evidence and any applicable similar state rule. During any period of dispute, Buyer shall have full access to the working papers of Seller and its representatives relating to the Notice of Disagreement. At the end of such thirty (30) day period, Seller and Buyer shall submit to the Chicago office of Grant Thornton (the "***Accounting Firm***") for review and resolution of any and all matters (but only such matters) which remain in dispute and which were properly included in the Notice of Disagreement. Buyer and Seller shall instruct the Accounting Firm to, and the Accounting Firm shall, make a final determination of the items included in the Closing Statement (to the extent such amounts are in dispute) in accordance with the guidelines and procedures set forth in this Agreement. Buyer and Seller shall cooperate with the Accounting Firm during the term of its engagement. Buyer and Seller shall instruct the Accounting Firm not to, and the Accounting Firm shall not, assign a value to any item in dispute greater than the greatest value for such item assigned by Buyer, on the one hand, or Seller, on the other hand, or less than the smallest value for such item assigned by Buyer, on the one hand, or Seller, on the other hand. Buyer and Seller shall also instruct the Accounting Firm to make its determination based solely on presentations by Buyer and Seller which are in accordance with the guidelines and procedures set forth in this Agreement (i.e., not on the basis of an independent review). The Closing Balance Sheet, the Closing Statement and the resulting calculation of Final Cash Purchase Price shall become final and binding on the Parties on the date the Accounting Firm delivers its final resolution in writing to Buyer and Seller (which final resolution shall be requested by the parties to be delivered not more than forty-five (45) days following submission of such disputed matters), and such resolution by the Accounting Firm shall not be subject to court review or otherwise subject to objection or appeal. The fees and expenses of the Accounting Firm pursuant to this Section 3.4(b) shall be paid 50% by Seller and 50% by Buyer.

(c) If the Closing Cash Purchase Price is less than the Final Cash Purchase Price (such shortfall, the "***Adjustment Amount***"), Buyer shall, within five (5) Business Days after the Closing Statement becomes final and binding on the Parties, make payment to Seller by wire transfer in immediately available funds in an aggregate amount equal to the Adjustment Amount. If the Closing Cash Purchase Price is greater than the Final Cash Purchase Price (such excess, the "***Excess Amount***"), within five (5) Business Days after the Closing Statement becomes final and binding on the Parties, Seller shall within five (5) Business Days after the Closing Statement becomes final and binding on the Parties, make payment to Buyer of the Excess Amount by wire transfer in immediately available funds. Any claims for the Excess Amount shall be superpriority administrative claims under Section 507(b) of the Bankruptcy Code. Any payment pursuant to this Section 3.4(c) shall be made together with interest thereon at the rate per annum equal to the rate of interest published by the *Wall Street Journal* as the "prime rate" at large U.S. money center banks on the Closing Date (the "***Applicable Rate***"), calculated on the basis of a 365-day year and the number of days elapsed from the Closing Date to the date of payment.

(d) Buyer agrees that following the Closing it will not take any actions with respect to the accounting books, records, policies and procedures of the Business that would obstruct or prevent the preparation of the Closing Statement as provided in this Section 3.4. The Parties agree that, from and after the Closing, the provisions of this Section 3.4 and the arbitration provisions contemplated hereby shall be the exclusive remedy and exclusive forum of the Parties with respect to the matters that are specifically addressed through the working capital adjustment contemplated hereby.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER AND SELLER SUBSIDIARIES

Seller and the Seller Subsidiaries, jointly and severally, hereby represent and warrant to Buyer on the date hereof and as of the Closing Date, as follows, except in all cases as disclosed in the Disclosure Schedules, as the same may be amended or modified in accordance with Section 15.3(a):

4.1 Corporate Organization. Seller and each Seller Subsidiary is duly incorporated and validly existing and in good standing under the Laws of the State of its formation and is qualified or licensed to do business in each jurisdiction where the character of its business or the nature of its properties, makes such qualification or licensing necessary, except where the failure to be so qualified would not have a Material Adverse Effect. Subject to any necessary authority from the Bankruptcy Court, Seller and the Seller Subsidiaries have all requisite corporate or other power and authority to own their respective properties and assets and to conduct their respective businesses as now conducted.

4.2 Authorization and Validity. Subject to the Bankruptcy Court's entry of the Sale Order and the receipt of the Consents set forth on Schedule 4.4 and Schedule 4.9(c), Seller has all requisite corporate power and authority to enter into this Agreement and the Ancillary Agreements to which it is or will be a party and to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. Subject to the Bankruptcy Court's entry of the Sale Order and the receipt of the Consents set forth on Schedule 4.4 and Schedule 4.9(c), each Seller Subsidiary has all requisite corporate, limited liability company or other power and authority to enter into the Ancillary Agreements to which it is a party and to carry out its obligations thereunder and to consummate the transactions contemplated hereby. Subject to the Bankruptcy Court's entry of the Sale Order, the execution and delivery of this Agreement by Seller and the Seller Subsidiaries and the Ancillary Agreements by Seller and the Seller Subsidiaries party thereto and the performance by Seller and the Seller Subsidiaries of their obligations hereunder and under the Ancillary Agreements, have been duly authorized by all necessary action by the board of directors or equivalent governing body of Seller and the Seller Subsidiaries, as applicable, and no other organizational proceedings on the part of Seller or the Seller Subsidiaries are necessary to authorize such execution, delivery and performance. This Agreement has been duly executed by Seller and the Seller Subsidiaries, and the Ancillary Agreements when delivered will be, duly executed by Seller and the Seller Subsidiaries party thereto and, subject to the Bankruptcy Court's entry of the Sale Order, constitute or will constitute its or their, as applicable, valid and binding obligation, enforceable against it or them, as applicable, in accordance with the terms herein and therein, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally, and is subject to general principles of equity.

4.3 No Conflict or Violation. Subject to (a) the receipt of all Consents set forth on Schedule 4.4 and Schedule 4.9(c), and (b) the Bankruptcy Court's entry of the Sale Order, the execution, delivery and performance by Seller and the Seller Subsidiaries of this Agreement and by Seller and the Seller Subsidiaries party thereto of the Ancillary Agreements do not and will

not in each case, except as has been obtained or contemplated in this Agreement or the Ancillary Agreements (x) violate or conflict with any provision of the certificate of incorporation, certificate of formation, operating agreement or bylaws (or equivalent formation or organizational documents) (collectively, the "***Organizational Documents***") of Seller or the applicable Seller Subsidiaries, (y) violate any provision of law, regulation, rule or other legal requirement of any Government ("***Law***") or any order, judgment or decree of any court or Government ("***Order***") applicable to Seller or the applicable Seller Subsidiaries, the Acquired Assets or the Business or (z) violate, result in a breach of or constitute (with due notice or lapse of time, or both) a default under any Assigned Contract, which violation, conflict, breach or default in any such case would reasonably be expected to have a Material Adverse Effect.

4.4 Consents and Approvals. Other than Consents relating to and as may result from the Chapter 11 Case, Schedule 4.4 sets forth a true and correct list of each Consent and each declaration to, or filing or registration with, any Government that is required in connection with the execution and delivery of this Agreement by Seller and the Seller Subsidiaries and the Ancillary Agreements by Seller and the Seller Subsidiaries party thereto, or the performance by Seller of its obligations hereunder or by Seller or the applicable Seller Subsidiaries party thereto under the Ancillary Agreements, in any such case the failure of which to obtain would reasonably be expected to have a Material Adverse Effect.

4.5 Compliance with Law. Except as set forth on Schedule 4.5, the operation of the Business and the use of the Acquired Assets by Seller and the Seller Subsidiaries are and have been in material compliance with all applicable statutes, laws, ordinances, rules, orders and regulations of any Government, except to the extent any instances of non-compliance would not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 4.5 and as may result from the Chapter 11 Case, since January 1, 2008, neither Seller nor any Seller Subsidiary has received written notice of any violation of any Law (other than with respect to Environmental Law, as to which the only representations and warranties made by Seller and the Seller Subsidiaries are those contained in Section 4.11), nor is Seller or any of the Seller Subsidiaries in default with respect to any Order applicable to the Acquired Assets or operation of the Business, other than violations and defaults the consequences of which would not reasonably be expected to have a Material Adverse Effect. Notwithstanding the foregoing, no representation is being made by Seller or the Seller Subsidiaries under this Section 4.5 with respect to Taxes.

4.6 Litigation. Except as set forth on Schedules 4.6 or 4.11 and except for the Chapter 11 Case and any Claims, suits, arbitrations, investigations or proceedings filed on the docket in the Chapter 11 Case, there are no Claims, suits, arbitrations, investigations or proceedings pending or, to the Knowledge of Seller, threatened, before any Government, brought by or against Seller or any of the Seller Subsidiaries, which if determined adversely to Seller or the applicable Seller Subsidiaries would reasonably be expected to have a Material Adverse Effect or which seek to enjoin, prohibit or interfere with, in any material respect, the transactions contemplated hereby or materially impair the ability of Seller or the applicable Seller Subsidiaries to consummate the transactions contemplated by this Agreement and the Ancillary Agreements.

4.7 Financial Statements.

(a) Set forth on Schedule 4.7(a), are the following financial statements for Seller and its Subsidiaries (collectively, the "***Financial Statements***"): (i) the audited consolidated balance sheet as of December 31, 2008, and the audited consolidated statements of operations, stockholders equity (deficit) and cash flows for the year ended December 31, 2008; and (ii) the unaudited consolidated balance sheet as of June 30, 2009 (the "***Latest Balance Sheet***") and the unaudited consolidated statements of operations, stockholders equity (deficit) and cash flows for the six (6) month period ended June 30, 2009 (together, with the Latest Balance Sheet, the "***Most Recent Financial Statements***"). Except (a) that the Most Recent Financial Statements are subject to normal year-end adjustments and lack footnotes and other presentation items, (b) that the Financial Statements do not fully take into account the effects of the Chapter 11 Case (including the possibility that the Seller and its Subsidiaries may not realize assets or settle liabilities in Ordinary Course of Business), and (c) as otherwise set forth on Schedule 4.7(a), the Financial Statements have been prepared from the books and records of Seller and its Subsidiaries, present fairly, in all material respects, in conformity with GAAP the financial condition of Seller and its Subsidiaries as of such dates and the results of operations of Seller and its Subsidiaries for such periods.

(b) Except as set forth on Schedule 4.7(b), Seller and Seller Subsidiaries have no material liabilities of the type required to be recognized on a balance sheet prepared in accordance with GAAP, except (i) liabilities disclosed in or reserved against in the Financial Statements or the notes thereto, (ii) liabilities incurred or arising since the date of Latest Balance Sheet in the Ordinary Course of Business or in connection with the Chapter 11 Case, (iii) liabilities arising after the date of this Agreement in connection with the transactions contemplated hereby, (iv) liabilities disclosed on the Disclosure Schedules and (v) Excluded Liabilities.

4.8 Absence of Certain Developments. Except as set forth on Schedule 4.8 or as otherwise contemplated by this Agreement or as otherwise approved or required by the Bankruptcy Court, since May 31, 2009 until the date of this Agreement, (i) Seller and the Seller Subsidiaries have operated the Business in the Ordinary Course of Business in all material respects, taking into account status as a filer under Chapter 11 of the Bankruptcy Code, and (ii) neither Seller nor any of the Seller Subsidiaries have:

(a) created, assumed or guaranteed any indebtedness for borrowed money (other than intercompany indebtedness which are Excluded Liabilities) or subjected to any material Lien any portion of their assets or properties, except as permitted hereunder;

(b) sold, assigned or transferred any material portion of their tangible assets, except in the Ordinary Course of Business;

(c) sold, assigned or transferred any Real Property or Intellectual Property, except in the Ordinary Course of Business;

(d) made or granted any bonus or any compensation or salary increase to any Business Employee (except in the Ordinary Course of Business or as required by Law or contractual obligations or other agreement existing on the date thereof), or made or granted any increase in any employee benefit plan or arrangement, or amended or terminated any existing

employee benefit plan or arrangement or severance agreement or employment contract or adopted any new employee benefit plan or arrangement or severance agreement or employment contract for any Business Employee;

(e) made any loans or advances to, or guarantees for the benefit of, any Persons, other than (i) in the Ordinary Course of Business consistent with past practices and (ii) intercompany loans and advances among or between Seller and its Subsidiaries; or

(f) suffered any material damage, destruction or other casualty loss with respect to the material property owned by Seller and the Seller Subsidiaries that is not covered by insurance.

(g) made any commitment for any capital expenditure that constitutes any Assumed Liability in excess of $100,000.

(h) made any change in its cash management practices or in any method of account collection or inventory buying or of accounting or accounting policies or made any mark-down in the value of its Inventory, in any case, that is material and not in the Ordinary Course of Business.

(i) solely with respect to any Taxes that are Assumed Liabilities, (a) made or changed any Tax elections, (b) changed any Tax accounting period, (c) adopted or changed any material method of Tax accounting, (d) consented to any extension or waiver of the limitation period applicable to any material Tax claim or assessment, (e) entered into any material closing agreement, settled any material Tax claim, assessment, (f) surrendered any right to claim a refund of Taxes, (g) failed to timely pay any Tax imposed on it or the Acquired Assets then due under applicable Law, or (h) failed to file any Tax Return then due under applicable Law.

4.9 Material Contracts.

(a) Schedule 4.9(a) sets forth a complete and correct list of each of the contracts of Seller and the Seller Subsidiaries that:

(i) relates to the acquisition of goods (other than Inventory in the Ordinary Course of Business) or Equipment, the purchase, sale or lease of real property, the lease of Equipment or other personal property, or the provision of any services, in each case which requires any future payment in excess of $100,000 in the aggregate during any 12 month period;

(ii) relates to any employment agreement with any Business Employee that has future required scheduled payments (absent a material breach thereof) in excess of $100,000 per annum and is not terminable by Seller or any of the Seller Subsidiaries, as applicable, upon notice of sixty (60) days or less for a cost of less than $100,000;

(iii) relates to any other agreement, contract, lease, license (including Intellectual Property licenses) or instrument, in each case not included in clauses (i) through (ii) above or set forth on any of the other sections of the Disclosure Schedules, which Seller or any of the Seller Subsidiaries is a party or by or to which any of their assets are bound or subject, in each case which has future required scheduled payments (absent a material breach thereof) to or

by Seller or any of the Seller Subsidiaries in excess of $100,000 per annum and is not terminable by Seller or any of the Seller Subsidiaries, as applicable, upon notice of sixty (60) days or less for a cost of less than $100,000;

(iv) any agreement containing a covenant not to compete granted in favor of a third party that materially impairs the Business as currently conducted;

(v) any Contract which is critical to the operation of the Business as currently operated and (A) is with any vendor with respect to which Sellers filed a critical vendor motion with the Bankruptcy Court or (B) with respect to which the Cure Costs are estimated by Seller as of the date hereof to be in excess of $10,000; or

(vi) the consequences of a default under or termination of such Contract would reasonably be expected to have a Material Adverse Effect (the agreements described in clauses (i) and (iv) collectively, the "***Material Contracts***").

(b) Other than as set forth on Schedule 4.9(b) or in motions, other pleadings or similar items filed with the Bankruptcy Court, neither Seller nor the Seller Subsidiaries, nor, to Seller's Knowledge, any other party to any of the Material Contracts has commenced any action against any of the parties to such Material Contracts or given or received any written notice of any material default or violation under any Material Contract that was not withdrawn or dismissed, except only for those defaults that will be cured in accordance with the Sale Order (or that need not be cured under the Bankruptcy Code to permit the assumption and assignment of the Assigned Contracts). To Seller's Knowledge, each of the Material Contracts is, or will be at the Closing, valid, binding and in full force and effect against Seller or the applicable Seller Subsidiaries, except as otherwise set forth on Schedule 4.9(b).

(c) Except as set forth on Schedule 4.9(c), after giving effect to Section 365 of the Bankruptcy Code, no Consent or waiver under any of the Material Contracts is required to be obtained by Seller or any of the Seller Subsidiaries in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(d) Except as set forth on Schedule 4.9(d), none of the other parties under any of the Material Contracts has provided Seller or any of the Seller Subsidiaries with any written notice that it currently plans or intends to terminate any such Contract, or otherwise cease its performance thereunder related to such Contracts or the Business, except for such notices of termination or cessations that would not reasonably be expected to have a Material Adverse Effect.

(e) Seller has delivered to, or made available for inspection by, Buyer a copy of each Material Contract. Except as disclosed on Schedule 4.9(e) or in any motions, other pleading or similar items filed with the Bankruptcy Court, Seller or the applicable Seller Subsidiaries have performed all material obligations required to be performed by it or them to date under the Material Contracts and is not or are not (with or without the lapse of time or the giving of notice, or both) in breach or default thereunder, except for any failures to perform or any such breach or default that would not result in a Material Adverse Effect.

4.10 Permits. Schedule 4.10 sets forth a complete and correct list of all material Permits and all pending applications therefor obtained by Seller or any of the Seller Subsidiaries necessary to the operation of the Business (other than the Environmental Permits, as to which the only representations and warranties made by Seller are those contained in Section 4.11). As of the date of this Agreement, except as set forth on Schedule 4.10 or in any motions, other pleadings or similar items filed with the Bankruptcy Court, or as would not reasonably be expected to have a Material Adverse Effect, each such Permit is valid and in full force and effect, and is not subject to any pending or, to Seller's Knowledge, threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid in any respect and is not subject to any pending or to Seller's Knowledge threatened breach or violation of the terms thereof or fine for violation thereof. To Seller's Knowledge, except as set forth on Schedule 4.10, the consummation of the transactions contemplated hereby will not result, solely by the terms of such Permit listed on Schedule 4.10, in the revocation, cancellation, or determination of or any adverse amendment or modification to any Permit listed on Schedule 4.10.

4.11 Environmental Matters. Except as set forth on Schedule 4.11, or as described in the Environmental Reports referred to in Section 4.11(h), to Seller's Knowledge:

(a) Seller and the Seller Subsidiaries, as applicable, are in compliance with and, since January 1, 2008, have complied with all applicable Environmental Laws, except for such non-compliance that would not reasonably be expected to have a Material Adverse Effect.

(b) Seller and the Seller Subsidiaries, as applicable, have obtained, and, since January 1, 2008, have complied with, all Environmental Permits required under Environmental Laws for them to conduct the Business in the Ordinary Course of Business, except where the failure to obtain or comply with Environmental Permits would not reasonably be expected to have a Material Adverse Effect; a list of such Environmental Permits is set forth on Schedule 4.11. All such Environmental Permits are in full force and effect, and no suspension or cancellation of any such Environmental Permits is pending or, to the Seller's Knowledge, threatened, except where the failure to be in full force and effect or such suspension or cancellation would not reasonably be expected to have a Material Adverse Effect. To Seller's Knowledge, except as set forth on Schedule 4.11, the consummation of the transactions contemplated hereby will not result, solely with the terms of such Environmental Permit listed on Schedule 4.11, in the revocation, cancellation, or determination of or any adverse amendment or modification to any Environmental Permit listed on Schedule 4.11.

(c) Seller's and the Seller Subsidiaries' operation of the Business is not subject to any Order issued pursuant to Environmental Law, except for such Orders that would not reasonably be expected to have a Material Adverse Effect.

(d) Since January 1, 2008, neither Seller nor the Seller Subsidiaries have received a written complaint, Order, directive, Claim, citation or notice of violation, suit or proceeding from any Government or any other Person with respect to any violation of Environmental Laws or any release, spill, leak, discharge or emission of any Hazardous Materials, except for such matters that would not reasonably be expected to have a Material Adverse Effect.

(e) Except as set forth on Schedule 4.11, to the Seller's Knowledge, no Seller or Seller Subsidiary is currently required to undertake any corrective or remedial obligation under any Environmental Law with respect to the Business, the Acquired Assets or any of the Transferred Real Property, except for such obligations that would not reasonably be expected to have a Material Adverse Effect.

(f) Except as set forth on Schedule 4.11, no Seller or Seller Subsidiary nor any predecessor or Affiliate of any Seller or Seller Subsidiary has received any written notice regarding any unresolved actual or alleged violation of Environmental Laws, or any current material liabilities or potential material liabilities, including any investigatory, remedial or corrective obligations, relating to any of Seller or the Seller Subsidiaries, the Acquired Assets, the Business or the Transferred Real Property arising under Environmental Laws, except for such violations, liabilities or obligations that would not reasonably be expected to have a Material Adverse Effect.

(g) Except as set forth on Schedule 4.11, neither Seller nor any Seller Subsidiary nor any predecessor or Affiliate of Seller or any Seller Subsidiary has (i) treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, exposed any person to any Hazardous Materials that has resulted in a Claim against any Seller, any Seller Subsidiary, the Business or the Acquired Assets, except for such Claims that would not reasonably be expected to have a Material Adverse Effect or (ii) released any Hazardous Materials, or owned or operated any property or facility that has been or is contaminated by any Hazardous Materials, in each case as has given rise to any material liability for response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney fees, or any investigatory, corrective or remedial obligations, pursuant to CERCLA or any other Environmental Laws, except for such liabilities or obligations that would not reasonably be expected to have a Material Adverse Effect.

(h) Seller has made available to Buyer copies of all Environmental Reports that are in the possession or within the reasonable control of Seller or the Seller Subsidiaries.

(i) Except as otherwise disclosed on Schedule 4.11, to the Seller's Knowledge, none of the following exists at any of the Transferred Real Property, except as would not reasonably be expected to have a Material Adverse Effect: (1) leaking underground storage tanks, (2) asbestos-containing material which in its present condition requires abatement under Environmental Laws, (3) materials or equipment containing polychlorinated biphenyls, (4) landfills, surface impoundments, or disposal areas or (5) any other contamination by Hazardous Materials of the Transferred Real Property.

(j) The representations and warranties contained in this Section 4.11 are the only representations and warranties made by Seller with respect to matters arising under Environmental Laws or relating to Hazardous Materials.

4.12 Employee Benefits.

(a) Set forth on Schedule 4.12(a) is a list of all Employee Benefit Plans that Seller and the Seller Subsidiaries maintain, administer, sponsor, or to which Seller or any of the Seller

Subsidiaries contribute (including any Employee Benefit Plans which are in existence but to which Seller or Seller Subsidiaries are not currently contributing).

(b) To Seller's Knowledge, except as set forth on Schedule 4.12(b), each Employee Benefit Plan has been maintained, funded and administered in accordance with the material terms of such Employee Benefit Plan and complies in form and in operation in all respects with the applicable requirements of ERISA and the Code, except where the failure to comply would not have a Material Adverse Effect.

(c) Each Employee Benefit Plan that is an Assumed Benefit Plan and that is intended to be a tax-qualified plan under Section 401(a) of the Code has received a favorable determination letter or opinion letter from the Internal Revenue Service to the effect that it meets the requirements of Section 401(a) of the Code.

(d) Neither Seller nor any Selling Subsidiary has any obligation to make a payment to any Person that would constitute an "excess parachute payment" within the meaning of Code Section 280G(b).

4.13 Owned Real Property.

(a) Schedule 4.13 lists the street address, legal description where appropriate and the current owner of each parcel of real property in which any of the Sellers has fee title (or equivalent) interest. Seller has made available to Buyer all material existing surveys or topographical maps for the Transferred Owned Real Property, and title policies in Seller's or the Seller Subsidiaries' possession or reasonably under its control.

(b) Except as described in Schedule 4.13, each Seller or Seller Subsidiary listed in Section 4.13 as the owner of a parcel of Transferred Owned Real Property has good and valid title in fee simple to such parcel free of all Liens, Claims and Interests, other than Permitted Liens and Liens, Claims and Interests to be released by operation of the Bankruptcy Code (including Sections 105 and 363(f) of thereof) or by order of the Bankruptcy Code (including the Sale Order). No Seller or Seller Subsidiary has received written notice of any pending condemnation proceeding or any threatened condemnation that would materially preclude or impair the use of any Transferred Owned Real Property by the Business for the purposes for which it is currently used. No Seller or Seller Subsidiary has received written notice of the applicable Government altering its zoning Laws so as to materially preclude or impair the use of any Owned Real Property by the Business for the purposes for which it is currently used.

(c) Except as set forth on Schedule 4.13, to Seller's Knowledge, the Transferred Owned Real Property (including all structures and Improvements located thereon), and the present uses of the Transferred Owned Real Property by Sellers, are in compliance, in all material respects, with, or not in material default under or in material violation of, any building, zoning, land use, development, fire code, insurance regulation, public health, public safety, sewage, water, sanitation or any other legal requirement or law.

(d) To Seller's Knowledge, the Improvements and Equipment located on the Owned Real Property are, in all material respects, structurally sound and in good condition, order and repair, taking into account their current use, age, ordinary wear and tear and normal maintenance.

4.14 Real Property Leases and Licenses. Schedule 4.14 lists the street address of each parcel of real property leased or subleased by Seller or any Seller Subsidiary as tenant or subtenant, as the case may be, which is used in or held for use in the conduct of the Business, and the identity of the lessor and the lessee of each such parcel of real property. Except as set forth on Schedule 4.14, there has not been a sublease or assignment entered into by any of the Sellers in respect of the Assumed Real Property Leases. To Sellers' Knowledge, each Assumed Real Property Lease is a valid lease or sublease free and clear of all Liens, Claims and Interests, other than Permitted Liens and Liens, Claims and Interests to be released by operation of the Bankruptcy Code (including Sections 105 and 363(f) of thereof) or by order of the Bankruptcy Code (including the Sale Order) and Sellers have received no written notice of default under such Assumed Real Property Lease, except as disclosed in Schedule 4.14. To Sellers' Knowledge, the security deposit required pursuant to each Assumed Real Property Lease has not been drawn upon by the relevant landlord or sublandlord, as applicable, and no additional monies are required to bring the security deposits into compliance with respect to such Assumed Real Property Lease. No Seller or Seller Subsidiary has received written notice of any pending condemnation proceeding or any threatened condemnation that would materially preclude or impair the use of any real property leased by the Business pursuant to any Assumed Leased Real Property for the purposes for which it is currently used. No Seller or Seller Subsidiary has received written notice of the applicable Government altering its zoning Laws so as to materially preclude or impair the use of any real property leased by the Business pursuant to any Assumed Real Property Lease for the purposes for which it is currently used.

4.15 Title to Assets; Sufficiency.

(a) Except as set forth on Schedule 4.15, one or more Sellers have title to, or a valid leasehold interest in or valid right to use, the tangible Acquired Assets, subject to Permitted Liens and other Liens, Claims and Interests to be released by operation of the Bankruptcy Code (including Sections 105 and 363(f) of thereof) or by order of the Bankruptcy Code (including the Sale Order). Subject to entry of the Sale Order and the terms and conditions of this Agreement, and except for Delayed Acquired Assets and as otherwise disclosed in this Agreement or the Disclosure Schedules, Sellers have the power and the right to sell, assign and transfer title to, or a valid leasehold interest in, the tangible Acquired Assets to Buyer.

(b) To Seller's Knowledge, the tangible Acquired Assets are in the aggregate in good condition and repair (taking into account their current use, age, ordinary wear and tear and normal maintenance).

(c) Sellers own or lease all buildings, machinery, Equipment and other tangible assets necessary for the conduct of the Business as presently conducted. The Acquired Assets constitute all of the assets, agreements, licenses and propertied owned by Sellers (other than the Excluded Assets) and, except for Excluded Assets, are all of the assets (tangible and intangible), agreements, licenses and properties necessary to conduct the Business as presently conducted.

4.16 Business Records. Seller has made, or will make, available to Buyer originals of Business Records that are in Seller's or the Seller Subsidiaries' possession or control.

4.17 Intellectual Property.

(a) Schedule 4.17 sets forth a true and complete list of (i) all of the following owned by Seller or the Seller Subsidiaries (x) issued patents or patent applications; (y) trademark registrations, trademark applications, service mark registrations and service mark applications; and (z) Internet domain names; and (ii) all agreements for Intellectual Property licensed by Seller or the Seller Subsidiaries (excluding licenses for commercially available off-the-shelf Computer Software), the consequences of a default under or termination of which would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth in Schedule 4.17 and to Sellers' Knowledge:

(i) All Transferred Intellectual Property owned by Seller or the Seller Subsidiaries is valid, subsisting and enforceable, and is not subject to any outstanding order, judgment or decree restricting its use or adversely affecting Seller's or Seller Subsidiaries' rights thereto.

(ii) Except as would not have a Material Adverse Effect, (x) none of the Sellers is violating, nor has Seller or any of the Seller Subsidiaries, since January 1, 2008, violated any third party Intellectual Property rights; and (y) there are no actions, reissues, reexaminations, public protests, interferences, arbitrations, mediations, oppositions, cancellations, Internet domain name dispute resolutions or other proceedings (collectively, "***Suits***") pending or threatened in writing concerning any claim or position that any Seller, Seller Subsidiary or any of their Affiliates has violated any third party Intellectual Property rights.

(iii) There are no material Suits pending or threatened in writing concerning any Transferred Intellectual Property owned by Seller or the Seller Subsidiaries.

(iv) Seller and the Seller Subsidiaries own or otherwise hold valid rights to use all Transferred Intellectual Property. No Person is violating any Transferred Intellectual Property owned by Seller or the Seller Subsidiaries.

(v) No Person other than a Seller or any Seller Subsidiary has any ownership interest in, or a right to receive royalty or similar payment with respect to, any of the Intellectual Property owned by Seller or any Seller Subsidiary (the "***Owned Intellectual Property***") that is Transferred Intellectual Property. None of the Sellers have granted any options, licenses, assignments or agreements relating to (i) the ownership of any rights in any material Owned Intellectual Property that is Transferred Intellectual Property or (ii) the marketing or distribution of any material Owned Intellectual Property that is Transferred Intellectual Property.

4.18 Employees.

(a) Except as set forth on Schedule 4.18, to the knowledge of Seller, Seller and the Seller Subsidiaries are in compliance with all currently applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and are

not engaged in any violation of applicable employment law, regulation, or unfair labor practice, failure to comply with which or engagement in which, as the case may be, would result in a Material Adverse Effect. Except as set forth on Schedule 4.18, there is no employment charge, claim, or complaint or unfair labor practice charge or complaint (each, an "***Employment Claim***") pending or, to the knowledge of Seller, threatened in writing against Seller or any of the Seller Subsidiaries, in any court, administrative agency, or other tribunal, including without limitation before the National Labor Relations Board, the Equal Employment Opportunity Commission, the Department of Labor, or any other state or local administrative agency, other than any Employment Claim which would not result in a Material Adverse Effect.

(b) To Seller's Knowledge, each Seller and Seller Subsidiary is, and for the past three (3) years has remained, in compliance in all material respects with all applicable laws, rules and regulations relating to employment, employment practices, or the employment of labor (including provisions thereof relating to wages, hours, equal opportunity, collective bargaining, immigration, workplace safety, workers' compensation and the payment of social security and other Taxes).

4.19 Insurance. Schedule 4.19 lists all insurance policies (other than title insurance policies and insurance policies in respect of Seller's or the Seller Subsidiaries' obligations under Employee Benefit Plans) maintained by Seller or any of the Seller Subsidiaries as of the date hereof that provide coverage, subject to applicable deductibles, self-insured retention requirements, coverage limits and exclusions from coverage, with respect, in whole or in part, to the Business for the policy year that includes the date of this Agreement. To the Knowledge of Seller, except as would not reasonably be expected to result in a Material Adverse Effect, all such insurance policies of Seller and the Seller Subsidiaries are in full force and effect, and, except as a result of the Chapter 11 Case, neither Seller nor any of the Seller Subsidiaries is in default in any material respect regarding its obligations under any of such insurance policies.

4.20 Brokerage. Except as set forth on Schedule 4.20, there are no claims for brokerage commissions, finders fees, or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Seller or any of the Seller Subsidiaries.

4.21 Taxes.

(a) Seller and the Seller Subsidiaries have filed all employment, payroll, real and personal property, sales and use Tax Returns required to be filed by them and have paid all employment, payroll, real property and sales and use Taxes due and owing (whether or not shown on any filed tax return).

(b) Seller and the Seller Subsidiaries have (i) accurately reported, withheld and paid all Taxes required to have been withheld and paid by Sellers in connection with amounts paid or owing by Seller and the Seller Subsidiaries to any employee, independent contractor, creditor, stockholder or other third party, (ii) timely and accurately filed all informational Tax Returns required by applicable Law with respect to its service providers and (iii) have no liability for any withholding Tax or employment Tax previously due.

(c) Seller and the Seller Subsidiaries have paid all property Taxes with respect to the Transferred Real Property and other Acquired Assets required to have been paid by Seller and the Seller Subsidiaries in full and, to Seller's Knowledge, none of the property Taxes related to the Transferred Real Property or other Acquired Assets are subject to temporary abatement or reduction or any ongoing protest or dispute.

4.22 Inventory. Except as may otherwise be reasonably expected in the Ordinary Course of Business, the Inventory included in the Acquired Assets (i) consists solely of materials and goods of a quality acquired or useable or saleable in the Ordinary Course of Business, (ii) is not defective, obsolete or damaged in any material respect and (iii) is fit and merchantable, in all material respects, for their particular use. The amount of Inventory shown on the Latest Balance Sheet was determined in accordance with the Accounting Principles. None of the Inventory is subject to any material consignment, bailment, warehousing or similar agreement, except as set forth on Schedule 4.22.

4.23 Non-Seller Subsidiaries. Except for the Excluded Assets, no Affiliate of Seller other than the Seller Subsidiaries owns any property, assets, rights, title or interest of any kind or nature that are part of the Acquired Assets or are used in the Business.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller and Seller Subsidiary on the date hereof and as of the Closing Date, as follows.

5.1 Corporate Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation, and has all requisite corporate power and authority to own its properties and assets and to conduct its business as now conducted.

5.2 Authorization and Validity.

(a) Buyer has all requisite power and authority to enter into this Agreement and to execute and deliver any Ancillary Agreement to which it is or will be a party and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Ancillary Agreements and the performance of Buyer's obligations hereunder and thereunder have been duly authorized by all necessary action by the board of managers of Buyer, and no other proceedings on the part of Buyer are necessary to authorize such execution, delivery and performance. This Agreement has been, and the Ancillary Agreements when delivered will be, duly executed by Buyer and do and will constitute its valid and binding obligation, enforceable against it in accordance with the terms herein and therein, except that such enforceability (a) may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and (b) is subject to general principles of equity.

(b) Each Buyer Designee that executes or delivers an Ancillary Agreement shall as of the Closing Date (i) be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation, and have all requisite corporate or limited liability company

power and authority to own its properties and assets and to conduct its business as then conducted and (ii) have all requite power and authority to execute and deliver the Ancillary Agreements to which it is a party and to carry out its obligations thereunder. The execution and delivery of any Ancillary Agreement to which any Buyer Designee is a party and the performance by any Buyer Designee of its obligations thereunder will have been duly authorized by all necessary actions of its board of directors or board of managers and no other proceedings on the part of such Buyer Designee shall be necessary to authorize such execution, delivery and performance. The Ancillary Agreements, when delivered by a Buyer Designee, will be duly executed by such Buyer Designee and will constitute its valid and binding obligation, enforceable against it in accordance with the terms therein, except that such enforceability (a) may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and (b) is subject to general principles of equity.

5.3 No Conflict or Violation. Neither the execution, delivery and performance by Buyer of this Agreement and the Ancillary Agreements nor the execution, delivery and performance by any Buyer Designee of any Ancillary Agreement, and the operation of the Business by Buyer or any Buyer Designee as it is constituted as of the Closing Date will (a) violate or conflict with any provision of the Organizational Documents of Buyer or the applicable Buyer Designee or (b) violate any provision of Law, or any Order applicable to Buyer or any Buyer Designee, nor will they result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contract to which Buyer or any Buyer Designee is a party, by which it is bound or to which any of its properties or assets is subject.

5.4 Consents, Approvals and Notifications. The execution, delivery and performance by Buyer of this Agreement and the Ancillary Agreements and the execution, delivery and performance by any Buyer Designee of any Ancillary Agreement, and the operation of the Business by Buyer or the applicable Buyer Designee as it is constituted as of the Closing Date do not require the Consent of, or filing with or notification of, any Government or any other Person except as required: (a) for entry of the Sale Order by the Bankruptcy Court; or (b) for such Consents and filings, the failure to obtain or make would not reasonably be expected to have a material adverse effect on the ability of Buyer or the applicable Buyer Designee to consummate the transactions contemplated hereby.

5.5 Availability of Funds. Buyer has (and Buyer and each Buyer Designee, on and after the Closing Date, will have) sufficient funds available to finance and consummate the transactions contemplated by this Agreement and the Ancillary Agreements and to perform its obligations hereunder or thereunder. Immediately after giving effect to the transactions contemplated hereby, Buyer and each applicable Buyer Designee shall be able to pay its debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities). Immediately after giving effect to the transactions contemplated hereby, Buyer and each applicable Buyer Designee will have adequate capital to carry on its businesses.

5.6 Adequate Assurances Regarding Assigned Contracts. Buyer or any applicable Buyer Designee will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f) of the Bankruptcy Code with respect to the Assigned Contracts.

5.7 Licenses, Permits, etc. Buyer and each Buyer Designee has, or will have as of the Closing Date, all licenses, permits, franchises and authority, whether from a Government or otherwise, necessary to purchase the Acquired Assets.

5.8 Litigation. There are no material actions, suits, proceedings or orders pending or, to Buyer's knowledge, threatened against Buyer at law or in equity, or before or by any Government.

5.9 Brokerage. Except for fees and expenses owed to Mesirow Financial, Inc. and its Affiliates, there are no claims for brokerage commissions, finders fees, expenses or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer or any of its Affiliates.

ARTICLE 6
COVENANTS OF SELLER AND SELLER SUBSIDIARIES

Seller hereby covenants to Buyer as follows:

6.1 Conduct of Business Before the Closing Date.

(a) Without the prior written consent of Buyer or the authorization of the Bankruptcy Court after notice and a hearing, between the date hereof through the earlier of the Closing Date or the date this Agreement is terminated in accordance with its terms, Seller and Seller Subsidiary (a) shall not, except as required or expressly permitted pursuant to the terms hereof or

of any Ancillary Agreement (i) make any material change in the conduct of the Business, except for changes that are in the Ordinary Course of Business, taking into account business exigencies arising as a result of Seller's financial condition and status as a filer under Chapter 11 of the Bankruptcy Code, or not inconsistent in material respects with past practice, (ii) except in the Ordinary Course of Business or in an Alternative Transaction, sell, lease, sublease, mortgage, pledge or otherwise encumber or dispose of any of the material properties, assets or equipment of the Business (other than any of the foregoing within or to the Business) or enter into any agreement regarding the foregoing, (iii) except in the Ordinary Course of Business or as required by Law or contractual obligations or other agreements existing on the date hereof, increase in any manner the compensation of, or enter into any new bonus, incentive, employee benefits, severance or termination agreement or arrangement with, any of the Business Employees, (iv) acquire by merging or consolidating with, or agreeing to merge or consolidate with, or purchase substantially all the assets of, or otherwise acquire any business or any corporation, partnership, association or other business organization or division thereof, (v) subject to the entry of the Sale Order, take any actions inconsistent with the transactions contemplated hereby, (vi) enter into any license, sublicense or similar agreement with respect to any material Transferred Intellectual Property outside of the Ordinary Course of Business, (vii) fail to pay when due any Taxes that would otherwise constitute Assumed Liabilities, (viii) sell any Real Property or (ix) sell, transfer, convey or remove anything that constitutes any part of the Libraries. Without limiting the generality of the foregoing, except as may be required by the Bankruptcy Court or Law, from the date hereof until the earlier to occur of the Closing and the date this Agreement is terminated in accordance with its terms, Seller shall use commercially reasonable efforts to, and to cause the Seller Subsidiaries to, subject to any order of the Bankruptcy Court, conduct the Business in substantially the same manner as conducted by Seller and the Seller Subsidiaries in the Ordinary Course of Business (including (i) maintaining current practices with respect to collecting accounts receivable, and discounting the same, (ii) buying and maintaining levels of inventory consistent with past practices, (iii) keeping in effect and paying all premiums and other amounts due under all insurance policies, and (iv) maintaining all machinery and equipment in good operating condition (normal wear and tear excepted)), but in all cases, taking into account business exigencies arising as a result of Seller's financial condition and status as a filer under Chapter 11 of the Bankruptcy Code.

(b) Buyer shall have the right to consult with and make specific recommendations to Seller regarding all aspects of management and operation of Seller, Seller Subsidiaries and the Business and potential cost cutting measures that may be implemented prior to the Closing Date. Seller and Seller Subsidiaries agree to consider any such recommendations in good faith, to discuss such recommendations and, where appropriate, explain the reasons for not accepting them. Notwithstanding the foregoing, nothing in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the management of Seller, or any Seller Subsidiary or the operations of the Business prior to the Closing Date. Prior to the Closing Date, Seller and Seller Subsidiaries shall exercise, consistent with the terms of this Agreement, complete control, supervision and decision-making authority of the management and operations of the Business.

6.2 Exclusivity; No Solicitation of Transactions. Sellers jointly and severally represent that, other than the transactions contemplated by this Agreement, no Seller or Seller Subsidiary is a party to or bound by any agreement with respect to a possible merger, sale, restructuring, refinancing or other disposition of all or any material part of the Business or the

Acquired Assets (an "***Acquisition Transaction***"). From the date hereof until the earlier of entry of the Bidding Procedures Order and termination of this Agreement, no Seller or Seller Subsidiary shall, directly or indirectly, solicit negotiations regarding or enter into any purchase and sale agreement regarding any Acquisition Transaction other than with Buyer and Buyer Designees in accordance with this Agreement; provided that nothing herein shall prohibit Seller or any Seller Subsidiary from continuing to provide access to any information with respect to the Business and/or the Acquired Assets to any Person that had access to information with respect to the Business and/or the Acquired Assets on the date hereof.

6.3 Obligations of Seller after Entry of Sale Order. From and after the date that the Sale Order is entered, Seller and Seller Subsidiaries shall use reasonable best efforts to cause the Closing to occur as promptly as practicable, and Seller shall not, and shall not permit any of its Affiliates to, intentionally take any action that would make any representation or warranty of Seller or any Seller Subsidiary herein untrue in any material respect at any time prior to the Closing or that is reasonably likely to prevent or delay the consummation of the transactions contemplated hereby unless otherwise required by the Bankruptcy Court or Law. When used in this Agreement, the "reasonable best efforts" of Seller shall not require Seller and Seller Subsidiary or any of its Related Persons to expend any money to remedy any breach of any representation or warranty hereunder, to commence any litigation or arbitration proceeding, to offer or grant any accommodation (financial or otherwise) to any third party, to obtain any Consent required for the consummation of the transactions contemplated hereby or to provide financing to Buyer for the consummation of the transactions contemplated hereby; provided that, if Seller, any Seller Subsidiary or any of its Affiliates elects to remedy such breach, Seller shall not be deemed to be in breach of such representation or warranty, or in violation of any covenant, for purposes of determining Buyer's obligations to consummate the transactions contemplated by this Agreement.

6.4 Access to Properties and Records; Confidentiality. Prior to the earlier to occur of the Closing Date or the date on which this Agreement is terminated in accordance with its terms, unless an Alternative Transaction is approved in accordance with the Bidding Procedures, Seller and Seller Subsidiaries shall afford to Buyer and to the accountants, counsel, consultants to, investors, lenders, and representatives of Buyer, reasonable access during normal business hours and upon reasonable notice to all books and records of Seller and the Seller Subsidiaries relating to the Business if (a) permitted under Law, (b) such books and records are not subject to confidentiality agreements, and (c) disclosing such books and records would not adversely affect any attorney client privilege, work product or similar privilege. Upon reasonable prior notice, Seller shall also afford Buyer reasonable access, during normal business hours, to the Business, to all operations of the Business and to all Acquired Assets throughout the period prior to the Closing Date for purposes of assisting in the transition of the Acquired Assets and the Assumed Liabilities to Buyer at the Closing. The rights of access contained in this Section 6.4 are granted subject to, and on, the following terms and conditions: (t) nothing herein shall require Seller or any of the Seller Subsidiaries to provide access to or disclose any information to any other party if such access or disclosure would be in violation of applicable Laws or regulations of any Government (including the HSR Act and other Antitrust Laws or Laws regarding employee rights of privacy) or the provisions of any agreement to which such party is a party; (u) all requests for access shall be directed to James D. McDonough or Joseph H. Greenberg (the "***Seller Designated Contacts***"); (v) such access shall be exercised in such a manner as not to

interfere unreasonably with the operation of the Business; (w) all information provided to Buyer or its agents or representatives by or on behalf of Seller or their agents or representatives (whether pursuant to this Section 6.4 or otherwise) is governed by and subject to the Confidentiality Agreement, dated as of April 6, 2009, by and between Seller and Buyer or an Affiliate of Buyer (the "***Confidentiality Agreement***") and such access shall occur in such a manner as the Seller reasonably determines to be appropriate to protect the confidentiality of such information sought; (x) such rights of access (including that provided by the last sentence of this Section 6.4 shall not affect or modify the conditions set forth in Article 12 in any way; and (y) all such rights of access are at Buyer's sole cost, expense and risk. Other than the Seller Designated Contacts or as expressly provided in the preceding sentence, Buyer is not authorized to and shall not (and shall cause its Affiliates, employees, agents, representatives and Related Persons not to) contact any officer, director, employee, supplier, lessee, lessor, licensee, licensor, distributor, lender, advertiser, customer or other material business relation of Seller or any of its Subsidiaries prior to the Closing without the prior written consent of Seller, which consent shall not be unreasonably withheld. In no event shall any Phase II or invasive soil testing be permitted without the prior written consent of the Seller. In addition to the foregoing, Sellers agree to provide Buyer such additional due diligence information, to the extent in Seller's possession, as Buyer may reasonably request.

6.5 Consents and Approvals. Subject to the terms and conditions hereof, Sellers shall use reasonable best efforts to (i) obtain all consents and approvals, as reasonably requested by Buyer, to the extent necessary to consummate the purchase and sale of the Acquired Assets and the assignment of the Assumed Liabilities and to consummate the other transactions contemplated hereby, including, without limitation, obtaining the Bidding Procedures Order and, subject to an Alternative Transaction not being approved, the Sale Order in the form and on the timetable provided for herein, and (ii) to make, as reasonably requested by Buyer, all filings, applications, statements and reports to all authorities that are required to be made prior to the Closing Date by or on behalf of Sellers or any of their Affiliates pursuant to any applicable Law in connection with this Agreement and the transactions contemplated hereby; in no event shall receipt of any such consent or approval be deemed a condition to Closing unless specifically designated as such in Article 12 hereof.

6.6 Rejection of Assigned Contracts. Except as provided in Section 1.5, Seller and Seller Subsidiaries shall not reject any Assigned Contracts pursuant to the Chapter 11 Case without the prior written consent of Buyer.

6.7 Casualty Loss. Notwithstanding any provision in this Agreement to the contrary, if, before the Closing (a) all or any portion of the Acquired Assets is condemned or taken by eminent domain, or (b) a material portion is damaged or destroyed by fire or other casualty, Seller shall notify Buyer promptly in writing of such fact. In the case of condemnation or taking, Seller shall assign or pay, as the case may be, any proceeds thereof to Buyer at the Closing, and in the case of fire or other casualty, Seller shall either restore such damage or assign the insurance proceeds therefrom to Buyer at Closing. If Seller chooses to assign the insurance proceeds to Buyer, Seller agrees that the Base Cash Purchase Price shall be reduced by the amount of the deductible for the insurance policy paying proceeds to Seller for such loss (with Buyer being responsible for payment of such deductible). Notwithstanding the foregoing, the provisions of this Section 6.7 do not in any way modify Buyer's other rights under this

Agreement, subject to any applicable right to terminate this Agreement if any condemnation, taking, damage or other destruction resulted in a Material Adverse Effect.

6.8 Provision of Data; Transfer of Software. Subject to applicable Law, Seller and Seller Subsidiary agree to cooperate with such reasonable requests during normal business hours as Buyer may make prior to and following the Closing (which requests shall not interfere in any material respect with the responsibilities of the Business' employees), so as to assist Buyer, at Buyer's sole cost and expense, with the integration, from and after the Closing, of the existing operational data, software and systems relating to the Business into Buyer's software and systems. Notwithstanding the foregoing, the Parties acknowledge and agree that Buyer is not acquiring any software or any computer or other electronic equipment that is otherwise to be transferred to Buyer as part of the Acquired Assets, unless and only to the extent that Buyer or Seller have obtained prior to the Closing any necessary licenses or Consents to use such software from and after the Closing; provided that any such licenses shall be deemed Delayed Acquired Assets and shall be subject to Section 1.6 hereof. Seller and Seller Subsidiaries also agree to cooperate with such reasonable requests during normal business hours as Buyer may make in order to facilitate Buyer's acquisition of such licenses or rights, at no cost to Seller or the Seller Subsidiaries.

6.9 Litigation Support. With respect to any litigation and Claims that are Assumed Liabilities, after the Closing, Seller and Seller Subsidiaries shall, at Buyer's cost and expense, (i) render all reasonable assistance that Buyer may request in transitioning the defense of such litigation or Claim to Buyer and (ii) make available to Buyer, its counsel and its other agents, advisors and representatives, Seller's and Seller Subsidiaries' personnel, if any, most knowledgeable about the matter in question in connection with such transition assistance. If after the Closing, Seller, any Seller Subsidiary (or any Affiliate) receives any payment or revenue that belongs to Buyer pursuant to this Agreement or any Ancillary Agreement, Seller or such Seller Subsidiary shall promptly remit or cause to be remitted the same to Buyer without setoff or deduction of any kind or nature.

6.10 Further Assurances. Subject to Section 3.2(b), upon the request and at the sole expense of Buyer at any time after the Closing Date (but without additional consideration), Seller and Seller Subsidiaries shall execute and deliver such documents, including Intellectual Property and Internet domain name conveyance documents, as Buyer or its counsel may reasonably request to effectuate the transactions contemplated by this Agreement. Without limiting the foregoing, if at any time after the Closing, Seller, any Seller Subsidiary or any of their Affiliates or any of their Related Persons comes into possession or control or discovers that it has possession or control over any Acquired Asset, including Receivables included in the Acquired Assets and Acquired Refunds, Seller shall promptly, but in no event later than three (3) Business Days after coming into possession or control or discovering such possession or control, deliver (or cause to be delivered) such Acquired Assets to Buyer, for no additional consideration.

ARTICLE 7
COVENANTS OF BUYER

Buyer hereby covenants to Seller as follows:

7.1 Actions Before Closing Date. Buyer shall use reasonable best efforts (a) to perform and satisfy all conditions to each of Buyer's and Seller's obligations to consummate the transactions contemplated by this Agreement that are to be performed or satisfied by Buyer under this Agreement, including specifically negotiating the Amended Union Contracts described in Section 12.3(e), and (b) to cause the Closing to occur as promptly as practicable and Buyer shall not, and shall not permit any of its Affiliates to, intentionally take any action that is reasonably likely to prevent or delay the consummation of the transactions contemplated hereby.

7.2 Adequate Assurances Regarding Assigned Contracts. With respect to each Assigned Contract, to the extent requested by the Bankruptcy Court, Seller, any applicable Seller Subsidiary or the counterparty to such Contract, Buyer shall provide the Bankruptcy Court, Seller, any applicable Seller Subsidiary or such counterparty, as the case may be, adequate assurance of the future performance of such Assigned Contract by Buyer.

7.3 Cure of Defaults. Without limiting or amending the provisions of Section 3.3(b) with respect to the treatment of Seller Cure Cost Obligations, Buyer shall, on or prior to the assumption by Buyer of any Assigned Contract, cure any and all defaults under the Assigned Contracts that are required to be cured under the Bankruptcy Code, so that such Contracts may be assumed by Seller and assigned to Buyer in accordance with the provisions of Section 365 of the Bankruptcy Code ("***Cure Costs***"). Nothing herein shall prevent Seller or Buyer from agreeing with the counterparty to any such Contract to reduce Cure Costs as long as, in connection therewith, no rights or obligations of Seller, any Seller Subsidiary, Buyer or Buyer Designee under this Agreement or such Contract are adversely affected.

7.4 Availability of Business Records. After the Closing Date, Buyer shall provide to Seller, Seller Subsidiaries and their Affiliates and their Related Persons (after reasonable notice and during normal business hours and without charge to Seller, Seller Subsidiaries, their Affiliates or their Related Persons) access to all Business Records of the Business or the Acquired Assets or Assumed Liabilities for periods prior to the Closing and shall preserve such Business Records until the later of (a) two (2) years after the Closing Date and (b) the required retention period for all Government contact information, records or documents, if permitted under Law. Such access includes access to any information in electronic or digital form to the extent reasonably available. Buyer acknowledges that Seller and its Affiliates have the right to retain copies of Business Records for periods prior to the Closing. Prior to destroying any Business Records for periods prior to the Closing, Buyer shall notify Seller thirty (30) days in advance of any such proposed destruction of its intent to destroy such Business Records, and Buyer will permit Seller (or its designee) to retain such Business Records. If, after the Closing, Buyer (or any Affiliate or creditor of Buyer) receives any payment or revenue that belongs to Seller or any of its Subsidiaries pursuant to this Agreement or any Ancillary Agreement, Buyer shall promptly remit or cause to be remitted the same to Seller without set-off or deduction of any kind or nature.

7.5 Further Assurances. Upon the request and at the sole expense of Seller at any time after the Closing Date (but without additional consideration), Buyer shall execute and deliver such documents as Seller, any Seller Subsidiary or its counsel may reasonably request to effectuate the transactions contemplated by this Agreement. Without limiting the foregoing, if at any time on or after the Closing Buyer, its Affiliates or any of its or their Related Persons comes

into possession or control of any Excluded Assets, Buyer shall promptly but in no event later than three (3) Business Days after coming into possession or control, return (or cause to be returned) such Excluded Assets to Seller for no additional consideration.

7.6 Operation of the Business Post-Closing. Buyer shall, and shall cause each Buyer Designee to, operate the Business as a going concern during the period beginning on the Closing and ending not less than 180 days after the Closing. On the Closing Date, Buyer and the Buyer Designees shall be capitalized with not less than $15,000,000 of equity capital for payment of Buyer's obligations under Section 3.3(b) and for operation of the Business from and after the Closing.

ARTICLE 8
BANKRUPTCY PROCEDURES

8.1 Bankruptcy Actions. Seller shall use reasonable best efforts to obtain entry by the Bankruptcy Court of (a) an Order in the form of Exhibit J attached hereto (the "***Bidding Procedures Order***") and (b) upon completion of the Auction and subject to an Alternative Transaction not being approved in accordance with the Bidding Procedures, an Order in the form of Exhibit K attached hereto (the "***Sale Order***") on the timeframes described in Sections 12.3(g) and 12.3(h). Seller shall (x) file all pleadings with the Bankruptcy Court as are necessary or appropriate to secure entry of the Bidding Procedures Order and, upon completion of the Auction and subject to an Alternative Transaction not being approved in accordance with the Bidding Procedures, the Sale Order, and (y) serve all parties known to Seller to be entitled to notice of such pleadings under applicable provisions of the Bankruptcy Code and Rules, including all parties to the Assigned Contracts and all Governments having or asserting jurisdiction over Seller, the Seller Subsidiaries or the Acquired Assets, the Internal Revenue Service and all taxing authorities, all Unions that are parties to agreements with Seller or any Seller Subsidiary and all pension plans Seller or any Seller Subsidiary sponsors or contributes to and shall diligently pursue obtaining such orders. Buyer shall promptly take all actions as are reasonably requested by Seller to assist in obtaining the Bankruptcy Court's entry of the Bidding Procedures Order and, as applicable, the Sale Order or any other Order reasonably necessary in connection and consistent with the transactions contemplated by this Agreement and the Ancillary Agreements, including furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making Buyer's employees and representatives available to testify before the Bankruptcy Court. Furthermore, Buyer covenants and agrees that it shall cooperate with Seller's reasonable requests in connection with furnishing information or documents to Seller to satisfy the requirements of adequate assurance of future performance under Section 365(f)(2)(B) of the Bankruptcy Code.

8.2 Bidding Procedures. The bidding procedures (the "***Bidding Procedures***") to be employed with respect to this Agreement are those reflected in the Bidding Procedures Order. The Bidding Procedures may be supplemented by other customary procedures not inconsistent with the matters otherwise set forth herein and the terms of this Agreement only with the prior written consent of Buyer. There shall be no breach of this Agreement by Sellers for compliance with, or actions or inactions in accordance with, the Bidding Procedures Order.

ARTICLE 9
EMPLOYEE AND BENEFITS MATTERS

This ARTICLE 9 sets forth Buyer's and Seller's acknowledgements, covenants and undertakings with respect to certain matters related to employees of the Business.

9.1 Business Employees. Seller shall provide Buyer within a reasonable period prior to the Closing Date a list of all employees of the Business, including with respect to any inactive employee, the anticipated date of return to active employment (the "***Business Employees***"). Those Business Employees who accept such offers of employment and become employees of Buyer are referred to herein as the "***Transferred Employees***".

9.2 Offers of Employment.

(a) At least five business days prior to the Closing, Buyer shall notify Seller in writing of any of the top eleven executive level Business Employees to which Buyer will not make an offer of employment (the "***Specified Business Employees***"). Immediately prior to the Closing, the employment of all Business Employees, other than the Specified Business Employees, shall be terminated by the applicable Seller or Seller Subsidiary, and all such employees shall have the right to apply for employment with Buyer. Buyer hereby informs Seller that it intends to make offers of employment to certain Business Employees (other than the Specified Business Employees) and that such offers shall be on terms and conditions of employment different from those provided by Seller and the Seller Subsidiaries, and therefore that it is uncertain how many such Business Employees will accept employment with Buyer. The number of offers of employment made by Buyer, and the terms and conditions of such offers, shall be determined by Buyer in its sole discretion subject to the requirements of the Amended Union Contracts, the Buyer Assumed Plans and applicable Law. Notwithstanding the foregoing, Buyer agrees that it shall (and shall cause each Buyer Designee) use its commercially reasonable efforts to require, as a condition to any Transferred Employee's employment with Buyer (or such Buyer Designee), that such Transferred Employee irrevocably waive and release any Claims such Business Employee may have against Sellers or their Affiliates or Related Persons relating to Vacation Obligations. Except to the extent any of the same are Assumed Liabilities in accordance with this Agreement, Seller and the Seller Subsidiaries shall be responsible for any and all wages, bonuses, commissions, employee benefits, retention or stay bonus arrangements, and other compensation (including all obligations under any Employee Benefit Plans) due to the employees of Sellers arising out of their employment with Sellers prior to and as of the Closing.

(b) Buyer and Sellers acknowledge and agree that nothing contained in this Agreement shall confer upon any Transferred Employee any right with respect to continuance of employment by Buyer (or any applicable Buyer Designee), nor shall anything herein interfere with the right of Buyer (or any applicable Buyer Designee) to terminate the employment of any Transferred Employees at any time, with or without notice, or restrict Buyer (or any applicable Buyer Designee), in the exercise of its business judgment in modifying any of the terms or conditions of employment of the Transferring Employees after the Closing.

9.3 Sellers' Employee Benefit Plans.

(a) Seller shall, or shall cause one of its Affiliate to, assign to Buyer, and Buyer shall assume, only the Employee Benefit Plans set forth on Schedule 9.3 (the "***Assumed Benefit Plans***") and all assets and liabilities of Seller and the Seller Subsidiaries related thereto.

(b) Other than the Assumed Benefit Plans (and liabilities and obligations thereunder) or except to the extent the same constitute Assumed Liabilities in accordance with this Agreement, neither Buyer nor any Buyer Designee shall assume any Employee Benefit Plans or any obligation or liability thereunder (all of which shall be Excluded Liabilities for all purposes of this Agreement) and Buyer shall provide benefits to those Transferred Employees as of or after the Closing as Buyer, in its sole discretion, shall determine.

(c) Other than the Assumed Benefit Plans (and liabilities and obligations thereunder) or except to the extent the same constitute Assumed Liabilities in accordance with this Agreement, all health and welfare claims incurred at any time under any Employee Benefit Plan and any other health and welfare plan maintained by Sellers and their ERISA Affiliates, regardless of when such claim was incurred, shall be Excluded Liabilities. All COBRA notice and continuation coverage requirements for all current and former employees (and their eligible dependents) who are entitled to elect COBRA coverage on account of a qualifying event occurring at any time (i.e., prior to, on or after Closing) shall be Excluded Liabilities for purposes of this Agreement; provided that Buyer or the applicable Buyer Designee shall be responsible for satisfying the COBRA notice and continuation coverage requirements for Transferred Employees (and their eligible dependents) who are entitled to elect COBRA coverage on account of a qualifying event occurring after the Closing Date.

(d) Notwithstanding anything set forth in this Article 9, nothing contained herein, whether express or implied, (i) shall be treated as an amendment or other modification of any employee benefit plan maintained by Buyer or its Affiliates, or (ii) shall limit the right of Buyer or any Buyer Designee or its Affiliates to amend, terminate or otherwise modify any employee benefit plan following the Closing.

9.4 Sellers' Cooperation in Transferring Employees. Subject in all cases to the requirements of applicable Law, Seller and the Seller Subsidiaries shall cooperate with Buyer and shall permit Buyer a reasonable period prior to the Closing Date (i) to meet with employees of Seller and the Seller Subsidiaries (including managers and supervisors) at such times as Buyer shall reasonably request, (ii) to speak with such employees' managers and supervisors (in each case with appropriate authorizations and releases from such employees) who are being considered for employment by Buyer or a Buyer Designee, (iii) to distribute to such employees of Seller and Seller Subsidiaries such forms and other documents relating to potential employment by Buyer after the Closing as Buyer may reasonably request, and (iv) to permit Buyer's counsel, upon request, to review personnel files and other relevant employment information regarding employees of Sellers.

9.5 Buyer Benefit Plans. To the extent Buyer or a Buyer Designee establishes new employee benefit plans for Transferred Employees, Buyer or such Buyer Designee shall use commercially reasonable efforts to (a) waive pre-existing condition requirements (except with

respect to any pre-existing condition for which coverage was denied under any welfare benefit plan of Seller or its Affiliates), evidence of insurability provisions, waiting period requirements or any similar provisions under any welfare benefit plans maintained by Buyer or such Buyer Designee for Transferred Employees on and after the Closing Date, and (b) apply toward any deductible requirements and out-of-pocket maximum limits under its employee welfare benefit plans any amounts paid (or accrued) by each Transferred Employee under Seller's or its Affiliates' welfare benefit plans during the applicable plan year in which the Closing Date occurs. Buyer or such Buyer Designee shall recognize for purposes of eligibility and vesting under its policies and employee benefit plans, including pension or retirement plans, the service of any Transferred Employee with Seller or any of its Affiliates prior to the Closing Date.

9.6 Collective Bargaining Agreements. Notwithstanding anything herein to the contrary, Seller and the Seller Subsidiaries shall assign to Buyer or a Buyer Designee, and Buyer or such Buyer Designee shall assume from Seller and the Seller Subsidiaries, the Amended Union Contracts to the extent such Amended Union Contracts are executed and delivered by or on behalf of Seller or the applicable Seller Subsidiary, on the one hand, and the applicable Union on the other hand, prior to the Closing and, from and the after the Closing, Buyer or such Buyer Designee shall comply with the terms thereof.

9.7 No Third-Party Beneficiary. Except for the Assumed Benefit Plans and the Assumed Liabilities and as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall be construed to require the employment of (or prevent the termination of employment of) any individual, require minimum benefit or compensation levels or prevent any change in the employee benefits provided to any individual Transferred Employee. No provision of this Agreement shall create any third party beneficiary rights in any employee or former employee of any Seller or Seller Subsidiary or any other Person (including any beneficiary or dependent thereof) of any nature or kind whatsoever, including without limitation, in respect of continued employment (or resumed employment) for any specified period.

ARTICLE 10
REGULATORY MATTERS

10.1 No Required Antitrust And Other Filings and Notices. The parties acknowledge and agree that there is no obligation to file a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby.

ARTICLE 11
TAXES AND FEES

11.1 Taxes Related to Purchase of Assets. Each of Buyer and Seller shall pay one-half of all state, county and local sales, use, transfer, value-added or other similar Taxes solely incurred in connection with the transfer of the Acquired Assets and the assumption of the Assumed Liabilities, and all recording and filing fees that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets and the assumption of the Assumed Liabilities (collectively, "***Transaction Taxes***"), in each case regardless of the party upon whom such Transaction Taxes are initially imposed, and the party required by applicable Law will file all necessary Tax Returns and other documentation with respect to all such Transaction Taxes

and, if required by applicable Law, the other party will join in the execution of such Tax Returns and other documentation. Buyer and Seller shall cooperate in providing each other with transfer tax declarations or any appropriate resale exemption certifications and other similar documentation to qualify for exemption from, or reduction of, any Transaction Taxes. For the avoidance of doubt, Transaction Taxes shall not include any Taxes that are computed on the basis of, or by reference to, Seller's (or any Seller Subsidiary's) gross or net income, overall gross receipts, or capital.

11.2 Cooperation on Tax Matters. Seller and Buyer shall (and shall cause their respective Affiliates to) cooperate fully with each other and make available or cause to be made available to each other for consultation, inspection and copying (at such other Party's expense), in a timely fashion, such personnel, Tax data, relevant Tax Returns or portions thereof and filings, files, books, records, documents, financial, technical and operating data, computer records and other information as may be reasonably required (a) for the preparation by such other Party or its Affiliates of any Tax Returns or (b) in connection with any Tax audit or proceeding including one Party (or an Affiliate thereof) to the extent such Tax audit or proceeding relates to or arises from the transactions contemplated by this Agreement.

11.3 Allocation of Purchase Price and Purchase Price Allocation Forms. The Final Cash Purchase Price, the Assumed Liabilities and other relevant items shall be allocated among the Acquired Assets in accordance with Section 1060 of the Code. Buyer shall prepare and deliver to Seller an allocation schedule setting forth Buyer's determination of the allocation within sixty (60) days after the date the Final Cash Purchase Price is finally determined, which schedule shall be subject to the reasonable approval of Seller (such schedule as reasonably approved by Seller, the "***Allocation Schedule***") The Allocation Schedule shall identify the transferor and transferee thereof and shall be prepared in accordance with Treas. Reg. Section 1.1060-1 (or any comparable provision of state or local Tax Law) or any successor provision. The Parties on behalf of themselves and their respective Affiliates agree that they will report the federal, state, local and other Tax consequences of the purchase and sale hereunder (including in filings on IRS Form 8594) in a manner consistent with such allocation and that they will not take any position inconsistent therewith in connection with any Tax Return, refund claim, litigation or otherwise, unless and to the extent required to do so pursuant to applicable Law. Seller and Buyer shall, and shall cause their Affiliates to, cooperate in the filing of any forms (including Form 8594) with respect to such allocation. Notwithstanding any other provision of this Agreement, this Section 11.3 survives any termination or expiration of this Agreement.

11.4 Unbilled Transactional Taxes. If a Tax assessment is levied upon any Party or its Affiliates (or its or their Related Persons) by an authorized Tax jurisdiction for unbilled Transaction Taxes, then such Party shall promptly, upon receipt of notification of the same, deliver to the other Party a copy thereof. Notwithstanding anything to the contrary herein, no Party shall be responsible for any interest or penalty relating to any Transaction Taxes to the extent such interest or penalty arises from any breach by any other Party hereto of such other Party's obligations to deliver such notice or to pay such Transaction Tax when due; provided that each Party shall continue to be responsible for 50% of the Transaction Taxes other than any such interest or penalties.

ARTICLE 12
CONDITIONS PRECEDENT TO PERFORMANCE BY PARTIES

12.1 Conditions Precedent to Performance by Seller and Buyer. The respective obligations of Seller and Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver by Buyer and Seller (other than the condition contained in Section 12.1(a), the satisfaction of which cannot be waived), on or prior to the Closing Date, of the following conditions:

(a) Sale Order. The Bankruptcy Court shall have entered the Sale Order, and no Order staying, reversing, modifying or amending the Sale Order shall be in effect and the Sale Order shall have become a Final Order.

(b) No Violation of Orders. No preliminary or permanent injunction or other Order that declares this Agreement or the Escrow Agreement invalid or unenforceable in any material respect or that prevents the consummation of the transactions contemplated hereby or thereby shall be in effect on the Closing Date.

(c) No Termination of Agreement. This Agreement shall not have been terminated in accordance with Article 13.

Any condition specified in this Section 12.1 (other than the condition contained in Section 12.1(a), the satisfaction of which cannot be waived) may be waived only by written instrument executed by Buyer and Seller.

12.2 Conditions Precedent to Performance by Seller and Seller Subsidiaries. The obligations of Seller and each Seller Subsidiary to consummate the transactions contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of the following conditions, any one or more of which may be waived by Seller in its sole discretion in a written instrument executed and delivered by Seller:

(a) Representations and Warranties of Buyer. Each of the representations and warranties made by Buyer in this Agreement shall be true and correct as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date)), except to the extent of changes or developments contemplated by the terms of this Agreement or the Ancillary Agreements or caused by the transactions contemplated hereby or thereby and except for any failure of any such representation and warranty to be true and correct as does not have a Material Adverse Effect, and Seller shall have received on the Closing Date a certificate in the form attached hereto as Exhibit L dated as of the Closing Date and signed by a duly authorized signatory of Buyer to that effect.

(b) Performance of the Obligations of Buyer. Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by it on or before the Closing Date (except with respect to the obligation to pay the Closing Cash Purchase Price in accordance with the terms of this Agreement, which obligation shall be performed in all respects as required under this Agreement), and Seller shall have received on the Closing Date a certificate in the form attached hereto as Exhibit L dated the Closing Date and signed by a duly

authorized signatory of Buyer to that effect.

(c) Cure of Defaults. Without limiting or amending the provisions of Section 3.3(b) with respect to the treatment of Seller Cure Cost Obligations, Buyer shall have, at or prior to the Closing, cured any and all defaults under the Assigned Contracts that are required to be cured under the Bankruptcy Code or shall have made adequate provision for payment of such cure amounts at the Closing and shall have provided adequate assurances of future performance required to be provided by Buyer hereunder, so that the Assigned Contracts may be assumed by Seller or the Seller Subsidiaries and assigned to Buyer in accordance with the provisions of Section 365 of the Bankruptcy Code.

(d) Buyer's Deliveries. Buyer shall have delivered to Seller all of the items set forth in Section 3.3(c) of this Agreement.

12.3 Conditions Precedent to the Performance by Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of the following conditions, any one or more of which may be waived by Buyer in its sole discretion in a written instrument executed and delivered by Buyer:

(a) Representations and Warranties of Seller. Each of the representations and warranties contained in Article 4 of this Agreement shall be true and correct as of the Closing Date as if made anew as of such date (except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date)), except to the extent of changes or developments contemplated by the terms of this Agreement or the Ancillary Agreements or caused by the transactions contemplated hereby or thereby and except for failure of any such representation and warranty to be true and correct as does not have a Material Adverse Effect, and Buyer shall have received on the Closing Date a certificate in the form attached hereto as Exhibit M dated as of the Closing Date and signed by a duly authorized signatory of Seller to that effect.

(b) Performance of the Obligations of Seller. Seller shall have materially performed all obligations required under this Agreement to be performed by it on or before the Closing Date, and Buyer shall have received on the Closing Date a certificate in the form attached hereto as Exhibit M dated as of the Closing Date and signed by a duly authorized signatory of Seller to that effect.

(c) Material Adverse Effect. Since the date of this Agreement, no Material Adverse Effect shall have occurred and be continuing.

(d) Seller's Deliveries. Seller shall have delivered to Buyer all of the items set forth in Section 3.2(a) of this Agreement.

(e) Union Contracts. Seller shall have entered into amended written Contracts with all of the Unions described on Schedule 12.3(e) including the terms previously agreed between Seller and Buyer and not otherwise including, without Buyer's written consent, any additional terms unfavorable to Seller other than those previously agreed to by Seller and Buyer (the "***Amended Union Contracts***").

(f) Filing of Bid Procedures and Sale Motions. Within three (3) Business Days after the execution of this Agreement, Seller shall file with the Bankruptcy Court (i) a motion, reasonably satisfactory to Buyer, seeking, on an expedited basis, entry of the Bidding Procedures Order (the "***Bid Procedures Motion***") and (ii) a motion, reasonably satisfactory to Buyer, seeking entry of the Sale Order (the "***Sale Motion***").

(g) Auction. The Auction being scheduled for not more than thirty (30) days after the entry of the Bidding Procedures Motion.

(h) Timing of Sale Order. Assuming that the Buyer is the Successful Bidder at the Auction, the Sale Order being entered and approved not more than 45 days after the filing of the Bid Procedures Motion.

(i) No Sale of Owned Real Property. During the period beginning on June 1, 2009 and ending on the Closing Date, none of the Owned Real Property shall have been conveyed, transferred or sold or become subject to any Lien, Claim or Interest consensually granted by Sellers, other than Permitted Liens.

(j) Subscription Revenues. The aggregate subscription revenues of the Business, taken as a whole, for the period beginning on the June 1, 2009 and ending on the last day of the calendar month most recently completed at least 15 days prior to the Closing shall not be more than 15% less than the aggregate subscription revenues of the Business, taken as a whole, for the same period during the prior year, all as determined in accordance with the Accounting Principles and determined in each case without regard to any revenues generated from any product of the Business eliminated on or after June 1, 2008.

(k) Advertising Revenues. The aggregate advertising revenues of the Business, taken as a whole, for the period beginning on the June 1, 2009 and ending on the last day of the calendar month most recently completed at least 15 days prior to the Closing shall not be more than 40% less than the aggregate advertising revenues of the Business, taken as a whole, for the same period during the prior year, all as determined in accordance with the Accounting Principles and determined in each case without regard to any revenues generated from any product of the Business eliminated on or after June 1, 2008.

(l) Cure Costs. The Excess Buyer Cure Costs shall not exceed $600,000; provided that the condition set forth in this Section 12.3(l) shall automatically be deemed satisfied if, prior to Closing, Seller delivers to Buyer a written agreement to pay and be responsible for any Excess Buyer Cure Costs in excess of $600,000. For purposes of this Agreement, "Excess Buyer Cure Costs" shall mean an amount equal to (i) the aggregate amount of Cure Costs with respect to Assigned Contracts to be assumed by Buyer (or any Buyer Designee) at the Closing, minus (i) the aggregate amount of Seller Cure Cost Obligations with respect to such Assigned Contracts.

12.4 Waiver of Condition; Frustration of Conditions. All conditions to the Closing shall be deemed to have been satisfied or waived from and after the Closing. Neither Buyer nor Seller may rely on the failure of any condition set forth in this Article 12, as applicable, to be satisfied if such failure was caused by such Party's failure to use, as required by this Agreement, its reasonable best efforts to consummate the transactions contemplated hereby.

ARTICLE 13
TERMINATION AND EFFECT OF TERMINATION

13.1 Right of Termination. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated only as provided in this Article 13. In the case of any such termination, the terminating Party shall give notice to the other Party specifying the provision pursuant to which the Agreement is being terminated.

13.2 Termination Without Default.

(a) This Agreement may be terminated at any time before Closing:

(i) by mutual written consent of Seller and Buyer;

(ii) by Buyer, within five (5) Business Days after the date specified in such condition, if any condition specified in Section 12.3(f), Section 12.3(g) or Section 12.3(h) has not been satisfied on the date specified in such condition; provided, however, that Buyer shall have no right to terminate this Agreement under this Section 13.2(a)(ii) if Buyer's failure to fulfill any of its obligations under this Agreement is a reason that such condition has not been satisfied;

(iii) by Buyer on any date that is more than 90 days after the date hereof (the "***Termination Date***"), if any condition contained in Section 12.1 or Section 12.3 has not been satisfied or waived as of such time; provided, however, that Buyer shall have no right to terminate this Agreement under this Section 13.2(a)(iii) if Buyer's failure to fulfill any of its obligations under this Agreement is a reason that the Closing has not occurred on or before said date;

(iv) by Seller, on or after the Termination Date, if any condition contained in Section 12.1 or Section 12.2 has not been satisfied or waived as of such time; provided, however, that Seller shall have no right to terminate this Agreement under this Section 13.2(a)(iv) if Seller's failure to fulfill any of its obligations under this Agreement is the reason that the Closing has not occurred on or before said date;

(v) by either Buyer or Seller, immediately upon an Order becoming final and non-appealable that declares this Agreement invalid or unenforceable in any material respect or that prevents the consummation of the transactions contemplated hereby or thereby (a "***Termination Order***"); provided, however, that neither Seller nor Buyer shall have the right to terminate this Agreement pursuant to this Section 13.2(a)(v) if such party or any of its Affiliates has sought entry of, or has failed to use its reasonable best efforts to oppose entry of, such Termination Order, or if such provision of this Agreement declared invalid or unenforceable is

modified or waived in writing in a manner acceptable to Buyer and Seller and is otherwise valid and enforceable; or

(vi) by either Buyer or Seller, on any date that is more than 25 days after the date that the Bid Procedures Motion is filed with the Bankruptcy Court, if the Bidding Procedures Order has not been entered by the Bankruptcy Court on or prior to such date; provided, however, that neither Buyer nor Seller shall have the right to terminate this Agreement pursuant to this Section 13.2(a)(vi) if such party's failure to fulfill any of its obligations under this Agreement is the reason that the Bidding Procedures Order has not been entered by the Bankruptcy Court on or prior to such date.

(b) If this Agreement is terminated pursuant to Section 13.2(a), (i) the Deposit, together with any interest accrued thereon less fees and expenses of the Escrow Agent, shall be returned to Buyer, (ii) this Agreement shall be null and void and have no further legal effect (other than this Section 13.2, Article 15 and Article 16, each of which shall survive termination) and (iii) none of Seller, Buyer or any of their respective Affiliates or Related Persons shall have any liability or obligation arising under or in connection with this Agreement; provided that if this Agreement is terminated (A) by Buyer pursuant to Section 13.2(a)(ii) as a result of the failure of the condition contained in Section 12.3(h) or pursuant to Section 13.2(a)(iii) as a result of the failure of the conditions contained in Section 12.3(c) or Section 12.3(e) or (B) by Seller after the entry of the Sale Order pursuant to Section 13.2(a)(iv) as a result of the Sale Order not having become a Final Order prior to such termination and, prior to such termination, Buyer has agreed and certified to Seller in writing that all of the conditions to Buyer's obligations to consummate the transactions contemplated by this Agreement, other than the condition set forth in Section 12.1(a), have been satisfied or waived and that Buyer stands ready, willing and able to consummate the Closing upon the satisfaction of the condition set forth in Section 12.1(a), then, as Buyer's sole and exclusive remedy upon such termination and as liquidated damages and not a penalty, Seller and the Seller Subsidiaries shall reimburse Buyer for all documented out of pocket costs and expenses incurred by Buyer in connection with its legal, accounting and business due diligence (including costs of obtaining environmental reports and title insurance), negotiating and documenting this Agreement and the transactions contemplated hereby, negotiating and documenting the Amended Union Agreements and documenting the capitalization of the Buyer, including fees and expenses of attorneys, accountants, financial advisors, and other consultants some of whom may be Related Parties or Affiliates of Buyer or entities in which Buyer or its investors have an interest (the "***Buyer Expense Reimbursement***"), up to an amount not to exceed $500,000. Seller's obligation to pay the Buyer Expense Reimbursement pursuant to this Section 13.2 shall constitute a superpriority administrative expense of Sellers under Section 507(b) of the Bankruptcy Code.

13.3 Effect of Failure of Seller's Conditions to Closing.

(a) Seller may terminate this Agreement if there has been a material violation or breach by Buyer of any covenant, representation or warranty contained in this Agreement which has prevented the satisfaction of any condition to the obligations of Seller at the Closing and such violation or breach has not been waived by Seller and such violation or breach is not capable of being cured or, if capable of being cured, has not been cured prior to the earlier of (I) ten (10) days after written notice thereof from Seller, or (II) the Termination Date; provided

that the right of termination pursuant to this Section 13.3(a) shall not be available to Seller at any time that Seller has violated or is in breach of any covenant, representation or warranty hereunder if such breach has prevented satisfaction of Buyer's conditions to Closing hereunder and has not been waived by Buyer or, if capable of cure, has not been cured by Seller; provided, further, that the failure to deliver the Closing Cash Purchase Price as required hereunder shall not be subject to cure hereunder unless otherwise agreed to in writing by Seller.

(b) If Seller terminates this Agreement pursuant to Section 13.3(a), (a) the Deposit, less Seller's share of any unpaid fees and expenses of the Escrow Agent, shall be paid to Seller (and Buyer shall take all actions reasonably required to cause such Deposit to be released to Seller) and such amounts shall be Seller's sole and exclusive remedy and shall constitute liquidated damages and not a penalty, (b) this Agreement shall be null and void and have no further legal effect (other than this Section 13.3, Article 15 and Article 16, which survive termination) and (c) except as provided in this Section 13.3, none of Sellers, Buyer or any of their respective Related Persons have any liability or obligation arising under or in connection with this Agreement.

13.4 Effect of Failure of Buyer's Conditions to Closing. Buyer may terminate this Agreement if there has been a material violation or breach by Seller of any covenant, representation or warranty contained in this Agreement which has prevented the satisfaction of any condition to the obligation of Buyer at the Closing and such violation or breach has not been waived by Buyer and such violation or breach is not capable of being cured or, if capable of being cured, shall not have been cured prior to the earlier of (I) thirty days after written notice thereof from Buyer, or (II) the Termination Date; provided that the right of termination pursuant to this Section 13.4 shall not be available to Buyer at any time that Buyer has violated or is in breach of any covenant, representation or warranty hereunder if such breach has prevented satisfaction of the Seller's conditions to Closing hereunder and has not been waived by Seller or, if capable of cure, has not been cured by Buyer. If this Agreement is terminated pursuant to this Section 13.4: (a) the Deposit, together with any interest accrued thereon less Buyer's share of any unpaid fees and expenses of the Escrow Agent, shall be returned to Buyer, (b) this Agreement shall be null and void and have no further legal effect (other than this Section 13.4, Article 15 and Article 16, which survive termination) and (c) except as provided in this Section 13.4, none of Sellers, Buyer or any of their respective Related Persons have any liability or obligation arising under or in connection with this Agreement.

13.5 Additional Termination Provisions.

(a) This Agreement may be terminated at any time before Closing (i) by Buyer if (A) Sellers withdraw or seek authority to withdraw the Sale Motion, (B) there has been an intentional breach by Sellers of or intentional failure by Sellers to comply with any of the covenants in this Agreement contemplating the consummation of the transfer of Acquired Assets to Buyer which has prevented the satisfaction of any condition to the obligation of Buyer at the Closing (including, without limitation, the conditions set forth in Sections 12.3(f), 12.3(g) and 12.3(h) herein), (C) Sellers publicly support or are the co-proponent of any plan of reorganization or liquidation filed with the Bankruptcy Court that does not contemplate the consummation of the transactions contemplated by this Agreement or (D) any plan of reorganization or liquidation that does not contemplate the consummation of the transactions

contemplated by this Agreement is confirmed by the Bankruptcy Court, (ii) by Buyer if, after Seller's exclusivity period under the Bankruptcy Code (including any extensions thereof) has expired, a plan of reorganization or liquidation that does not contemplate the consummation of the transaction contemplated by this Agreement is filed with the Bankruptcy Court by any Person other than Buyer or any of its Affiliates or any Person working for or in collaboration with Buyer or any of its Affiliates or (iii) by Buyer or Seller if Buyer is not the Successful Bidder at the Auction.

(b) If this Agreement is terminated pursuant to Section 13.5(a): (i) the Deposit, together with any interest accrued thereon, less Buyer's share of any unpaid fees and expenses of the Escrow Agent, shall be returned to Buyer within five (5) Business Days after such termination (provided that the interest may not be returned until the second day of the month following such termination), (ii) Seller shall pay Buyer the applicable Break-Up Fee and Buyer Expense Reimbursement in accordance with Section 13.5(c), (iii) this Agreement shall be null and void and have no further legal effect (except for this Section 13.5, Article 15 and Article 16, each of which survive termination), and (iv) except as provided in this Section 13.5(b) and in Section 13.5(c), none of Buyer, Seller or their respective Affiliates, or any of theirs or their Affiliates' Related Persons shall have any liability or obligation arising under or in connection with this Agreement.

(c) Break-Up Fee.

(i) If this Agreement is terminated pursuant to Section 13.5(a)(i) Sellers shall pay to Buyer in immediately available funds a cash fee (a "***Break-Up Fee***") equal to $500,000, plus Buyer Expense Reimbursement up to an amount not to exceed $500,000. If this Agreement is terminated pursuant to Section 13.5(a)(ii), Buyer shall be entitled only to Buyer Expense Reimbursement up to an amount not to exceed $500,000 (and shall not be entitled to a Break-Up Fee).

(ii) If this Agreement is terminated pursuant to Section 13.5(a)(iii), Sellers shall pay to Buyer in immediately available funds a Break-Up Fee of $500,000 plus Buyer Expense Reimbursement up to an amount not to exceed $350,000; provided, however, that if Sellers fail to consummate a sale with either the Successful Bidder or Back-up Bidder, Sellers shall pay to Buyer funds in an additional amount not to exceed $150,000 on account of the Buyer Expense Reimbursement.

(iii) Seller's obligation to pay the applicable Break-Up Fee and/or Buyer Expense Reimbursement pursuant to this Section 13.5(c) shall survive the termination of this Agreement pursuant to Section 13.5(a) and shall constitute a superpriority administrative expense of Seller under Section 507(b) of the Bankruptcy Code.

(iv) The applicable Break-Up Fee and/or Buyer Expense Reimbursement payable under the circumstances provided in this Section 13.5(c) constitutes liquidated damages and not a penalty and is the exclusive remedy of Buyer and its Affiliates for any termination of this Agreement pursuant to this Section 13.5. Buyer shall not, and shall cause each of its Related Persons not to, bring any cause of action against or otherwise seek remedies from Seller or any of its Affiliates or any of its or their Seller's Related Persons or any counterparty to an

Alternative Transaction or any of such counterparty's Affiliates or its or their Related Persons (other than for payment of the applicable Break-Up Fee and/or Buyer Expense Reimbursement when payable hereunder), whether at equity or in law, for breach of contract, in tort or otherwise, in the event that this Agreement is terminated for any reason in accordance with this Section 13.5, and any claim, right or cause of action by Buyer or any other Person against Seller or its Affiliates or its or their Related Persons (other than for such payment of the applicable Break-Up Fee and/or Buyer Expense Reimbursement) is hereby fully waived, released and forever discharged.

ARTICLE 14
ADDITIONAL AGREEMENTS

14.1 Litigation Support. In the event and for so long as any Party or any of its Affiliates or any of its or their Related Persons actively is contesting or defending against any action, suit, audit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (a) any transaction contemplated by this Agreement or the Ancillary Agreements or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving Seller, any Seller Subsidiaries, or the Business, the other party will cooperate with the contesting or defending Person and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Person (unless the contesting or defending Person is entitled to indemnification therefor pursuant to this Agreement).

14.2 Insurance Matters. As of the Closing Date, the coverage under all insurance policies maintained by Seller or any of its Affiliates related to the Business which is not assumed by Buyer shall continue in force only for the benefit of Seller and its Affiliates and not for the benefit of Buyer or its Affiliates (including, after the Closing, the Business) with respect to all insurance policies that are Excluded Assets. Buyer agrees to arrange for its own insurance policies with respect to the Business covering all periods beginning on the Closing Date and agrees not to seek, through any means, to benefit from any of the insurance policies maintained by Seller or its Affiliates which may provide coverage for claims relating in any way to the Business prior to the Closing.

14.3 Intellectual Property; Name Change.

(a) No later than thirty (30) days following the Closing, each Seller and Seller Subsidiary shall, and shall cause each of its Affiliates to, file amendments with the appropriate Government changing its corporate name, "doing business as" name, trade name, and any other similar corporate identifier (each a "***Corporate Name***") to a Corporate Name that does not contain any of the trademarks or trade names included in the Transferred Intellectual Property owned by Seller or the Seller Subsidiaries.

(b) After the date hereof and for a period of ninety (90) days after the Closing Date, Sellers shall grant to Buyer access to Sellers' administrative contact for Sellers' Internet domain names and make sure such person available to Purchaser and its representatives and agents to

effectuate the transfer to Buyer of the Internet domain names which constitute an Acquired Asset hereunder.

(c) On or before the Closing Date, the Sellers shall deliver to Buyer all records and information in the Sellers' possession or under the Sellers' control concerning the Transferred Owned Intellectual Property, and all copies thereof, including, but not limited to, any license and settlement agreements, the documentation, source code and object code for all computer software, documentation concerning registrations and applications, prosecution histories, correspondence with Government, litigation files relating to infringements, disputes or demands, including opposition and cancellation proceedings, cease and desist and protest letters, and all documents concerning Liens encumbering such Transferred Owned Intellectual Property (it being understood that any such records or information located at any Real Property need not be physically delivered, but will be deemed delivered at the Closing, provided that, for any such records or information not located at any Real Property, Seller may deliver such records or information to Buyer promptly after the Closing Date, but in no event later than thirty (30) days after the Closing Date.

ARTICLE 15
MISCELLANEOUS

15.1 Successors and Assigns. Except as otherwise provided in this Agreement, no Party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Party and any such attempted assignment without such prior written consent shall be void and of no legal force or effect. This Agreement inures to the benefit of and is binding upon the successors and permitted assigns of the Parties. For all purposes hereof, a transfer, sale or disposition of a majority of the voting capital stock or other voting interests of Buyer (whether by contract or otherwise) shall be deemed an assignment hereunder. Notwithstanding anything herein to the contrary, without amending, modifying or terminating any of Buyer's obligations under this Agreement, Buyer may, not less than five (5) Business Days prior to Closing, designate one or more Buyer Designee to purchase all or any portion of the Acquired Assets and execution and delivery by such Person(s) of any agreement or document contemplated by Section 3.3(c) of this Agreement shall be in full satisfaction of Buyer's obligations under Section 3.3(c) to deliver any such agreement or document; provided that no such designation by Buyer shall release or otherwise affect any of Buyer's other obligations under this Agreement, including Buyer's obligations under Section 3.3(b). Notwithstanding anything herein to the contrary, Buyer acknowledges and agrees that Seller may from time to time assign, without the consent of Buyer, all or any portion of its rights, interests and/or obligations under this Agreement or the Ancillary Agreements to a purchaser of assets of Seller (however structured, including through the direct or indirect sale of equity securities or assets of Seller or one or more Subsidiaries) as long as the agreement by which any obligations of Seller hereunder are assumed by such purchaser are in a written instrument that includes Buyer as a third-party beneficiary thereof with respect to the obligations owing to Buyer under this Agreement.

15.2 Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the State of Delaware (without giving effect to the principles of conflicts of Laws thereof that would cause the application of the

law of another jurisdiction), except to the extent that the Laws of such State are superseded by the Bankruptcy Code; provided that the validity and enforceability of all conveyance documents or instruments executed and delivered pursuant to this Agreement insofar as they affect title to real property shall be governed by and construed in accordance with the Laws of the jurisdiction in which the Real Property is located. For so long as Seller is subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After Seller is no longer subject to the jurisdiction of the Bankruptcy Court, any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby may be brought in the courts of the State of Illinois sitting in Chicago, Illinois or of the United States for the Northern District of Illinois, and by execution and delivery of this Agreement, each of the Parties consents to the non-exclusive jurisdiction of those courts. Each of the Parties irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in any such jurisdiction in respect of this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby.

15.3 Notification of Certain Matters; Schedules.

(a) Buyer and Sellers acknowledge that certain of the representations and warranties of Sellers affirmatively require that Sellers list certain factual information on the Disclosure Schedules. Sellers shall be permitted to update the Disclosure Schedules on or prior to the Closing Date but only with respect to events or circumstances arising between the date hereof and the Closing Date. Any additional disclosure or update by Sellers pursuant to this Section 15.3(a) shall be deemed to amend or supplement the Disclosure Schedules for all purposes, unless within ten (10) days from the receipt of such additional disclosure or update Buyer provides notice in good faith that the facts described in such additional disclosure or update will have a Material Adverse Effect on the Business. If Buyer provides such notice, the Disclosure Schedules are deemed amended by all such disclosures or updates for all purposes, except for purposes of determining whether the conditions set forth in Section 12.3(a) of the Agreement have been satisfied.

(b) The inclusion of information by the Seller in the Disclosure Schedules shall not be construed as or constitute an admission or agreement that such information is material to the Business, the Acquired Assets or the Assumed Liabilities, or to Seller or any of its Subsidiaries. In addition, matters reflected in the Disclosure Schedules are not necessarily limited to matters required by this Agreement to be reflected in the Disclosure Schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. Neither the specifications of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedules is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material or would or would not cause, or be expected to cause, a Material Adverse Effect, and no Party (or their respective Related Persons) shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedules is or is not material or would cause, or be expected to

cause, a Material Adverse Effect, in each case, for purposes of this Agreement. Further, neither the specification of any item or matter in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedules is intended to imply that such item or matter, or other items or matters, are or are not in the Ordinary Course of Business, and no Party (or their respective Related Persons) shall use the fact of the inclusion of any such items or matters in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedules is or is not in the Ordinary Course of Business for purposes of this Agreement. The Disclosure Schedules shall be arranged in sections in corresponding to the sections contained in Article 4 and the disclosure in any section shall qualify such section and each other section to the extent that it is reasonably apparent on the face of such schedule that it applies to such other section.

15.4 Warranties Exclusive.

(a) The representations, warranties, covenants and agreements contained in this Agreement and the Ancillary Agreements are the only representations, warranties, covenants or agreements given by Seller, Seller Subsidiary and its Related Persons and all other express or implied warranties are disclaimed. Buyer acknowledges that, except with respect to the representations in Sections 4.7 and 4.23 Seller is making no representations or warranties, in this Agreement or in any Ancillary Agreement, regarding or relating to any Non-Seller Subsidiary and, neither Seller nor any Seller Subsidiary, nor any Non-Seller Subsidiary shall have any obligations or liabilities under this Agreement or any Ancillary Agreements with respect to any Non-Seller Subsidiary. Furthermore, Buyer acknowledges and agrees that (i) the Acquired Assets are conveyed "AS IS," "WHERE IS" and "WITH ALL FAULTS" and that ALL WARRANTIES OF MERCHANTABILITY, USAGE OR SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED, (ii) it has not relied on any representation, warranty, covenant or agreement of Seller or its Affiliates or its or their Related Persons, other than the express representations, warranties, covenants and agreements of Seller made in this Agreement, (iii) Buyer has made its own investigation of the Acquired Assets and Assumed Liabilities and, based on such investigation and its own conclusions derived from such investigation, has elected to proceed with the transactions contemplated hereby and (iv) no material or information provided by or communications made by (or on behalf of) Seller or its Affiliates or its or their Related Persons will create any representation or warranty of any kind, whether express or implied, with respect to the Acquired Assets and the title thereto, the operation of the Acquired Assets, the Assumed Liabilities, the Business or the prospects (financial and otherwise), risks and other incidents of the Business.

(b) Without limiting the generality of the foregoing, Buyer acknowledges and agrees that none of Seller or its Affiliates or its or their Related Persons has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Business, except as expressly set forth in this Agreement or as and to the extent required by this Agreement to be set forth in the Disclosure Schedules. Buyer further agrees that none of Seller or its Affiliates or its or their Related Persons will have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer's use of, any such information and any information, document or material made available to Buyer or its Related Persons in any offering memorandum or similar document, in certain "data rooms" and online "data sites," management, marketing or banking presentations or any other form in expectation of

the transactions contemplated by this Agreement.

(c) In connection with Buyer's investigation of the Business, Buyer may have reviewed certain projections, including projected statements of operating revenues and income from operations of the Business and certain business plan information regarding the Business. Buyer acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that Buyer is familiar with such uncertainties, that Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and that Buyer shall have no claim against Seller or its Affiliates or its or their Related Persons arising therefrom or related thereto. Accordingly, none of Seller or its Affiliates or its or their Related Persons makes any representations or warranties whatsoever with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts).

15.5 Survival of Representations and Warranties. The representations and warranties, and covenants and agreements set forth in this Agreement or in any Ancillary Agreement to the extent contemplating or requiring performance prior to the Closing, shall not survive the Closing. Each of the representations and warranties set forth in this Agreement or in any Ancillary Agreement shall terminate effective immediately as of the Closing such that no claim for breach of any such representation or warranty, detrimental reliance or other right or remedy (whether in contract, in tort or at law or equity) may be brought after the Closing. The covenants and agreements of any Party set forth in this Agreement and in any Ancillary Agreement, to the extent contemplating or requiring performance by such Party prior to the Closing, shall terminate effective immediately as of the Closing such that no claim for breach of any such covenant, detrimental reliance or other right or remedy (whether in contract, in tort or at law or equity) may be brought after the Closing. Each covenant and agreement requiring performance at or after the Closing shall expressly survive Closing and nothing in this Section 15.5 shall be deemed to limit any rights or remedies of any Person for breach of any such covenant (with it being understood that nothing herein shall limit or affect Buyer's or any of its Affiliates' liability for the failure to pay the Closing Cash Purchase Price, assume the Assumed Liabilities or pay other amounts as required under this Agreement).

15.6 No Recourse Against Affiliates or Related Persons of Seller.

(a) Buyer (on its behalf and on behalf of its Related Persons) acknowledges and agrees that, from and after the Closing, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action it may have against Seller or any Seller Subsidiary relating to the operation of the Business or relating to the subject matter of this Agreement and the transactions contemplated hereby arising under or based upon any Law (including any right, whether arising at law or in equity, to seek indemnification, contribution, cost recovery, damages, or any other recourse or remedy, including as may arise under common law or Environmental Law) are hereby waived. Furthermore, without limiting the generality of this Section 15.6, no claim shall be brought or maintained by or on behalf of any of Buyer or its Affiliates or its or their Related Persons against any of Seller or any Seller Subsidiary, and no recourse shall be sought or granted against any of them, by virtue of or based upon any alleged

misrepresentation or inaccuracy in or breach of any of the representations, warranties or covenants of Seller or any Seller Subsidiary set forth or contained in this Agreement or of Seller or any Seller Subsidiary in any Ancillary Agreement, the subject matter of this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby, the business, the ownership, operation, management, use or control of the Business, any of their assets, or any actions or omissions at or prior to the Closing.

(b) Furthermore, without limiting the generality of this Section 15.6, Buyer (on its behalf and on behalf of its Affiliates and its or their Related Persons), hereby waives any right, whether arising at law or in equity, to seek contribution, cost recovery, damages, or any other recourse or remedy from Seller or any Seller Subsidiary, and hereby releases each such Person from any claim, demand or liability, with respect to any such environmental, health, or safety matter (including any matter arising under any Environmental Law).

(c) Buyer acknowledges and agrees that the representations, warranties, covenants agreements contained in Section 15.4, Section 15.5 and this Section 15.6 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Sellers would not enter into this Agreement.

15.7 Mutual Drafting. This Agreement is the result of the joint efforts of Buyer and Sellers, and each of them and their respective counsel have reviewed this Agreement and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Parties, and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and therefore there shall be no construction against either Party based on any presumption of that Party's involvement in the drafting thereof.

15.8 Waiver of Bulk Sales Laws. Each of the parties acknowledges and agrees that neither Seller nor any of its Subsidiaries will comply with, and hereby waives compliance by Seller and its Subsidiaries with, any "bulk sales", "bulk transfer" or similar law relating to the transactions contemplated hereby.

15.9 Expenses. Except as otherwise provided herein, each of the Parties hereto shall pay its own expenses in connection with this Agreement and the transactions contemplated hereby, including any legal, accounting, banking, consulting and advisory fees, whether or not the transactions contemplated hereby are consummated.

15.10 Broker's and Finder's Fees. Each of the Parties represents and warrants that it has not dealt with any broker or finder in connection with any of the transactions contemplated by this Agreement in a manner so as to give rise to any claims against the other Party for any brokerage commission, finder's fees or other similar payout (except that Seller and its Affiliates have retained Paine Wetzel and Rothschild) and each will pay its retained advisors, but in the case of Seller, only to the extent that such fees are approved by the Bankruptcy Court. Buyer acknowledges and agrees that if any brokerage commission, finder's fee or other similar payout are owed to any Person as a result of any agreement or understanding entered into by Buyer or its Affiliates or its or their Related Persons with respect to any of the transactions contemplated hereby, Buyer shall be solely responsible for payment of all fees, expenses, liabilities and other obligations to such Person.

15.11 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision survives to the extent it is not so declared, and all of the other provisions of this Agreement remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

15.12 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) if personally delivered, on the date of delivery, (b) if delivered by express courier service of national standing (with charges prepaid), on the Business Day following the date of delivery to such courier service, (c) if deposited in the United States mail, first-class postage prepaid, on the fifth Business Day following the date of such deposit, (d) if delivered by telecopy, upon confirmation of successful transmission, (i) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a Business Day, on the date of such transmission, and (ii) on the next day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party, on the date of such transmission or is transmitted on a day that is not a Business Day, or (e) if delivered by Internet mail (with a delivery report); provided that the relevant computer record indicates a full and successful transmission or no failure message is generated (i) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a Business Day, on the date of such transmission, and (ii) on the next Business Day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party or is transmitted on a day that is not a Business Day. All notices, demands and other communications hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

Notices to Seller or any Seller Subsidary:	Sun-Times Media Group, Inc. 350 North Orleans Street, 10-S Chicago, Illinois 60654 Attention: James McDonough, General Counsel Telephone: 312-321-2949 Telecopy: 312-321-0629 Email: jmcdonough@suntimes.com

with a copy to (which shall not constitute notice):	Kirkland & Ellis LLP 300 North LaSalle Street Chicago, Illinois 60654 Attention: Richard J. Campbell, P.C. Telephone: 312-862-2000 Telecopy: 312-862-2200 Email: richard.campbell@kirkland.com
Notices to Buyer or any Buyer Designee:	STMG Holdings, LLC 350 North Clark Street Chicago, Illinois 60654 Attention: James C. Tyree Telephone: 312-595-6090 Telecopy: 312-595-7204 Email: jtyree@mesirowfinancial.com
with a copy to (which shall not constitute notice):	Goldberg Kohn Bell Black Rosenbloom & Moritz, Ltd. 55 East Monroe Street Suite 3300 Chicago, Illinois 60603 Attention: Denise B. Caplan Telephone: 312-201-4000 Telecopy: 312-332-2196 Email: Denise.Caplan@goldbergkohn.com

15.13 Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the Parties, or in the case of a waiver, by the Party waiving compliance. Any waiver by any Party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, is not deemed to be nor construed as a furthering or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

15.14 Public Announcements. No Party shall make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written approval of the other Party, unless a press release or public announcement is required by Law or Order of the Bankruptcy Court. If any such announcement or other disclosure is required by Law or Order of the Bankruptcy Court, the disclosing Party shall give the non-disclosing Party prior notice of, and an opportunity to comment on, the proposed disclosure. The Parties acknowledge that Seller will file this Agreement with the Bankruptcy Court in connection with obtaining the Sale Order and Bidding Procedures Order.

15.15 Entire Agreement. This Agreement and the Ancillary Agreements contain the entire understanding among the Parties with respect to the transactions contemplated hereby and supersede and replace all prior and contemporaneous agreements and understandings, oral or

written, with regard to such transactions. All Disclosure Schedules hereto and any documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

15.16 Parties in Interest.

(a) Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any Persons other than Seller and Buyer and their respective successors and permitted assigns; provided that (i) each covenant or agreement of Buyer in this Agreement is expressly for the benefit of Seller and its Affiliates and shall be enforceable by Seller and its Affiliates (including the estate(s) of Seller and the Seller Subsidiaries in the Chapter 11 Case) and (ii) any Related Person of Seller or its Affiliates or Buyer, as applicable, may enforce the terms of any provision of this Agreement in which such Related Person is referenced as a beneficiary of such provision.

(b) Without limiting or amending the obligations of Buyer hereunder, to the extent that any obligation or liability of Buyer hereunder is to be performed or paid by a Related Person of Buyer, this Agreement shall constitute an obligation of Buyer to cause such Related Person to perform. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third Persons to Seller or Buyer or their respective Affiliates. No provision of this Agreement gives any third Persons any right of subrogation or action over or against Seller or Buyer or their respective Affiliates.

15.17 DAMAGES. FROM AND AFTER THE CLOSING, NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, SPECIAL, INDIRECT OR PUNITIVE DAMAGES (INCLUDING LOST PROFITS, LOSS OF PRODUCTION OR OTHER DAMAGES ATTRIBUTABLE TO BUSINESS INTERRUPTION) ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. THE EXCLUSION OF CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, SPECIAL, INDIRECT OR PUNITIVE DAMAGES AS SET FORTH IN THE PRECEDING SENTENCE SHALL NOT LIMIT THE RIGHTS OF ANY PERSON ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT TO ANY SUCH DAMAGES PAYABLE TO THIRD PERSONS IN CONNECTION WITH A MATTER FOR WHICH A PERSON ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT.

15.18 WAIVER OF JURY TRIAL. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN

EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

15.19 Headings. The article and Section headings in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement.

15.20 Construction. Unless the context of this Agreement otherwise requires, (a) words of any gender include the other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement as a whole and not to any other particular article, Section or other subdivision, (d) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation," (e) "shall," "will," or "agrees" are mandatory, and "may" is permissive, and (f) "or" is not exclusive. In the event that there is any conflict between whether a liability is an Assumed Liability or an Excluded Liability, for all purposes of this Agreement, such liability shall be deemed an Assumed Liability.

15.21 Currency. Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States currency, and without discount, rebate or reduction and subject to no counterclaim or offset (other than withholding Tax obligations required to be withheld by law), on the dates specified herein.

15.22 Time of Essence. Time is of the essence of this Agreement.

15.23 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

ARTICLE 16
DEFINITIONS

16.1 Certain Terms Defined.

As used in this Agreement, the following terms have the following meanings:

"***Accounting Principles***" means GAAP applied on a basis consistent with the methodologies, practices, estimation techniques, assumptions and principles used by Seller in the preparation of its most recent audited financial statements.

"***Adjustment Calculation Time***" means 12:01 a.m. central prevailing time on the Closing Date.

"***Affiliate***" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such first Person

where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, through the ownership of voting securities, by contract, as trustee, executor or otherwise.

"***Alternative Transaction***" means a transaction involving a sale or other transfer or disposition (in one or more transactions) of all or any material portion of the Business or the Acquired Assets by Sellers to a purchaser or purchasers other than Buyer or its Affiliates following an Auction in which Buyer is the stalking horse bidder, or, the filing by any party in interest with the Bankruptcy Court of a plan of reorganization or liquidation that does not contemplate the sale of the Acquired Assets by Sellers to Buyer in accordance with the terms of this Agreement.

"***Ancillary Agreement***" means collectively, any agreement to be executed by Seller and/or its Related Persons, on the one hand, and Buyer and/or it Related Persons on the other hand, in connection with the transactions contemplated by this Agreement.

"***Assigned Contracts***" means (i) the Executory Contracts that are designated or deemed designated as an Assigned Contract in accordance with Section 1.5(b) and (ii) the Assumed Real Property Leases and the Assumed Real Property Licenses.

"***Auction***" means the auction conducted by Seller pursuant to the Bidding Procedures Order.

"***Back-up Bidder***" has the meaning set forth in the Bidding Procedures Order.

"***Bankruptcy Claims***" means all avoidance claims and causes of action under Sections 544, 547, 549, 550 and 553 of the Bankruptcy Code and any related claims and causes of action under applicable non-bankruptcy law arising out of the same set of facts, and the proceeds thereof.

"***Bankruptcy Code***" means Title 11 of the United States Code.

"***Bankruptcy Court***" means the United States Bankruptcy Court for the District of Delaware or such other court having jurisdiction over the Chapter 11 Case originally administered in the United States Bankruptcy Court of the District of Delaware.

"***Base Cash Purchase Price***" means $5,000,000.

"***Baseline Net Working Capital***" shall mean $16,058,553.

"***Business***" means the publishing, production, distribution and sale of newspapers in the greater Chicago, Illinois metropolitan area and the operation of related websites and the sale of related products, in each case as conducted by the Seller and the Seller Subsidiaries.

"***Business Day***" means any day of the year on which national banking institutions in Chicago, Illinois are open to the public for conducting business.

"***Business Records***" means all books, files and records of the Seller or the Seller Subsidiaries or used or held for use in the operation or conduct of the Business, including customer lists, historical customer files, circulation data, price lists, vendor lists, mailing lists, sales promotion literature, advertising material, research records, subscription lists, information databases, market surveys, reports, plans, data, accounting and Tax records, training manuals, safety reports, Environmental Reports, maintenance schedules, operating and production records, inventory records, business plans, and marketing and all other studies, documents and records but excluding any Retained Books and Records.

"***Buyer Designee***" means any entity that controls, is controlled by or under common control with Buyer.

"***Chapter 11 Case***" means, collectively, the cases commenced and to be commenced by Seller under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

"***Claims***" means all "claims" within the meaning of Section 101(5) of the Bankruptcy Code, and all actions, defenses, cross claims, counter claims, rights of set-off, recoupment, debts, suits, remedies, liabilities, demands, rights, obligations, damages, expenses, rights to refunds, reimbursement, recovery, indemnification or contribution, attorneys' or other professionals' fees and causes of action whatsoever, whether based on or sounding in or alleging (in whole or in part) tort, contract, negligence, gross negligence, strict liability, bad faith, contribution, subrogation, respondeat superior, violations of federal or state securities laws, breach of fiduciary duty, any other legal theory or otherwise, whether individual, class, direct or derivative in nature, liquidated or unliquidated, fixed or contingent, whether at law or in equity, whether based on federal, state or foreign law or right of action, foreseen or unforeseen, mature or not mature, known or unknown, disputed or undisputed, accrued or not accrued, contingent or absolute (including all causes of action arising under Sections 510, 544 through 551 and 553 of the Bankruptcy Code or under similar state Laws including fraudulent conveyance claims, and all other causes of action of a trustee and debtor-in-possession under the Bankruptcy Code).

"***Clayton Act***" means Title 15 of the United States Code §§ 12-27 and Title 29 of the United States Code §§ 52-53, as amended.

"***Closing Cash Purchase Price***" means the result equal to (i) the Base Cash Purchase Price, minus (ii) the amount (if any) by which the Baseline Net Working Capital exceeds the Estimated Closing Net Working Capital, plus (iii) the amount (if any) by which the Estimated Closing Net Working Capital exceeds the Baseline Net Working Capital.

"***Closing Net Working Capital***" means, as of the Adjustment Calculation Time as calculated from the Closing Balance Sheet, the excess of (a) the sum of Receivables (less allowance for doubtful accounts) to the extent included in Acquired Assets, other than accounts receivable barter over (b) the sum of the Deferred Revenue Obligations plus the Payroll Obligations, all as determined in accordance with the Accounting Principles.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Computer Hardware***" means any computer hardware, equipment and peripherals of any kind and of any platform, including desktop and laptop personal computers, handheld

computerized devices, servers, mid-range and mainframe computers, process control and distributed control systems, but specifically excluding any Computer Software that may be located on such Computer Hardware.

"***Computer Software***" means any and all computer programs, including operating system and applications software, implementations of algorithms, and program interfaces, whether in source code or object code form, and all documentation, including user manuals relating to the foregoing.

"***Consent***" means any consent, approval, authorization, qualification, waiver or notification of a Government or any other Person.

"***Contract***" means any written or oral contract, agreement, license, sublicense, lease, sublease, easement, mortgage, instruments, guaranties, commitment, undertaking or other similar arrangement, whether express or implied, to which Seller or any Seller Subsidiary is a party, other than the Permits.

"***Deferred Revenue Obligations***" means all liabilities or obligations of Seller and the Seller Subsidiaries under subscription agreements, advertising agreements or other Assigned Contracts that otherwise are accounted for as deferred revenue in accordance with the Accounting Principles.

"***Delaware Litigation Escrow***" means, collectively, (i) certain Escrow Agreement dated as of June 23, 2008 by and among LaSalle Bank N.A., ACE INA Insurance Co., AXA Corporate Solutions Assurance, GCAN Insurance Company, Temple Insurance Company, Continental Casualty Co., Lloyd's Underwriting, Sun-Times Media Group, Inc. and Hollinger Inc and (ii) the following escrow account: Sun Times/Hollinger Insurance Settlement Fund No. 1, Account 432742 1, LaSalle Global Trust Services. Notwithstanding anything to the contrary herein, all of Sellers' right, title and interest to, in and under the Delaware Litigation Escrow, including all Claims and Refunds related thereto, shall be Excluded Assets for all purposes hereunder.

"***Delayed Acquired Assets***" means any Acquired Assets that this Agreement provides or contemplates are to be transferred to Buyer and that require the removal of a Legal Impediment or the receipt or delivery of a Consent for such transfer (in each case, determined after giving effect to Sections 363 and 365 of the Bankruptcy Code), which Legal Impediment is not removed or Consent is not obtained or delivered on or prior to the Closing Date.

"***Delayed Assumed Liabilities***" means any Assumed Liabilities that this Agreement provides or contemplates are to be assumed by Buyer and that require the removal of a Legal Impediment or the receipt or delivery of a Consent for such assumption (in each case, determined after giving effect to Sections 363 and 365 of the Bankruptcy Code), which Legal Impediment is not removed or Consent is not obtained or delivered on or prior to the Closing Date.

"***Disclosure Schedules***" means the schedules to this Agreement delivered by Seller to Buyer on the date hereof, as amended, supplemented or restated in accordance with this Agreement.

"***Employee Benefit Plan***" means (a) any (i) "employee benefit plan" (as such term is defined in ERISA § 3(3)), (ii) deferred compensation plan, (iii) incentive compensation plans, (iv) equity compensation plan or (v) termination, retention, severance, or "change in control" arrangement in which any employee of any Seller, Seller Subsidiary or their Affiliates is entitled to payment and (b) other material pension, welfare benefit, bonus, vacation, paid time off, salary continuation, life insurance, educational assistance plans, programs or agreements, in each case, with respect to which any Seller or Seller Subsidiary has any obligation or liability, contingent or otherwise, with respect to current or former employees and all plans which are single employer plans or multi-employer plans of Seller or any Seller Subsidiary or sponsored by any Seller or Seller Subsidiaries and any other material employee benefit plan, program or arrangement of any kind maintained by Seller or its ERISA Affiliates for the benefit of its or their employees or otherwise with respect to which Seller or any of its ERISA Affiliates has any liability, but excluding Foreign Benefit Plans.

"***Environmental Laws***" means all Laws and Orders on or prior to the Closing Date, and all common law relating to pollution or protection of the environment or exposure of people to Hazardous Materials, including the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 *et seq.*, as amended ("***CERCLA***"), the federal Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 *et seq.*, as amended, and similar state statutes.

"***Environmental Permits***" means all material environmental permits, authorizations, approvals, registrations, and licenses issued by any Government (and pending applications for the foregoing) listed on Schedule 4.11 of the Disclosure Schedules.

"***Environmental Reports***" means any environmental report assessing compliance with any Environmental Laws, and any Phase I or II environmental site assessments, in each case which Seller has received from an un-Affiliated third party within the last three years with respect to the Business or the Real Property; provided, Environmental Reports do not include any safety, health and environmental audit reports, or internal investigation reports, prepared under the direction of Seller's legal department and privileged under the attorney-client privilege, attorney work-product privilege, or state or federal environmental self-auditing privilege or policy.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" means any entity treated as a single employer with Seller pursuant to Section 414 of the Code.

"***Escrow Agent***" means Wells Fargo Bank, National Association, the escrow agent under the Escrow Agreement.

"***Escrow Agreement***" means the escrow agreement by and between Seller, Buyer and Wells Fargo, N.A., dated as of the date hereof.

"***Estimated Closing Net Working Capital***" means Closing Net Working Capital, as estimated by Seller and delivered to Buyer at least two (2) Business Days prior to Closing.

"***Executory Contracts***" means the executory Contracts described in Section 1.1 that are not Real Property Leases or Real Property Licenses.

"***Federal Trade Commission Act***" means the Federal Trade Commission Act (15 U.S.C. § 41 *et seq.*), as amended, and the rules and regulations promulgated thereunder.

"***Final Cash Purchase Price***" means the result equal to (a) the Base Purchase Price, minus (b) the amount (if any) by which the Baseline Net Working Capital exceeds the Closing Net Working Capital, plus (c) the amount (if any) by which the Closing Net Working Capital exceeds the Baseline Net Working Capital.

"***Final Order***" means any order as to which the time to appeal, a motion for rehearing or reconsideration or petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

"***GAAP***" means United States generally accepted accounting principles.

"***Government***" means any agency, division, subdivision, audit group, procuring office or governmental or regulatory authority in any event or any adjudicatory body thereof, of the United States, any state or municipality thereof or any foreign government.

"***Hazardous Materials***" means any hazardous or toxic substance or waste or any contaminant or pollutant regulated under Environmental Laws, including, but not limited to, "hazardous substances" as currently defined by the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, "hazardous wastes" as currently defined by the Resource Conservation and Recovery Act, as amended.

"***Headquarters Facility***" means Seller's headquarters building located at 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. §§ 15c-15h, 18a), as amended.

"***Improvements***" means the buildings, improvements and structures now existing on the Real Property or demised under the Real Estate Leases, but only to the extent such buildings, improvements and structures constitute fixtures under applicable Law.

"***Intellectual Property***" means all rights in and to the following: (i) patents (including all reissues, divisions, continuations and extensions thereof), patent applications and patent disclosures, (ii) trademarks, service marks, symbols, trade dress, business names, brand names, trade names, logos and corporate names, assumed names, fictitious names and registrations and applications for registration thereof, together with all of the goodwill associated therewith, (iii) copyrights, published and unpublished copyrightable works of authorship and designs and registrations and applications for registration thereof, together with all renewals, extensions, and revisions thereof, (iv) Internet domain names, and (vi) trade secrets.

"***Interest***" means "interest" within the meaning of Section 363(f) of the Bankruptcy Code.

"***Knowledge of Seller***," "***Seller's Knowledge***" or any other similar term or knowledge qualification means the actual present knowledge of Jeremy L. Halbreich, James D. McDonough, Rick Surkamer and Tom Kram, after reasonable inquiry.

"***Legal Impediment***" means a legal impediment preventing or restricting the transfer of an Acquired Asset or the assumption of an Assumed Liability (in each case, after giving effect to Section 363 and 365 of the Bankruptcy Code), as the case may be, as of the Closing Date.

"***Lien***" means any mortgage, deed of trust, pledge, assignment, security interest, encumbrance, lien (statutory or otherwise), mechanics lien, charge, hypothecation, deemed trust, lease, easement, or claim of any kind or nature whatsoever in respect of any property (including any option, right of refusal, restriction, reservation, defects in title, covenant, assessment, encroachment or other adverse claim or encumbrance), including any of the foregoing as may be created by, arising under, or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of a financing statement naming the owner of the property as to which such lien relates as the debtor under the Uniform Commercial Code or any comparable Law in any other jurisdiction.

"***Losses***" means any damages, fines, judgments, costs or expenses (including reasonable attorneys' fees).

"***Material Adverse Effect***" means a change, effect, occurrence, event or circumstance that individually or in the aggregate (i) is materially adverse to or materially impairs the operations or financial condition of the Business or the Acquired Assets taken as a whole, (ii) gives rise to any material liability that would be an Assumed Liability from and after the Closing and that would materially increase, as compared to immediately prior thereto, the Assumed Liabilities to be assumed by Buyer hereunder at the Closing or (iii) prevents or makes unlawful or materially delays the consummation of the transactions contemplated by this Agreement; provided that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: any adverse change, effect, occurrence, event or circumstance to the extent attributable to, resulting from, or relating to (A) any condition, event or circumstance affecting the international, national, regional or local newspaper or advertising industries generally (but only to the extent the Acquired Assets, the Assumed Liabilities or the Business, taken as a whole, are not affected in a manner materially disproportionate to other Persons engaged in business similar to the Business), (B) changes in economic, regulatory, financial, banking or securities markets or economic conditions generally, (C) any action taken or not taken in accordance with this Agreement or pursuant to the Bidding Procedures Order or the Sale Order or the announcement of this Agreement, (D) any acts of war, military action or terrorism (other than terrorist activities that materially and directly impair the Acquired Assets or increase the Assumed Liabilities), (E) weather or meteorological events or (F) any items specifically set forth on the Disclosure Schedules as in effect on the date hereof (without giving effect to any amendments after the date hereof).

"***NLRA***" means the National Labor Relations Act, as amended.

"***Non-Seller Subsidiary***" means any Subsidiary of Seller that is not a Seller Subsidiary, including any Subsidiary of Seller organized under the laws of Canada, any province of Canada, the United Kingdom, Bermuda or any other jurisdiction that is not a state in the United States.

"***Ordinary Course of Business***" means the operation of the Business by Seller and the Seller Subsidiaries consistent with prior practices with respect to the operation thereof, and taking into account the status and quality of the Business and requirements of any applicable regulations.

"***Permits***" means the permits, authorizations, approvals, registrations, and licenses issued by any Government (and pending applications for the foregoing) of the Seller or any Seller Subsidiary.

"***Permitted Liens***" means (a) Liens for Taxes, assessments and Government or other similar charges that are not yet due and payable, (b) purchase money Liens, (c) Liens of lessors, lessees, sublessors, sublessees, licensors or licensees arising under lease arrangements or license arrangements, (d) mechanics liens and similar Liens for labor, materials, or supplies securing amounts the payment of which is not materially delinquent or is being contested in good faith through appropriate proceedings, (e) zoning, building codes and other land use laws regulating the use or occupancy of Real Property or the activities conducted thereon that are imposed by any Government having jurisdiction over such Real Property, (f) easements, servitudes, covenants running with the land, conditions, restrictions and other similar matters affecting title to assets which either (i) the title company has agreed to affirmatively insure against loss caused thereby in the applicable title policy, by way of ALTA coverage or other affirmative coverage, reasonably acceptable to Buyer, or (ii) do not materially impair the operation or occupancy of the assets in question as currently operated or occupied, (g) any state of facts shown by a current ALTA survey that do not materially and adversely effect the operation of the Real Property in question as currently operated, and (h) the Assumed Liabilities and Liens arising in connection therewith.

"***Person***" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or Government.

"***Real Property***" means all real property owned or leased by Seller and Seller Subsidiaries including Transferred Real Property and Excluded Real Property.

"***Related Person***" means, with respect to any Person, all past, present and future directors, officers, members, managers, stockholders, employees, controlling persons, agents, professionals, financial advisors, restructuring advisors, attorneys, accountants, investment bankers, Affiliates or representatives of (i) any such Person and (ii) of any Affiliate of such Person.

"***Retained Books and Records***" means (a) all corporate seals, minute books, charter documents, corporate stock record books, original Tax and financial records and such other files, books and records to the extent they relate to any of the Excluded Assets or Excluded Liabilities or the organization, existence, capitalization or debt financing of Seller or of any Affiliate of Seller, (b) all books, files and records that would otherwise constitute a Business Record but for

the fact that disclosure of books, files or records could (i) violate any legal constraints or obligations regarding the confidentiality thereof, (ii) waive any attorney client, work product or other legal privilege, (iii) disclose information about Seller or any of its Affiliates that is unrelated to the Business or (iv) disclose information about Seller or any of its Affiliates pertaining to project evaluation, price curves or projections or other economic predictive models, or (c) all books and records prepared in connection with or relating in any way to the transactions contemplated by this Agreement, including bids received from other parties.

"***Rule***" or "***Rules***" means the Federal Rules of Bankruptcy Procedure.

"***Seller Cure Cost Obligations***" means, with respect to the Assigned Contracts as of the date hereof (and without giving effect to Section 1.5 hereof), an aggregate amount equal to (i) the lesser of (A) the aggregate obligations for Cure Costs under such Assigned Contracts and (B) the sum of $300,000, plus (ii) to the extent the aggregate obligations for Cure Costs under such Assigned Contracts (determined after giving effect to any reduction thereof, directly or indirectly procured by or on behalf of Buyer with respect thereto) exceed the amount previously agreed to by Buyer and Seller with respect to such Assigned Contracts, an amount equal to fifty percent (50%) of such excess.

"***Seller Subsidiary***" means any Subsidiary of Seller other than the Non-Seller Subsidiaries.

"***Sherman Act***" means title 15 of the United States Code §§ 1-7, as amended.

"***Subsidiary***" means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a partnership, limited liability company, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person or Persons is allocated a majority of partnership, limited liability company, association or other business entity gains or losses or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

"***Successful Bidder***" has the meaning set forth in the Bidding Procedures Order.

"***Tax Return***" means any report, return, information return, filing or other information, including any schedules, exhibits or attachments thereto, and any amendments to any of the foregoing required to be filed or maintained in connection with the calculation, determination, assessment or collection of any Taxes (including estimated Taxes).

"***Taxes***" means all taxes, however denominated, including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any Government, which

taxes include all income taxes, Transaction Taxes, payroll and employee withholding, unemployment insurance, social security (or similar), sales and use, excise, franchise, gross receipts, occupation, real and personal property, stamp, transfer, workmen's compensation, customs duties, registration, documentary, value added, alternative or add-on minimum, estimated, environmental (including taxes under Section 59A of the Code) and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date.

"***Transferred Liens***" means Liens of the type described in clauses (a), (e), (f), (g) and (h) of definition of Permitted Liens.

"***Union***" means any labor organization that is the exclusive bargaining representative of any employees of the Seller or each Seller Subsidiary, including each labor organization responsible for representing any such employees in negotiations for the Amended Union Contracts.

"***WARN Act***" means the Worker Adjustment Retraining and Notification Act of 1988, as amended.

16.2 All Terms Cross-Referenced.

Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Accounting Firm	3.4(b)
Accounting Principles	16.1
Acquired Assets	1.1
Acquired Bankruptcy Claims	1.1(z)
Acquired Cash	1.1(w)
Acquired Refunds	1.1(x)
Acquired Restricted Cash	1.1(y)
Additional Asset Conveyance Documents	3.2(a)(ix)
Additional Liabilities Assumption Documents	3.2(a)(x)
Adjustment Amount	3.4(c)
Adjustment Calculation Time	16.1
Affiliate	16.1
Agreement	Preamble
Allocation Schedule	11.3
Alternative Transaction	16.1
Amended Union Contracts	12.3(e)
Ancillary Agreement	16.1
Applicable Rate	3.4(c)
Applicable Newsprint Price	2.3
Assigned Contracts	1.1(j)
Assumed Benefit Plans	9.3(a)
Assumed Insurance Policies	1.1(v)
Assumed IP Licenses	1.1(i))

Term	Section
Assumed Leased Real Property	1.1(b)
Assumed Liabilities	1.3
Assumed Real Estate Lease	1.1(b)
Assumed Real Estate Licenses	1.1(b)
Assumed Real Property Leases Conveyance Document	3.2(a)(v)
Assumed Real Property Licenses Document	3.2(a)(vi)
Auction	16.1
Back-up Bidder	16.1
Bankruptcy Code	16.1
Bankruptcy Court	16.1
Base Cash Purchase Price	16.1
Baseline Net Working Capital	16.1
Bid Procedures Motion	12.3(f)
Bidding Procedures	8.2
Bidding Procedures Order	8.1
Break-Up Fee	13.5(c)(i)
Business	16.1
Business Day	16.1
Business Employees	9.1
Business Records	16.1
Buyer	Preamble
Buyer Designee	16.1
Buyer Expense Reimbursement	13.4
Cash	1.2(a)
Chapter 11 Case	16.1
Claims	16.1
Clayton Act	16.1
Closing	3.1
Closing Assigned Contracts	1.5(b)
Closing Balance Sheet	3.4(a)
Closing Date	3.1
Closing Net Working Capital	16.1
Closing Cash Purchase Price	16.1
Closing Statement	3.4(a)
Code	16.1
Computer Hardware	16.1
Computer Software	16.1
Confidentiality Agreement	6.4
Consent	16.1
Contract	16.1
Contract Option Period	1.5(a)
Corporate Name	14.3(a)
Cure Costs	7.3
Deferred Revenue Obligation	16.1
Deficit Inventory Tonnage	2.3

Term	Section
Delaware Corporation Law	Recital
Delayed Litigation Escrow	16.1
Delaware LLC Act	Recital
Delayed Acquired Assets	16.1
Delayed Assumed Liabilities	16.1
Deposit	2.2
Disclosure Schedules	16.1
Employee Benefit Plan	16.1
Employment Claim	4.18
Environmental Laws	16.1
Environmental Permits	16.1
Environmental Reports	16.1
Equipment	1.1(c)
ERISA	16.1
ERISA Affiliate	16.1
Escrow Agent	16.1
Escrow Agreement	16.1
Estimated Closing Net Working Capital	16.1
Excess Amount	3.4(c)
Excell Inventory Tonnage	2.3
Excluded Assets	1.2
Excluded Contracts	1.2(w)
Excluded Liabilities	1.4
Excluded Real Property	1.2(d)
Federal Trade Commission Act	16.1
Final Cash Purchase Price	16.1
Financial Statements	4.7(a)
GAAP	16.1
General Contract Conveyance Document	3.2(a)(iii)
Government	16.1
Hazardous Materials	16.1
Headquarters Facility	16.1
HSR Act	16.1
Improvements	16.1
Intellectual Property	16.1
Interest	16.1
Inventory	1.1(k)
IP Conveyance Document	3.2(a)(iv)
Knowledge of Seller	16.1
Latest Balance Sheet	4.7(a)
Law	4.3
Legal Impediment	16.1
Libraries	1.1(q)
Lien	16.1
Losses	16.1

Term	Section
Material Adverse Effect	16.1
Material Contracts	4.9(a)(v)
Most Recent Financial Statements	4.7(a)
NLRA	16.1
Non-Seller Subsidiary	16.1
Notice of Disagreement	3.4(b)
Order	4.3
Ordinary Course of Business	16.1
Organizational Documents	4.3
Other Assumed Contracts	1.1(j)
Owned Intellectual Property	4.17(b)(v)
Owned Real Property	1.1(a)
Party or Parties	Preamble
Payroll Obligations	1.3(l)
Permits	16.1
Permitted Liens	16.1
Person	16.1
Petition Date	Recital
Physical Inventory	2.3
Post-Petition Vacation Obligations	1.3(k)
Potentially Assigned Contracts	1.5(a)
Pre-Petition Vacation Obligations	1.3(j)
Prepaid Items	1.1(n)
Purchased Owned Real Property	1.1(a)
Real Property	16.1
Real Property Leases	1.1(b)
Real Property License	1.1(b)
Receivables	1.1(l)
Rejection Notice	1.5(b)
Rejection Period	1.5(a)
Related Person	16.1
Retained Books and Records	16.1
Restricted Cash	1.1(y)
Rule or Rules	16.1
Sale Motion	12.3(f)
Sale Order	8.1
Seller or Sellers	Preamble
Seller Designated Contracts	6.4
Seller Subsidiary or Seller Subsidiaries	Preamble
Seller's Account	3.3(a)
Seller's Knowledge	16.1
Sherman Act	16.1
Specified Business Employees	9.2(a)
Subsidiary	16.1
Successful Bidder	16.1

Term	Section
Suits	4.17(b)(ii)
Tax Return	16.1
Taxes	16.1
Termination Date	13.2(a)(ii)
Termination Order	13.2(a)(v)
Title Policies	3.2(a)(vii)
Transaction Taxes	11.1
Transferred Employees	9.1
Transferred Intellectual Property	1.1(m)
Transferred Permits	1.1(r)
Transferred Real Property	1.1(b)
Union	16.1
Vacation Obligations	1.3(k)
WARN Act	16.1

(Signatures are on the following page)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: STMG Investors, LLC
Its: Manager

By: _____
Name: James C. Tyree
Title: Managing Member

SUN-TIMES MEDIA GROUP, INC.

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

AMERICAN PUBLISHING (1991) LLC

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

AMERICAN PUBLISHING COMPANY LLC

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

AMERICAN PUBLISHING MANAGEMENT SERVICES, INC.

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

APAC-95 OKLAHOMA HOLDINGS, INC.

By: _____
Name: _____
Title: _____

CENTERSTAGE MEDIA, LLC

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

CHICAGO GROUP ACQUISITION LLC

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

CHICAGO SUN-TIMES FEATURES, INC.

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

CHICAGO SUN-TIMES LLC

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

DIGITAL CHICAGO INC.

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

FOX VALLEY PUBLICATIONS LLC

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: _____
Name: _____
Title: _____

SUN-TIMES MEDIA GROUP, INC.

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

AMERICAN PUBLISHING (1991) LLC

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

AMERICAN PUBLISHING COMPANY LLC

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

AMERICAN PUBLISHING MANAGEMENT SERVICES, INC.

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

APAC-95 OKLAHOMA HOLDINGS, INC.

By: _____
Name: _____
Title: _____

CENTERSTAGE MEDIA, LLC

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

CHICAGO GROUP ACQUISITION LLC

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

CHICAGO SUN-TIMES FEATURES, INC.

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

CHICAGO SUN-TIMES LLC

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

DIGITAL CHICAGO INC.

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

FOX VALLEY PUBLICATIONS LLC

By: _____
Name: _____
Title: _____

HGP, PARTNERSHIP

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

HIPI (2002) INC.

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

HOLLINGER AUSTRALIAN HOLDINGS LIMITED

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

HOLLINGER INTERNATIONAL PUBLISHING INC.

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

HTH BENHOLDCO LLC

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

HTH HOLDINGS INC.

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

HTNM LLC

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

HTPC CORPORATION

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

LHAT CORPORATION

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

MERIDIAN STAR, INC.

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

MIDWEST SUBURBAN PUBLISHING, INC.

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

NORTHERN MINER U.S.A., INC.

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

OKLAHOMA AIRPLANE LLC

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

PIONEER NEWSPAPERS INC.

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

REACH CHICAGO LLC

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

PIONEER NEWSPAPERS INC.

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

REACH CHICAGO LLC

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

SUN TELEMARKETING LLC

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

SUN-TIMES DISTRIBUTION SYSTEMS, INC.

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

SUN-TIMES PRD INC.

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

THE POST-TRIBUNE COMPANY LLC

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

THE RED STREAK HOLDINGS COMPANY

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

THE SUN-TIMES COMPANY

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

XSTM HOLDINGS LLC

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

TAHL (2002) INC.

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

THE JOHNSTOWN TRIBUNE PUBLISHING COMPANY

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

EXHIBITS TO
ASSET PURCHASE AGREEMENT

By and Among

SUN-TIMES MEDIA GROUP, INC.
AND THE SELLER SUBSIDIARIES

AS SELLERS

And

STMG HOLDINGS, LLC

AS BUYER

Dated as of September 8, 2009

EXHIBITS

Exhibit A	Form of Bill of Sale
Exhibit B	Form of General Contract Conveyance Document
Exhibit C	Form of IP Conveyance Documents
Exhibit D	Form of Assumed Real Property Leases Conveyance Document
Exhibit E	Form of Assumed Real Property License Conveyance Document
Exhibit F	Form of Deed
Exhibit G	Form of Seller's Secretary's Certificate
Exhibit H	Form of Non-Foreign Status Certificate
Exhibit I	Form of Buyer's Secretary's Certificate
Exhibit J	Form of Bidding Procedures Order
Exhibit K	Form of Sale Order
Exhibit L	Form of Buyer's Bring Down Certificate
Exhibit M	Form of Seller's Bring Down Certificate
Exhibit N	Form of Transition Services Agreement

Exhibit A

BILL OF SALE

This BILL OF SALE (this "***Bill of Sale***"), dated as of _____, 2009, is given by Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***") and the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Sellers***") to STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WHEREAS, the APA provides for the transfer of the Acquired Assets (other than the Assigned Contracts, Transferred Real Property, Transferred Intellectual Property and the assets set forth in Sections 1.1(c)(ii) and 1.1(k)(ii) of the APA, which are being transferred pursuant to separate conveyance documents) from Sellers to Buyer pursuant to this Bill of Sale; and

WHEREAS, such assets to be acquired hereunder are the "***Bill of Sale Assets***".

NOW, THEREFORE, as provided in the APA, for and in consideration of the Closing Cash Purchase Price, the assumption by Buyer at the Closing of the Assumed Liabilities and other good and valuable consideration, the receipt and sufficiency of which Sellers and Buyer hereby acknowledge:

Pursuant to the terms and conditions set forth in the APA, Sellers hereby sell, assign, transfer and convey to Buyer all of Sellers' right, title and interest in, to and under all the Bill of Sale Assets, without any warranty of title except as set forth in the APA.

EXCEPT AS SPECIFIED IN THE PRECEDING PARAGRAPH, THE APA AND THE OTHER ANCILLARY AGREEMENTS (TO THE EXTENT APPLICABLE), (I) SELLERS HEREBY GRANT, SELL, ASSIGN, CONVEY AND TRANSFER TO BUYER THE BILL OF SALE ASSETS IN THEIR PRESENT CONDITION AND STATE OF REPAIR, WITH ALL FAULTS, LIMITATIONS AND DEFECTS (HIDDEN AND APPARENT) AND WITHOUT ANY GUARANTEES, REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO QUALITY, MERCHANTABILITY OR THEIR FITNESS FOR BUYER'S INTENDED USE OR A PARTICULAR PURPOSE OR ANY USE OR PURPOSE WHATSOEVER, AND (II) BY ACCEPTING THIS BILL OF SALE, BUYER ACKNOWLEDGES AND AGREES THAT (A) THE BILL OF SALE ASSETS ARE CONVEYED "AS IS," "WHERE IS" AND "WITH ALL FAULTS" AND THAT ALL WARRANTIES OF MERCHANTABILITY, USAGE OR SUITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS, SAMPLES OF MATERIALS OR MANUFACTURER DESIGN ARE DISCLAIMED, (B) BUYER HAS NOT RELIED ON ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT OF SELLERS OR THEIR AFFILIATES OR THEIR RELATED PERSONS, OTHER THAN THE EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF SELLERS MADE IN THIS AGREEMENT, (C) BUYER HAS MADE ITS OWN INVESTIGATION OF THE BILL

OF SALE ASSETS AND, BASED ON SUCH INVESTIGATION AND ITS OWN CONCLUSIONS DERIVED FROM SUCH INVESTIGATION, HAS ELECTED TO PROCEED WITH THE TRANSACTIONS CONTEMPLATED BY THE APA AND THIS BILL OF SALE, AND (D) NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY (OR ON BEHALF OF) SELLERS OR THEIR AFFILIATES OR THEIR RELATED PERSONS WILL CREATE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE BILL OF SALE ASSETS AND THE TITLE THERETO AND OPERATION THEREOF.

This Bill of Sale is an instrument of transfer and conveyance contemplated by, and is executed and delivered under and pursuant to, the APA and Sale Order, and nothing contained in this Bill of Sale is deemed to modify any of the provisions of the APA or Sale Order or any rights or obligations of Sellers or Buyer under the APA or Sale Order.

This Bill of Sale shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflict of laws that would result in the application of the laws of another jurisdiction, except as superseded by the Bankruptcy Code.

[Signatures are on the following page]

IN WITNESS WHEREOF, Sellers have caused this Bill of Sale to be executed by a duly authorized officer as of the date first above written.

SUN-TIMES MEDIA GROUP, INC.

By:_____

Name: _____

Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By:_____

Name: _____

Title: _____

Exhibit B

ASSIGNED CONTRACT / ASSUMED LIABILITY ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "***Assignment and Assumption Agreement***"), dated as of _____, 2009, is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Sellers***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WITNESSETH:

WHEREAS, pursuant to the APA, Sellers have agreed to sell to Buyer, and Buyer has agreed to purchase from Sellers, the Acquired Assets;

WHEREAS, the transfer and conveyance of the Acquired Assets to Buyer includes, as a condition thereof, the assumption by Buyer of (i) all rights in and under the Closing Assigned Contracts (other than any Assumed IP Licenses, the "***Assigned Assets***"), and (ii) all Assumed Liabilities (other than the [_____],[1] the "***Assumed Obligations***"), pursuant to this Assignment and Assumption Agreement; and

WHEREAS, Buyer and Sellers now desire to evidence and effectuate the assumption by Buyer of (i) the Assumed Obligations, and (ii) all of Sellers' rights under the Assigned Assets.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the APA and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions of the APA:

1. Sellers hereby sell, assign, transfer and convey to Buyer all of Sellers' right, title and interest in, to and under the Assigned Assets.

2. Buyer hereby accepts the foregoing assignment of the Assigned Assets and irrevocably assumes the Assumed Obligations.

3. Buyer's assumption of the Assumed Obligations hereunder shall not be subject to offset by reason of any actual or alleged breach of any representation, warranty or covenant contained in the APA or any agreement or document delivered in connection therewith.

4. In the event of any conflict or inconsistency between the terms of the APA and the terms

[1] To come based on which Assumed Liabilities will be assumed under other conveyance documents.

of this Assignment and Assumption Agreement, the terms of the APA shall govern.

5. This Assignment and Assumption Agreement shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

6. This Assignment and Assumption Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Assignment and Assumption Agreement, and any amendments hereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

7. This Assignment and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and the United States of America, excluding any choice of law rules which may direct the application of the laws of another jurisdiction, except as superseded by the Bankruptcy Code.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: _____
Name: _____
Title: _____

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title: _____

Exhibit C-1

INTELLECTUAL PROPERTY ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "***Assignment and Assumption Agreement***"), dated as of _____, 2009, is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Sellers***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WITNESSETH:

WHEREAS, pursuant to the APA, Sellers have agreed to sell to Buyer, and Buyer has agreed to purchase from Sellers, the Transferred Intellectual Property; and

WHEREAS, Buyer and Sellers now desire to evidence and effectuate the assignment to Buyer of the Transferred Intellectual Property together with the goodwill associated therewith (other than any Assumed IP Licenses that have not been designated as Assigned Contracts as of the Closing, the "***Assigned Intellectual Property***") pursuant to this Assignment and Assumption Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the APA and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions of the APA:

1. Sellers hereby sell, assign, transfer and convey to Buyer all of Sellers' right, title and interest in, to and under the Assigned Intellectual Property.

2. Buyer hereby accepts the foregoing assignment of the Assigned Intellectual Property and irrevocably assumes the Assumed Liabilities related to the Transferred Intellectual Property.

3. Buyer's assumption of the Assumed Liabilities related to the Transferred Intellectual Property hereunder shall not be subject to offset by reason of any actual or alleged breach of any representation, warranty or covenant contained in the APA or any agreement or document delivered in connection therewith.

4. In the event of any conflict or inconsistency between the terms of the APA and the terms of this Assignment and Assumption Agreement, the terms of the APA shall govern.

5. This Assignment and Assumption Agreement shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

6. This Assignment and Assumption Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Assignment and Assumption Agreement, and any amendments hereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

7. This Assignment and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and the United States of America, excluding any choice of law rules which may direct the application of the laws of another jurisdiction, except as superseded by the Bankruptcy Code.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: _____
Name: _____
Title: _____

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title:

Exhibit C-2

TRADEMARK ASSIGNMENT

This TRADEMARK ASSIGNMENT (this "***Assignment***"), dated as of _____, 2009 (the "***Effective Date***"), is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Assignors***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Assignee***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Assignee and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WHEREAS, pursuant to the APA, Assignors wish to assign to Assignee, and Assignee wishes to acquire from Assignors, the trademark registrations and applications set forth on Annex I attached hereto together with the goodwill associated therewith (collectively, the "***Marks***").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignors hereby sell, assign, transfer and set over to Assignee their entire right, title and interest in and to the Marks, for the United States and for all foreign countries, including, without limitation, all corresponding rights that are or may be secured under the laws of the United States or any foreign country, now or hereafter in effect, for Assignee's own use and enjoyment, and for the use and enjoyment of Assignee's successors, assigns or other legal representatives, as fully and entirely as the same would have been held and enjoyed by Assignors if this Assignment had not been made, together with all income, royalties or payments due or payable as of the Effective Date or thereafter, including, without limitation, all claims in law or equity by reason of past, present or future infringement or other unauthorized use of the Marks, with the right to sue for, and collect damages for the same for Assignee's own use and enjoyment and for the use and enjoyment of its successors, assigns or other legal representatives.

Assignors hereby authorize and request the Commissioner of Patents and Trademarks, and the corresponding entities or agencies in any applicable foreign countries, to record Assignee as the assignee and owner of the Marks.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Assignment to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: _____
Name: _____
Title: _____

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title:

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed and delivered the said instrument as a free act and deed with authority to do so. IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this ____ day of _____, 2009.

_____
Notary Public

Commission Expires:_____

ANNEX I

TRADEMARK REGISTRATIONS/APPLICATIONS

Trademark	Registration/Application Number	Registration/Filing Date	Jurisdiction

Exhibit C-3

COPYRIGHT ASSIGNMENT

This COPYRIGHT ASSIGNMENT (this "***Assignment***"), dated as of _____, 2009 (the "***Effective Date***"), is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Assignors***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Assignee***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Assignee and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WHEREAS, pursuant to the APA, Assignors wish to assign to Assignee, and Assignee wishes to acquire from Assignors, the copyright registrations set forth on Annex I attached hereto (collectively, the "***Works***").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignors hereby sell, assign, transfer and set over to Assignee their entire right, title and interest in and to the Works, for the United States and for all foreign countries, including, without limitation, all corresponding rights that are or may be secured under the laws of the United States or any foreign country, now or hereafter in effect, all moral rights and all subsidiary rights therein, for Assignee's own use and enjoyment, and for the use and enjoyment of Assignee's successors, assigns or other legal representatives, as fully and entirely as the same would have been held and enjoyed by Assignors if this Assignment had not been made, together with all income, royalties or payments due or payable as of the Effective Date or thereafter, including, without limitation, all claims in law or equity by reason of past, present or future infringement or other unauthorized use of the Works, with the right to sue for, and collect damages for the same for Assignee's own use and enjoyment and for the use and enjoyment of its successors, assigns or other legal representatives.

In the event that any of the Assignors own, as of the execution hereof, any further registered U.S. copyrights not set forth on Annex I, Assignors hereby agree to take any and all actions reasonably required by the Assignee in order to effectuate assignment of all such registered U.S. copyrights, and further grant to Assignee their limited power of attorney to amend Annex I in order to effectuate such assignment

Assignors hereby authorize and request the U.S. Register of Copyrights, and the corresponding entities or agencies in any applicable foreign countries, to record Assignee as the assignee and owner of the Works.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Copyright Assignment to be executed by their respective officers thereunto duly authorized as of the date first above written.

STMG HOLDINGS, LLC

By: _____
Name: _____
Title: _____

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title:

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed and delivered the said instrument as a free act and deed with authority to do so. IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this ____ day of _____, 2009.

_____
Notary Public

Commission Expires:_____

ANNEX I

COPYRIGHT REGISTRATIONS

Copyright	Registration Number	Registration Date	Jurisdiction

Exhibit D

Prepared by:

_____

_____

After Recorded, Return to:
Michael B. Manuel
Goldberg Kohn
55 East Monroe #3300
Chicago, Illinois 60603

REAL PROPERTY LEASES ASSIGNMENT AND ASSUMPTION AGREEMENT

This Real Property Leases Assignment and Assumption Agreement (this "***Assignment***") is made this ___ day of _____, 2009, by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Assignors***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Assignee***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Assignee and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

RECITALS

A. WHEREAS, one of the Assignors, as tenant, has entered into those certain leases set forth on Annex I attached hereto (the "***Leases***");

B. WHEREAS, the Leases affect the real property legally described on Annex II attached hereto;[2] and

C. WHEREAS, in conjunction with the sale and purchase of the Acquired Assets, the APA obligates Assignors to assign to Assignee the Leases, subject to the terms and conditions set forth in the APA and this Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignors and Assignee agree as follows:

1. Assignors grant, assign and transfer to Assignee, its successors and assigns, all right, title and interest in and to the Leases.

2. Assignee hereby accepts the foregoing assignment of the Leases and irrevocably assumes the Assumed Liabilities related to the Leases.

[2] Only necessary if this Assignment is to be recorded.

3. Assignee's assumption of the Assumed Liabilities related to the Leases hereunder shall not be subject to offset by reason of any actual or alleged breach of any representation, warranty or covenant contained in the APA or any agreement or document delivered in connection therewith.

4. In the event of any conflict or inconsistency between the terms of the APA and the terms of this Assignment and Assumption Agreement, the terms of the APA shall govern.

5. This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

6. This Assignment may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Assignment, and any amendments hereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

7. This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois and the United States of America, excluding any choice of law rules which may direct the application of the laws of another jurisdiction, except as superseded by the Bankruptcy Code.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

ASSIGNORS:

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title: _____

ASSIGNEE:

STMG HOLDINGS, LLC

By: _____
Name: _____
Its: _____

ANNEX I

[List of Leases to come]

ANNEX II

[Legal description of the real property affected by the Leases to come]

Exhibit E

Prepared by:

_____

_____

After Recorded, Return to:
Michael B. Manuel
Goldberg Kohn
55 East Monroe #3300
Chicago, Illinois 60603

REAL PROPERTY LICENSES ASSIGNMENT AND ASSUMPTION AGREEMENT

This Real Property Licenses Assignment and Assumption Agreement (this "***Assignment***") is made this ___ day of _____, 2009, by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Assignors***"), and STMG Holdings, LLC, a Delaware limited liability company ("***Assignee***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Assignee, Seller and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

RECITALS

A. WHEREAS, one of the Assignors, as licensee, has entered into those certain licenses set forth on Annex I attached hereto (the "***Licenses***");

B. WHEREAS, the Licenses affect the real property legally described on Annex II attached hereto;[3] and

C. WHEREAS, in conjunction with the sale and purchase of the Acquired Assets, the APA obligates Assignors to assign to Assignee the Licenses, subject to the terms and conditions set forth in the APA and this Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignors and Assignee agree as follows:

1. Assignors grant, assign and transfer to Assignee, its successors and assigns, all right, title and interest in and to the Licenses.

2. Assignee hereby accepts the foregoing assignment of the Licenses and irrevocably assumes the Assumed Liabilities related to the Licenses.

[3] Only necessary if this Assignment is to be recorded.

3. Assignee's assumption of the Assumed Liabilities related to the Licenses hereunder shall not be subject to offset by reason of any actual or alleged breach of any representation, warranty or covenant contained in the APA or any agreement or document delivered in connection therewith.

4. In the event of any conflict or inconsistency between the terms of the APA and the terms of this Assignment and Assumption Agreement, the terms of the APA shall govern.

5. This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

6. This Assignment may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Assignment, and any amendments hereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

7. This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois and the United States of America, excluding any choice of law rules which may direct the application of the laws of another jurisdiction, except as superseded by the Bankruptcy Code.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

ASSIGNORS:

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

[SELLER SUBSIDIARIES (IF ANY) TO COME]

By: _____
Name: _____
Title: _____

ASSIGNEE:

STMG HOLDINGS, LLC

By: _____
Name: _____
Its: _____

ANNEX I

[List of Licenses to come]

ANNEX II

[Legal description of the real property affected by the Licenses to come]

Exhibit F

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Michael B. Manuel
Goldberg Kohn
55 East Monroe #3300
Chicago, Illinois 60603

MAIL TAX STATEMENTS TO:

_____
_____
_____
_____

Assessor's Parcel No. [_____]

(Space Above Line For Recorder's Use Only)

QUITCLAIM DEED

This **QUITCLAIM DEED**, is made as of this ___ day of _____, 2009, between **[Sun-Times Media Group, Inc.]**, a Delaware corporation having an address of 350 North Orleans Street, 10-S, Chicago, IL 60654 ("***Grantor***"), and **[STMG Holdings, LLC]**, a Delaware limited liability company having an address of 350 North Clark Street, Chicago, IL 60654 ("***Grantee***").

WITNESSETH, that Grantor, in consideration of Ten Dollars ($10.00) and other good and valuable consideration paid by the Grantee, does hereby **CONVEY AND QUITCLAIM** unto the Grantee, and the heirs or successors and assigns of the Grantee, forever,

ALL of the Grantor's right, title and interest in or to that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the County of [_____] and State of **[Illinois]**, legally described on Annex I attached hereto and made a part hereof, together with any and all tenements, hereditaments and appurtenances belonging or in any way appertaining to such land or improvements including without limitation (i) any and all property lying in a bed of any street, road or avenue, open or proposed, in front of or adjoining such land to the center line thereof, (ii) any strips and gores of land adjacent to, abutting or used in connection with such land, and (iii) any easements and rights, if any, inuring to the benefit of such land or to Grantor in connection therewith (collectively, the "***Property***").

Grantor hereby releases and waives all rights it may have in and to the Property under and by virtue of the Homestead Exemption Laws of the State of Illinois.

Permanent Index Number: _____

Real Estate Address: _____

[Signatures are on the following page]

IN WITNESS WHEREOF, Grantor has duly executed this quitclaim deed this ____ day of ____ _____, 2009.

[SUN-TIMES MEDIA GROUP, INC.]

By: _____
Name: _____
Its: _____

STATE OF _____)
) **SS**
COUNTY OF _____)

On the ___ day of _____, 2009, before me, the undersigned, personally appeared _____, the _____ of _____, a _____, and acknowledged to me that he/she executed the attached deed in his/her capacity, and that by his/her signature on the instrument, the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned on the day and year first mentioned above.

_____
Notary Public
Print Name: _____
My Commission Expires: _____

Mail Tax Bills to:

_____
_____
_____
_____

ANNEX I

LEGAL DESCRIPTION OF THE PROPERTY

[To come]

Exhibit G

SELLER'S SECRETARY'S CERTIFICATE

The undersigned does hereby certify that I am a duly elected, appointed, and acting secretary of Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"). Acting solely in my capacity as a secretary of Seller, and not in my individual capacity, I DO HEREBY CERTIFY as follows:

Attached hereto as Annex I are the resolutions of the board of directors of Seller approving and authorizing that certain Asset Purchase Agreement, dated as of September __, 2009, by and among STMG Holdings, LLC, a Delaware limited liability company, Seller, and the other parties listed on the signature pages thereto (the "***APA***"), and the transactions contemplated by the APA, which resolutions have not been rescinded and remain in full force and effect as of the date hereof.

[Signatures are on the following page]

IN WITNESS WHEREOF, the undersigned has executed this secretary's certificate as of this ___ day of _____, 2009.

By: _____
Name: _____
Title: Secretary, Sun-Times Media Group, Inc.

ANNEX I

[Seller's board resolutions to come]

Exhibit H

NON-FOREIGN STATUS AFFIDAVIT

Section 1445 of the Internal Revenue Code of 1986, as amended (the "***Code***") provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445 of the Code), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity.

This affidavit of non-foreign status is being delivered pursuant to Section 3.2(a)(xi) of that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"), and the other parties listed on the signature pages thereto.

To inform the transferee, Buyer, that withholding of tax is not required upon the disposition of a U.S. real property interest by Seller, the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and Income Tax Regulations promulgated in connection therewith);

2. Seller is not a disregarded entity as defined in Treas. Reg. § 1.1445-2(b)(2)(iii);

3. Seller's U.S. employer identification number is __-_____; and

4. Seller's office address is:

350 North Orleans Street, 10-S
Chicago, IL 60654

Seller understands that this certification may be disclosed to the Internal Revenue Service by Buyer and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document as a representative of Seller as of this ___ day of _____, 2009.

[Signatures are on the following page]

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

Exhibit I

BUYER'S SECRETARY'S CERTIFICATE

The undersigned does hereby certify that I am a duly elected, appointed, and acting secretary of STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"). Acting solely in my capacity as a secretary of Buyer, and not in my individual capacity, I DO HEREBY CERTIFY as follows:

Attached hereto as Annex I are **[resolutions of the board of managers]** of Buyer approving and authorizing that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Buyer, Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), and the other parties listed on the signature pages thereto (the "***APA***"), and the transactions contemplated by the APA, which resolutions have not been rescinded and remain in full force and effect as of the date hereof.

[Signatures are on the following page]

IN WITNESS WHEREOF, the undersigned has executed this secretary's certificate as of this ___ day of _____, 2009.

By: _____
Name: _____
Title: Secretary, STMG Holdings, LLC

ANNEX I

[Buyer's board resolutions to come]

Exhibit J

BIDDING PROCEDURES ORDER

See Attached.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SUN-TIMES MEDIA GROUP, INC., *et al.*,[1]	)	Case No. 09-11092 (CSS)
Debtors.	)	Jointly Administered

ORDER (A) APPROVING BID PROCEDURES AND BID PROTECTIONS RELATING TO SALE OF SUBSTANTIALLY ALL DEBTORS' ASSETS; (B) SCHEDULING AN AUCTION AND HEARING; (C) APPROVING FORM AND MANNER OF NOTICE OF SALE AND AUCTION; AND (D) ESTABLISHING PROCEDURES RELATING TO ASSUMPTION AND ASSIGNMENT AND REJECTION OF CONTRACTS

Upon the motion (the "Motion")[2] of the Debtors, pursuant to sections 105(a), 363 and 365 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), for the entry of an order (the "Bid Procedures Order") (a) approving the Bid Procedures and the Bid Protections with respect to the

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

2 All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

proposed sale (the "Sale") of substantially all of the Debtors' assets (the "Acquired Assets"), as more specifically described in the Purchase Agreement with STMG Holdings, LLC, including any Buyer Designee (as defined in the Purchase Agreement) (the "Purchaser"); (b) scheduling an Auction to sell the Acquired Assets; (c) scheduling a Sale Hearing to consider approval of the sale of the Acquired Assets and setting objection and bidding deadlines with respect to the Sale; (d) approving the form and manner of the Sale Notice; and (e) establishing certain procedures and deadlines relating to the assumption and assignment of the executory contracts and unexpired leases pursuant to the Purchase Agreement and establishing procedures for the rejection of executory contracts and unexpired leases not assumed and assigned in connection with the Sale, all as more fully set forth in the Motion, and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § § 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § § 157(b)(2); and the Court having found that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. § § 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Debtors having provided appropriate notice of the Motion and the opportunity for a hearing on this Motion under the circumstances and no other or further notice being required; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND CONCLUDES THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

B. This Court has jurisdiction over the Motion and the transactions contemplated by the Purchase Agreement pursuant to 28 U.S.C. § § 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue in this district is proper under 28 U.S.C. § § 1408 and 1409.

C. Good and sufficient notice of the Motion and the relief sought therein has been given under the circumstances, and no other or further notice is required except as set forth herein with respect to the Sale Hearing.

D. A reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to all interested parties and entities through service of the Motion on: (i) the U.S. Trustee; (ii) counsel to the Creditors' Committee; (iii) the 30 largest unsecured creditors for the Debtors on a consolidated basis as identified in the Debtors' chapter 11 petitions; (iv) all taxing authorities having jurisdiction over any of the Acquired Assets, including the Internal Revenue Service, the Illinois Department of Revenue and the Indiana Department of Revenue; (v) counsel to the Purchaser; (vi) all parties who are known to possess or assert a secured claim against the Acquired Assets; (vii) all contract and lease counterparties; (viii) all parties known or reasonably believed to have expressed an interest in the Acquired Assets; (ix) the Securities and Exchange Commission; (x) all parties to any pension plan maintained, sponsored or contributed to by any of the Debtors; (xi) all Unions (defined in the Purchase Agreement) that are parties to agreements with any of the Debtors; (xii) all other

creditors of the Debtors (whether liquidated, contingent or unmatured) other than the creditors specifically excluded from such service, as agreed by the Debtors and Purchaser; (xiii) all parties to any governmental approvals or permits; (xiv) the United States Department of Justice; (xv) the Attorney General in the states where the Acquired Assets are located; (xvi) the Attorney General of the United States; (xvii) any applicable state environmental agency; and (xviii) all parties who have filed a request for notice in the above-captioned cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no other or further notice is necessary.

E. The Bid Procedures, substantially in the form annexed hereto as Exhibit 1, (i) are fair, reasonable and appropriate, (ii) reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and (iii) are designed to maximize the value of the Acquired Assets.

F. The Debtors' Sale Notice attached to the Motion as Exhibit C is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Auction, the Sale, the Sale Hearing and the Bid Procedures to be employed in connection therewith, and complies with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.

G. The Real Property Notice attached to the Motion as Exhibit D and the Executory Contract Notice attached to the Motion as Exhibit E are reasonably calculated to provide all counterparties to the executory contracts and unexpired leases with proper notice of the assumption and assignment of the applicable executory contract or unexpired lease and any cure amounts relating thereto.

H. The entry of this Bid Procedures Order is in the best interests of the Debtors, their estates, their creditors and other parties in interest.

I. The Debtors have demonstrated that the payment of the Break-Up Fee and the Expense Reimbursement (collectively, the "Bid Protections") to the Purchaser is supported by a compelling and sound business justification and is in the best interests of the Debtors and their estates pursuant to section 363 of the Bankruptcy Code. The Bid Protections are (i) an actual and necessary cost and expense of preserving the Debtors' estates, within the meaning of section 503(b) of the Bankruptcy Code; (ii) a substantial benefit to the Debtors' estates; (iii) reasonable and appropriate, including in consideration of the efforts that have been and will be expended by the Purchaser; and (iv) necessary to ensure that the Purchaser will continue its proposed acquisition of the Acquired Assets. The Bid Protections are material inducements for, and conditions of, the Purchaser's entry into the Purchase Agreement and are the product of arm's-length, good-faith negotiations between the Debtors and the Purchaser. The Purchaser is unwilling to commit to hold open its offer to purchase the Acquired Assets under the terms of the Purchase Agreement unless it is assured payment of the Bid Protections. Thus, assurance to the Purchaser of the Bid Protections will promote competitive bidding through the auction process. Further, the Purchaser has provided a benefit to the Debtors' estates by increasing the likelihood that the price for which the Acquired Assets are sold will reflect their true worth.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is granted to the extent set forth below.

2. Except as otherwise expressly provided in this Bid Procedures Order, all objections to the Motion or the relief provided herein that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby overruled and denied on the

merits.

3. The findings of fact set forth above and the conclusions of law stated herein shall constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this matter pursuant to Bankruptcy Rule 9014. To the extent that any finding of fact later shall be determined to be a conclusion of law, it shall be so deemed, and to the extent that any conclusion of law later shall be determined to be a finding of fact, it shall be so deemed.

I. Bid Procedures and Auction

4. Bid Procedures. The Bid Procedures (including the Bid Protections), in substantially the form attached hereto as Exhibit 1, are incorporated herein and approved, and shall apply with respect to the Sale.

5. Bid Deadline. The Bid Deadline upon which date and time all Qualified Bids must be submitted as set forth in the Bid Procedures is October __, 2009, at 5:00 p.m. (prevailing Central Time).

6. No Other Qualified Bids. If the Debtors do not receive any Qualified Bids other than the Purchase Agreement, they will not hold the Auction and the Purchaser will be named the Successful Bidder.

7. Auction. If a Qualified Bid is received other than the Purchase Agreement, the Debtors are authorized to conduct an Auction for the Acquired Assets in accordance with the Bid Procedures. The Auction shall take place on October 7, 2009, at 9:00 a.m. (prevailing Central Time) at the offices of Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, or such other place and time as the Debtors shall notify all Qualified Bidders, counsel to the Creditors' Committee and other invitees. Only representatives of the Debtors, the Purchaser and Qualified Bidders are entitled to participate in the Auction.

8. Compliance with Local Rule. Pursuant to Local Rule 6004-1(c)(ii)(B)-(D), the following provisions shall apply to the Auction: (a) each Qualified Bidder participating at the Auction shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale; (b) the Auction shall be conducted openly and all creditors will be permitted to attend; and (c) bidding at the Auction will be transcribed or videotaped.

9. Qualified Bids. The Purchase Agreement is a Qualified Bid, and the Purchaser is a Qualified Bidder for all purposes. A Qualified Bidder that desires to make a bid shall comply with the requirements set forth in the Bid Procedures for making such bid. The Debtors shall have the right to reject any and all bids that do not conform to the Bid Procedures, subject to the provisions of the Bid Procedures.

II. The Bid Protections

10. In consideration of the Purchaser's entry into the Purchase Agreement and the time and expense that the Purchaser has spent and incurred in connection with the negotiation of the Purchase Agreement, as well as for the risk associated with acting as the stalking horse, and in recognition of the benefits which it provides the Debtors in seeking to sell the Acquired Assets for the highest and best offer at the Auction, the Debtors agree to provide the Purchasers with the following Bid Protections: (a) if the Purchase Agreement is terminated (i) by the Purchaser pursuant to Section 13.2(a)(ii) as a result of the failure of the condition contained in Section 12.3(h) or pursuant to Section 13.2(a)(iii) as a result of the failure of the conditions contained in Section 12.3(c) or Section 12.3(e)) or (ii) by the Debtors pursuant to Section 13.2(a)(iv) as a result of the Sale Order not having become a Final Order prior to such termination and, prior to such termination, the Purchaser has agreed and certified to the Debtors in writing that all of the conditions to the Purchaser's obligations to consummate the transactions contemplated by the

Purchase Agreement, other than the condition set forth in Section 12.1(a), have been satisfied or waived and that the Purchaser stands ready, willing and able to consummate the Closing upon the satisfaction of the condition set forth in Section 12.1(a)), then, as the Purchaser's sole and exclusive remedy upon such termination and as liquidated damages and not a penalty, the Debtors shall reimburse the Purchaser for all documented out-of-pocket costs and expenses incurred by the Purchaser in connection with its legal, accounting and business due diligence (including costs of obtaining environmental reports and title insurance), negotiating and documenting the Purchase Agreement and the transactions contemplated hereby, negotiating and documenting the Amended Union Agreements and documenting the capitalization of the Purchaser, including fees and expenses of attorneys, accountants, financial advisors, and other consultants some of whom may be Related Parties (as defined in the Purchase Agreement) or Affiliates of the Purchaser or entities in which Purchaser or its investors have an interest (the "Expense Reimbursement"), up to an amount not to exceed $500,000; (b) if the Purchase Agreement is terminated pursuant to Section 13.5(a)(i) (i.e., by the Purchaser if the Debtors withdraw or seek authority to withdraw the Sale Motion; there has been an intentional breach by the Debtors of or intentional failure by the Debtors to comply with any of the covenants in the Purchase Agreement contemplating the consummation of the transfer of the Acquired Assets to the Purchaser which has prevented the satisfaction of any condition to the obligation of the Purchaser at the Closing (including, without limitation, the conditions set forth in Sections 12.3(f), 12.3(g) and 12.3(h)); the Debtors publicly support or are the co-proponent of any plan of reorganization or liquidation filed with the Bankruptcy Court that does not contemplate the consummation of the transactions contemplated by the Purchase Agreement; or any plan of reorganization or liquidation that does not contemplate the consummation of the transactions

contemplated by the Purchase Agreement is confirmed by the Bankruptcy Court), the Debtors shall pay the Purchaser in immediately available funds (i) a cash fee equal to $500,000 (the "Break-Up Fee") and (ii) the Expense Reimbursement up to an amount not to exceed $500,000; (c) if the Purchase Agreement is terminated pursuant to Section 13.5(a)(ii) (i.e., by the Purchaser if, after the Debtors exclusivity period under the Bankruptcy Code (including any extensions thereof) has expired, a plan of reorganization or liquidation that does not contemplate the consummation of the transaction contemplated by the Purchase Agreement is filed with the Bankruptcy Court by any Person other than the Purchaser or any of its Affiliates or any Person working for or in collaboration with the Purchaser or any of its Affiliates), the Debtors shall pay the Purchaser in immediately available funds the Expense Reimbursement up to an amount not to exceed $500,000 (but the Purchaser shall not be entitled to a Break-Up Fee); or (d) if the Purchase Agreement is terminated pursuant to Section 13.5(a)(iii) (i.e., by the Purchaser or the Debtors if the Purchaser is not the Successful Bidder at the Auction), the Debtors shall pay the Purchaser in immediately available funds (i) a Break-Up Fee of $500,000 and (ii) the Expense Reimbursement up to an amount not to exceed $350,000; *provided, however*, that if the Debtors fail to consummate a sale with either the Successful Bidder or Back-Up Bidder, the Debtors shall pay to the Purchaser funds in an additional amount not to exceed $150,000 on account of the Expense Reimbursement. The applicable Break-Up Fee and/or Expense Reimbursement shall be administrative expenses of the Debtors with priority over any and all administrative expenses of the kind specified in § § 503(b) or 507(b) of the Bankruptcy Code.

11. The applicable Break-Up Fee and/or Expense Reimbursement shall survive termination of the Purchase Agreement. The applicable Break-Up Fee and/or Expense Reimbursement payable under the circumstances provided in Section 13.5(c) constitutes

liquidated damages and not a penalty, and is the exclusive remedy of the Purchaser and its Affiliates for any termination of the Purchase Agreement pursuant to Section 13.5 and as set forth in the Purchase Agreement.

12. The Debtors are authorized and directed to take all necessary actions pursuant to the terms of the Purchase Agreement and Bid Procedures to pay the Break-Up Fee and the Expense Reimbursement to the Purchaser should they become due and payable, and are authorized and directed to pay such Break-Up Fee and Expense Reimbursement without further Order of the Court.

13. Solely for the purposes of determining a Successful Bid, any overbid submitted by the Purchaser shall be deemed to include the full amount of the Break-Up Fee and the Expense Reimbursement potentially payable by the Debtors.

14. The following provisions of the Purchase Agreement regarding payments to the Purchaser are approved and the Debtors are authorized and directed to perform thereunder as applicable: (a) the entirety of Section 13.4 entitled "Effect of Failure of Buyer's Conditions to Closing" and (b) the entirety of Section 13.5 entitled "Additional Termination Provisions".

III. The Sale Hearing and Notice Thereof

15. Sale Hearing. The Sale Hearing shall be held before this Court on October 8, 2009, at 12:00 p.m. (prevailing Eastern Time), or as soon thereafter as counsel and interested parties may be heard.

16. Service of Bid Procedures Order. The Debtors shall serve a copy of this Bid Procedures Order by first class mail on all of the parties served with notice of the Motion on or before two (2) business days after the entry of this Bid Procedures Order.

17. Service of Sale Notice. The Debtors shall serve copies of the Sale Notice, substantially in the form annexed to the Motion as Exhibit C (which Notice is hereby approved), within one (1) day after entry of this Bid Procedures Order on: (a) the U.S. Trustee; (b) counsel to the Creditors' Committee; (c) all taxing authorities having jurisdiction over any of the Acquired Assets, including the Internal Revenue Service, the Illinois Department of Revenue and the Indiana Department of Revenue; (d) counsel to the Purchaser; (e) all parties who are known to possess or assert a secured claim against the Acquired Assets; (f) all contract and lease counterparties; (g) all parties known or reasonably believed to have expressed an interest in acquiring the Acquired Assets; (h) the Securities and Exchange Commission; (i) all creditors of the Debtors (whether liquidated, contingent or unmatured) other than creditors specifically excluded from such service, as agreed to by the Debtors and the Purchaser; (j) all parties to any pension plan maintained, sponsored or contributed to by any of the Debtors; (k) all Unions (as defined in the Purchase Agreement) that are parties to agreements with any of the Debtors; (l) parties to any governmental approvals or permits; (m) the United States Department of Justice; (n) the Attorney General in the state(s) where the Acquired Assets are located; (o) the Attorney General of the United States; (p) any applicable state environmental agency; (q) all parties who have filed a request for notice in the above-captioned cases pursuant to Bankruptcy Rule 2002; and (r) all of the Debtors' current employees.

18. Publication of Notice. The Debtors shall publish the Sale Notice once in the national edition of the *Wall Street Journal* and the *Chicago Sun-Times* within three (3) days after entry of this Order.

19. Sale Objections and Sale Objection Deadline. Objections, if any, to the Sale and related relief requested in the Motion must: (a) be in writing; (b) state with specificity the nature

of such objection; (c) comply with the Bankruptcy Rules and the Local Rules; and (d) be filed with the Court on or before October 1, 2009, at 4:00 p.m. (prevailing Eastern Time) (the "Sale Objection Deadline"), or such later date and time as the Debtors may agree; and (e) be served, so as to be actually received on or before the Sale Objection Deadline, by (i) co-counsel for the Debtors, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60564, Attn.: James Stempel, David Agay, and Sarah Seewer and Young Conaway Stargatt & Taylor LLP, 1000 West Street, 17th floor, Wilmington, Delaware 19801-1053, Attn: Pauline K. Morgan and Sean M. Beach; (ii) counsel to the Purchaser, Goldberg Kohn Bell Black Rosenbloom & Moritz, Ltd., 55 East Monroe Street, Suite 3300, Chicago, Illinois 60603-5792, Attn: Randall L. Klein, Esq and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, P.O. Box 1347, Wilmington, Delaware 19899-1347, Attn: Robert Dehney, Esq.; (iii) co-counsel for the Creditors' Committee, Cross & Simon LLC, 913 North Market Street, 11th Floor, P.O. Box 1380, Wilmington, Delaware 19899-1380, Attn: Christopher P. Simon and Kevin S. Mann and Lowenstein Sandler P.C., 65 Livingston Avenue, Roseland, New Jersey 07068, Attn: Kenneth S. Rosen, Sharon Levine, and Scott Cargill; (iv) the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801; and (v) the U.S. Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Suite 2208 - Lockbox #35, Wilmington, Delaware 19801, Attn: Joseph J. McMahon (collectively, the "Notice Parties").

20. No Further Notice of Adjourned Sale Hearing. The Sale Hearing may be adjourned, from time to time, without further notice to creditors or other parties in interest other than by announcement of said adjournment before this Court or on this Court's calendar on the date scheduled for said hearing.

IV. Notice Procedures for Real Property Leases and Executory Contracts

21. Service of Real Property Notice. As soon as practicable following entry of this Bid Procedures Order, the Debtors shall serve a Real Property Notice, substantially in the form annexed to the Motion as Exhibit D, by first class mail on all non-debtor counterparties to real property leases and licenses (the "Leases"). The Real Property Notice shall contain a Cure Amount that will apply in the event that the Debtors assume and assign the applicable Lease. The Real Property Notice will inform each recipient that prior to the earlier of October 27, 2009 and the date of the Sale Hearing, the Purchaser may designate any Leases for rejection pursuant to § 365 of the Bankruptcy Code. Such Leases will appear on a schedule to be filed on or before the date of the Sale Hearing (the "Excluded Real Property Schedule"). All Leases not appearing on the Excluded Real Property Schedule will be assumed and assigned to Purchaser at Closing. The Purchaser may request that the Debtors delay the effective date of rejection until October 27, 2009 or, if the Purchaser has delivered to the Debtors the consent of the applicable landlord or licensor to extend the date for assumption or rejection of a Lease to a later date, such later date (the "Rejection Period"), and such effective date will be reflected on the Excluded Real Property Schedule (any such Lease with a delayed effective date of rejection is referred to herein as a "Delayed Lease"). During the Rejection Period, the Purchaser may (following the Purchaser's delivery of written notice to the Debtors), with the consent of the counterparty to the Delayed Lease (or, at the sole expense of the Purchaser, further order of the Bankruptcy Court), re-designate such Delayed Lease as an Assigned Contract.

22. In the event that (a) any Lease is listed on the Excluded Real Property Schedule or (b) the Closing Date has not occurred prior to the expiration of the Rejection Period with respect to a particular Lease, then the Debtors may reject such Lease, including by operation of § 365.

23. Also, the Purchaser will pay and be solely responsible for all liabilities and obligations under any Delayed Lease accruing from and after the Closing Date until the effective date of rejection of such Delayed Lease, including any extension thereof (or, if such Delayed Lease is re-designated as an Assigned Contract, until the effective date of the assignment thereof to the Purchaser) but only to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute chapter 11 administrative expenses; provided that such performance by the Purchaser shall not be deemed to be an explicit or implicit assumption by the Purchaser of any executory contract. The Purchaser will also solely pay and be responsible for all liabilities and obligations relating to moving any Acquired Asset from the locations of any Leases or owned real property that are not Acquired Assets and for any damages caused to the real property or the improvements thereon by the Purchaser or its Affiliates or their respective agents or representatives in connection with such move.

24. Service of Executory Contract Notice. As soon as practicable following entry of this Bid Procedures Order, the Debtors shall serve each counterparty with an Executory Contract Notice substantially in the form annexed to the Motion as Exhibit E, by first class mail on all non-debtor counterparties to executory contracts that are not Leases. The Executory Contract Notice will inform each recipient that the respective executory contract may be either: (a) assumed and assigned; (b) rejected; or (c) subject to a 60-day period beginning on the Closing Date (the "Contract Option Period") during which 60-day period, in accordance with Section 1.5 of the Purchase Agreement, the Purchaser may designate, by written notice to the Debtors, (i) which of these executory contracts (the "Potentially Assigned Contracts") are to be treated as Rejected Contracts (such notice, the "Rejection Notice") and (ii) which of the Potentially Assigned Contracts are to be treated as Assigned Contracts (such notice, the "Assumption

Notice"). The Executory Contract Notice will include Cure Amounts that will apply in the event that the applicable executory contract is assumed and assigned. The Executory Contract Notice will also state that, in the event that an executory contract will be rejected after the Sale Hearing, the counterparty will receive a notice pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on April 28, 2009 [Docket No. 126]. In the event that an executory contract will be assumed after the Sale Hearing, the counterparty will receive a notice of assumption and assignment of such contract (the "Post-Closing Assumption Notice") which will provide the counterparty an opportunity to object to the proposed adequate assurance of future performance. In the event that the counterparty does not object to the Post-Closing Assumption Notice within 10 days following service of same, such Potentially Assigned Contract will be deemed an Assigned Contract. In the event that the counterparty objects to the Post-Closing Assumption Notice, the Debtors will request a hearing, the sole issue at which will be the proposed adequate assurance of future performance.

25. At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered, from the Closing until the date on which the Purchaser delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed 15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, the Purchaser shall pay and be solely responsible for all liabilities and obligations accruing during such period arising under Potentially Assigned Contracts to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute chapter 11 administrative expenses, and shall be entitled to the benefits accruing under

such Potentially Assigned Contracts during such period; provided that such performance by the Purchaser shall not be deemed to be an explicit or implicit assumption by the Purchaser of any executory contract.

26. No later than one day prior to the Sale Hearing, the Debtors or the Purchaser will file and serve on the applicable executory contract counterparties: (a) a list of executory contracts that have, as of that date, been determined to be Assigned Contracts; and (b) a list of executory contracts that have, as of that date, been determined to be Rejected Contracts and will not be subject to the Contract Option Period. Pursuant to Bankruptcy Code § 365 and without further notice, the Debtors will be authorized to assume and assign all Assigned Contracts listed in clause (a) above, and Rejected Contracts listed in clause (b) above will be deemed rejected, both as of the date of the Sale Hearing.

27. Contract Objections and Cure Objection Deadline. Objections, if any, to the assumption and assignment of the executory contracts and unexpired leases, the adequate assurance of future performance of such executory contracts and unexpired leases, and the Debtors' proposed Cure Amounts (a "Contract Objection"), must: (a) be in writing; (b) state with specificity the nature of such objection and alleged cure amount, including applicable and appropriate documentation in support of such alleged cure amount; (c) comply with the Bankruptcy Rules and the Local Rules; (d) be filed with the Court, on or before October 1, 2009 at 4:00 p.m. prevailing Eastern Time (the "Cure Objection Deadline"), or such later date and time as the Debtors may agree; and (e) be served, so as to be actually received on or before the Cure Objection Deadline, by the Notice Parties.

28. Proposed Cure Amount. If a counterparty to an executory contract or unexpired lease does not timely and properly file a Contract Objection in the manner set forth above, the

Debtors' proposed Cure Amount shall be fixed and shall be paid to the counterparty to the executory contract or unexpired lease to the extent such contract is assumed and assigned and the counterparty shall be deemed to consent to the assumption and assignment of the executory contract or unexpired lease. If a counterparty timely and properly files a Contract Objection, then, as set forth in the Real Property Notice or Executory Contract Notice (as applicable), such counterparty shall have the opportunity to appear before the Court at the Sale Hearing. In order for the Debtors to assume and assign any of the executory contracts or unexpired leases, the proposed Cure Amount determined by the Court (if the counterparty objects) or set forth in the Executory Contract Notice or Real Property Notice (if there is no objection) must be paid to the counterparty to the executory contract or unexpired lease. In accordance with the Purchase Agreement, the Debtors and the Purchaser have agreed on each party's obligations with respect to the payment of Cure Amounts as follows: the Debtors shall pay an aggregate amount equal to the lesser of (a) the Cure Amounts and (b) (i) $300,000, plus (ii) to the extent the Cure Amounts under such Assigned Contracts exceed the amount previously agreed by the Debtors and the Purchaser with respect to such Assigned Contracts, an amount equal to fifty percent of such excess, and, at their election, may pay such additional Cure Amounts as provided in Section 12.3(l) of the Purchase Agreement.

29. Failure to File a Contract Objection by the Cure Objection Deadline. If a Contract Objection is not timely and properly filed and served in accordance with this Bid Procedures Order, (a) the Debtors' proposed Cure Amount shall be controlling with respect to the executory contract or unexpired lease notwithstanding anything to the contrary in any executory contract or unexpired lease or other document, (b) such contract may be assigned to the Successful Bidder, (c) the failure to object shall be deemed consent to the assumption and

assignment for the purposes of section 365(c) of the Bankruptcy Code or otherwise, (d) the counterparty to the executory contract or unexpired lease shall be forever barred from asserting any other claim arising prior to the assignment, if applicable, against the Debtors or the Successful Bidder as to such executory contract or unexpired lease and (e) with respect to the executory contract or unexpired lease, the Successful Bidder's promise to perform under the executory contract or unexpired lease shall be deemed adequate assurance of future performance under the executory contract or unexpired lease; provided, however, any counterparty that receives a Post-Closing Assumption Notice will have the opportunity to object to the proposed adequate assurance of future performance.

VI. Miscellaneous

30. Subject to the terms of the Purchase Agreement, the Debtors reserve the right to amend any deadline set forth herein without further Court approval; *provided, however*, that no such amendment will provide any interested party with less notice than provided for as such deadlines are currently set forth herein; *provided, further*, that the Debtors shall file a notice detailing any such changes with this Court and serve such notice in accordance with the Local Rules, including service upon any interested bidders.

31. Notwithstanding the possible applicability of Rules 6004(h), 7062, or 9014 of the Bankruptcy Rules or any other Bankruptcy Rule or Rule 62(a) of the Federal Rules of Civil Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of effectiveness or execution of this Order.

32. The Debtors are authorized to take all actions necessary to implement this Order.

33. All time periods set forth in this Bid Procedures Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

34. This Court shall retain jurisdiction with respect to all matters arising from or

relating to the interpretation or implementation of this Order.

Date: _____, 2009
Wilmington, Delaware

United States Bankruptcy Judge

Exhibit 1

Bid Procedures

Exhibit K

SALE ORDER

See attached.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SUN-TIMES MEDIA GROUP, INC., *et al.*,[1]	)	Case No. 09-11092 (CSS)
Debtors.	)	Jointly Administered
	)	**Ref. Docket No.** _____

ORDER (A) AUTHORIZING SALE OF THE ASSETS COMPRISING DEBTORS' NEWSPAPER OPERATIONS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (B) APPROVING ASSET PURCHASE AGREEMENT, SUBJECT TO HIGHER OR BETTER OFFERS; AND (C) AUTHORIZING ASSUMPTION AND ASSIGNMENT AND REJECTION OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Upon the motion (the "Sale Motion") of the Debtors,[2] pursuant to sections 105(a), 363 and 365 of Title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order (the "Sale Order") (a) authorizing the sale (the "Sale") of the Acquired Assets (as defined in the Purchase Agreement) free and clear of all Liens, Claims and Interests (each as

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

2 Capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Sale Motion.

defined in the Purchase Agreement (as defined below)) in accordance with such Purchase Agreement to STMG Holdings, LLC, including any Buyer Designee (as defined in the Purchase Agreement) (the "Purchaser") or such other buyer who submits a higher or better offer for the Acquired Assets; (b) approving the asset purchase agreement, attached hereto as Exhibit 1, between the Debtors and the Purchaser, subject to higher or better offers (the "Purchase Agreement"); (c) authorizing the assumption and assignment of the executory contracts and unexpired leases designated by the Purchaser, including those identified on Exhibit 2 attached hereto (collectively, the "Assigned Contracts") to the Purchaser or such other buyer who submits a higher or better offer for the Acquired Assets; (d) rejecting certain executory contracts and unexpired leases designated by the Purchaser, including those identified on Exhibit 3 (collectively, the "Rejected Contracts"); and (e) granting certain related relief, all as more fully set forth in the Sale Motion; the Court having entered an order dated [_____], 2009 (the "Bid Procedures Order," and attached as Exhibit 1 thereto, the "Bid Procedures") approving the Bid Procedures, scheduling an Auction and Sale Hearing, approving the form and manner of notice of the Sale Notice, Real Property Notice and Executory Contract Notice (each as defined in the Bid Procedures Order) and establishing procedures relating to the assumption and assignment of certain contracts; and the Court having jurisdiction to consider the Sale Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(b)(2) and 1334; and consideration of the Sale Motion, the relief requested therein, and the responses thereto being a core proceeding in accordance with 28 U.S.C. § 157(b); and the appearance of all interested parties and all responses and objections, if any, to the Sale Motion having been duly noted in the record of the Sale Hearing; and upon the record of the Sale Hearing, and all other pleadings and proceedings in this case, including the Sale Motion; and it appearing that the relief requested in the Sale

Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and after due deliberation and sufficient cause appearing therefore, **IT IS HEREBY FOUND, DETERMINED, AND CONCLUDED THAT**:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over the Sale Motion and the transactions contemplated by the Purchase Agreement pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue in this District is proper under 28 U.S.C. §§ 1408 and 1409.

C. This Sale Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a).

D. Good and sufficient notice of the Sale Motion and the relief sought therein has been given to all interested persons and entities, including, without limitation, (i) the U.S. Trustee; (ii) counsel to the Creditors' Committee; (iii) the 30 largest unsecured creditors for the Debtors on a consolidated basis as identified in the Debtors' chapter 11 petitions; (iv) all taxing authorities having jurisdiction over any of the Acquired Assets, including the Internal Revenue Service, the Illinois Department of Revenue and the Indiana Department of Revenue; (v) counsel to the Purchaser; (vi) all parties who are known to possess or assert a secured claim against the Acquired Assets; (vii) all contract and lease counterparties; (viii) all parties known or reasonably believed to have expressed an interest in the Acquired Assets; (ix) all creditors of the Debtors

(whether liquidated, contingent or unmatured) other than creditors specifically excluded from such service, as agreed to by the Debtors and the Purchaser; (x) the Securities and Exchange Commission; (xi) all parties to any pension plan maintained, sponsored or contributed to by any of the Debtors; (xii) all Unions (as defined in the Purchase Agreement) that are parties to agreements with any of the Debtors; (xiii) parties to any governmental approvals or permits; (xiv) the United States Department of Justice; (xv) the Attorney General in the state(s) where the Acquired Assets are located; (xvi) the Attorney General of the United States; (xvii) any applicable state environmental agency; and (xviii) all parties who have filed a request for notice in the above-captioned cases pursuant to Bankruptcy Rule 2002.

E. A sound business purpose justifies the Sale of the Acquired Assets outside of the ordinary course of business.

F. The Bid Procedures set forth in the Bid Procedures Order were non-collusive and substantively and procedurally fair to all parties.

G. The Debtors solicited offers for, scheduled an auction of, and selected the Successful Bidder (as defined in the Bid Procedures) for the Sale of the Acquired Assets in accordance with the Bid Procedures Order. The Debtors (i) afforded interested potential purchasers a full, fair and reasonable opportunity to qualify as Qualified Bidders (as defined in the Bid Procedures) and submit their highest or otherwise best offer to purchase the Acquired Assets, (ii) provided potential purchasers, upon request, sufficient information to enable them to make an informed judgment on whether to bid on the Acquired Assets and (iii) considered any bids submitted on or before the bid deadline.

H. **[No Qualified Bids (as defined in the Bid Procedures) other than the Purchaser's bid pursuant to the Purchase Agreement were submitted. Accordingly, no**

Auction (as defined in the Bid Procedures) was held.] [The Purchaser submitted the highest or otherwise best offer, as determined by the Debtors, in consultation with the Creditors' Committee, and the Purchaser is the Successful Bidder for the Acquired Assets in accordance with the Bid Procedures Order. The Bid Procedures obtained the highest value for the Acquired Assets for the Debtors and their estates.]

I. The consideration to be provided by the Purchaser pursuant to the Purchase Agreement: (i) is fair and reasonable; (ii) is the highest or otherwise best offer for the Acquired Assets; (iii) is in the best interests of the Debtors' creditors and estates; (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and the Uniform Fraudulent Conveyance Act (7A part II, U.L.A. 2 (1999)) or the Uniform Fraudulent Transfer Act (7A part II, U.L.A. 66 (1999)) or any similar laws of any state or other jurisdiction whose law is applicable to the contemplated transactions; and (v) will provide a greater recovery for the Debtors' creditors and other interested parties than would be provided by any other practically available alternative. In reaching this determination, the Court has taken into account both the consideration to be realized directly by the Debtors, including the assumption of claims against the Debtors' estates, and the indirect benefits of such Sale for the Debtors' employees, the Debtors' vendors and suppliers and the public served, directly and indirectly, by the functions performed by the Debtors' employees and the Debtors' business.

J. Entry into the Purchase Agreement and consummation of the transactions contemplated thereby constitute the exercise of the Debtors' sound business judgment and fiduciary duties and such acts are in the best interests of the Debtors, their creditors and estates.

K. The transactions contemplated by the Purchase Agreement are undertaken by the Debtors and the Purchaser at arms' length, without collusion and in good faith within the

meaning of section 363(m) of the Bankruptcy Code. The Purchaser is a good faith purchaser under section 363(m) of the Bankruptcy Code and as such, is entitled to all of the protections afforded thereby and otherwise has proceeded in good faith in all respects in connection with this proceeding in that: (a) the Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Acquired Assets; (b) the Purchaser in no way induced or caused the chapter 11 filing of the Debtors; (c) the Purchaser made the highest and/or otherwise best bid for the Acquired Assets; (d) all payments to be made to the Purchaser and other agreements or arrangements entered into by the Purchaser in connection with the transactions have been disclosed; and (e) the negotiation and execution of the Purchase Agreement and any other agreements or instruments related thereto was in good faith and an arms' length transaction between the Purchaser and the Debtors.

L. The Debtors and the Purchaser have not engaged in any conduct that would permit the Purchase Agreement or the Sale to be avoided under Section 363(n) of the Bankruptcy Code.

M. The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession or the District of Columbia.

N. The Purchaser is not an "insider" or "affiliate" of the Debtors, as those terms are defined in sections 101(31) and 101(2) of the Bankruptcy Code.

O. The sale of the Acquired Assets outside of a plan of reorganization pursuant to the Purchase Agreement neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtors. The Sale does not constitute a *sub rosa* chapter 11 plan.

P. Based upon the representations of the Debtors, the Acquired Assets constitute property of the Debtors' estates and title thereto is vested in the Debtors' estates within the meaning of section 541(a) of the Bankruptcy Code. Based upon the representations of the Debtors, the Debtors have all right, title and interest in, to and under the Acquired Assets to transfer and convey the Acquired Assets as contemplated by the Purchase Agreement.

Q. Except as permitted under the express terms of the Purchase Agreement, the consummation of the Sale pursuant to the Purchase Agreement will be a legal, valid and effective Sale of the Acquired Assets and will vest the Purchaser (and its designees or assignees, as applicable) with all right, title and interest of Debtors and their bankruptcy estates in and to the Acquired Assets free and clear of all Liens, Claims and Interests, except for the Assumed Liabilities and Transferred Liens (each as defined in the Purchase Agreement), including any such Liens, Claims and Interests (i) that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal or termination of the Debtors', the Debtors' estates or the Purchaser's interest in the Acquired Assets, or any similar rights, or (ii) relating to taxes or any other liabilities, arising under or out of, in connection with, or in any way relating to, the Acquired Assets, the Debtors, the Debtors' estates or their respective operations or activities prior to the Closing Date.

R. A sale of the Acquired Assets other than one free and clear of Liens, Claims and Interests (other than the Assumed Liabilities and Transferred Liens) would be of substantially less benefit to and would adversely affect the Debtors' bankruptcy estates.

S. With respect to all parties asserting Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) in, to, or against the Acquired Assets, the Sale complies with all the requirements of section 363(f) of the Bankruptcy Code. With respect to

each such interest in the Acquired Assets: (a) applicable non-bankruptcy law permits the sale free and clear of such interest; (b) the holder of such interest consents to the Sale; (c) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on the Acquired Assets; (d) such interest is in bona fide dispute; or (e) the holder of such interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

T. All parties with Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) against the Acquired Assets identified to be sold under the Purchase Agreement, if any, who did not object to the Sale Motion and the relief requested therein, or who withdrew their objections to the Sale Motion, are deemed to have consented pursuant to Section 363(f)(2) of the Bankruptcy Code; and all parties with Liens, Claims and Interests (other than Assumed Liabilities and Transferred Liens) against the Acquired Assets who objected to the Sale Motion, but who did not withdraw any such objection, can be compelled to accept a monetary satisfaction of their Liens, Claims and Interests within the meaning of Section 363(f)(5) of the Bankruptcy Code, and in each case, are enjoined from taking any action against the Acquired Assets, the Purchaser, its affiliates or any agent of the foregoing to recover any claim which such person or entity has solely against the Debtors, or any of their respective affiliates.

U. The Sale and related transactions are not and do not amount to a consolidation, merger or *de facto* merger of the Purchaser and any of the Debtors and/or any of the Debtors' estates, there is not substantial continuity between the Purchaser and any of the Debtors, there is no common identity between the Purchaser and any of the Debtors, there is no continuity of enterprise between the Purchaser and any of the Debtors, the Purchaser is not a mere continuation of any of the Debtors or any of their estates and the Purchaser does not constitute a

successor to any of the Debtors or any of their estates with respect to any and all claims, including federal or state tax claims, multi-employer pension plan claims or other pension claims and claims arising under collective bargaining agreements.

V. By virtue of the Purchase Agreement or otherwise, the Purchaser will not acquire any liabilities of the Debtors, other than the Assumed Liabilities as set forth in the Purchase Agreement.

W. Without limiting the generality of the foregoing, other than the Assumed Liabilities and the Transferred Liens, the Purchaser would not have entered into the Purchase Agreement and would not consummate the transactions contemplated thereby, thus adversely affecting the Debtors, their estates and their creditors, if the Sale of the Acquired Assets to the Purchaser and the assignment of the Assigned Contracts to the Purchaser were not free and clear of all Liens, Claims and Interests of any kind or nature whatsoever, other than the Assumed Liabilities and the Transferred Liens, or if the Purchaser would, or in the future could, be liable for the Excluded Liabilities (as defined in the Purchase Agreement).

X. Good and sufficient notice of the possible transfer, assumption and assignment of the Assigned Contracts has been given to all non-debtor parties to the Assigned Contracts and no other or further notice is required. A reasonable opportunity to object or be heard has been offered to parties in interest.

Y. The Assigned Contracts are valid and binding, in full force and effect, and enforceable in accordance with their terms.

Z. The Cure Costs (as defined in the Purchase Agreement) are deemed to be amounts necessary to "cure" (within the meaning of Section 365(b)(1) of the Bankruptcy Code) all

"defaults" (within the meaning of Section 365(b) of the Bankruptcy Code) under such Assigned Contracts to the extent required by Section 365 of the Bankruptcy Code.

AA. The Purchaser has demonstrated adequate assurance of future performance with respect to the Assigned Contracts pursuant to Section 365(b)(1)(C) of the Bankruptcy Code.

BB. The Assigned Contracts are assignable notwithstanding any provisions contained therein to the contrary. Failure to object to the assumption and assignment of an Assigned Contract is deemed consent to the assumption and assignment.

CC. The assumption and assignment of the Assigned Contracts as set forth in the Purchase Agreement is integral to the Purchase Agreement and is in the best interests of the Debtors, their creditors and estates and other parties-in-interest, and represents the exercise of sound and prudent business judgment by the Debtors.

DD. The legal and factual bases set forth in the Sale Motion and at the Sale Hearing establish just cause for the relief granted herein.

EE. Upon entry of this Sale Order, the Debtors shall have full power and authority to consummate the Sale contemplated by the Purchase Agreement. The Purchase Agreement and the Sale have been duly and validly authorized by all necessary action of the Debtors and no shareholder vote, board resolution or other corporate action is required of Debtors for Debtors to consummate such Sale or the other transactions contemplated in the Purchase Agreement.

FF. Cause has been shown as to why this Sale Order should not be subject to the stay provided by Bankruptcy Rules 6004 and 6006.

GG. The entry of this Sale Order is in the best interests of the Debtors, their creditors and estates and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Sale Motion, the Purchase Agreement and the transactions contemplated thereby shall be, and hereby are, granted and approved in all respects as modified by this Sale Order.

2. All objections, responses and requests for continuance concerning the Motion are resolved in accordance with the terms of this Sale Order as set forth in the record of the Sale Hearing. To the extent any such objection, response or request for continuance was not otherwise withdrawn, waived, or settled, it, and all reservations of rights contained therein, is overruled and denied.

3. Notice of the Auction and the Sale Hearing was fair and equitable under the circumstances and complied in all respects with 11 U.S.C. § 104(1) and Bankruptcy Rules 2002 and 6004. The Sale Motion or notice thereof shall be deemed to provide sufficient notice of the Sale free and clear of Liens, Claims and Interests in accordance with Local Rule 6004-1.

4. The Debtors are authorized and directed to close, consummate and comply with the Purchase Agreement and all other agreements and documents related to and contemplated thereby (collectively, the "Sale Documents"), which Sale Documents hereby are authorized and approved in all respects and to execute such other documents and take such other actions as are necessary or appropriate to effectuate the Purchase Agreement.

5. The Purchaser's offer for the Acquired Assets, as embodied in the Purchase Agreement, is the highest or otherwise best offer for the Acquired Assets and is hereby approved.

6. Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, the Sale by the Debtors to the Purchaser of the Acquired Assets and the transactions related thereto, upon the Closing under the Purchase Agreement, are authorized and approved in all respects.

7. Subject to the payment by the Purchaser to the Debtors of the consideration provided for in the Purchase Agreement pursuant to sections 363 and 365(a) of the Bankruptcy Code, the Sale of the Acquired Assets by the Debtors to the Purchaser shall constitute a legal, valid and effective transfer of the Acquired Assets and shall vest the Purchaser with all right, title and interest of Debtors in and to the Acquired Assets free and clear of all Liens, Claims and Interests (except the Assumed Liabilities and Transferred Liens) pursuant to section 363(f) of the Bankruptcy Code, effective as of the Closing Date.

8. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration and governmental authorization or approval of the Debtors with respect to the Acquired Assets, and all such licenses, permits, registrations and governmental authorizations and approvals are deemed to have been, and hereby are, authorized to be transferred to the Purchaser as of the Closing Date. Pursuant to Section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Acquired Assets sold, transferred or conveyed to the Purchaser on account of the filing or pendency of the chapter 11 cases or the consummation of the transaction contemplated by the Purchase Agreement.

9. Pursuant to Section 363(f) of the Bankruptcy Code, the Sale of the Acquired Assets shall be free and clear of all Liens, Claims and Interests and all liabilities of Debtors whether known or unknown, other than the Assumed Liabilities and Transferred Liens, including, but not limited to, Liens, Claims and Interests asserted by any of the Debtors' creditors, vendors, suppliers, employees, executory contract counterparties, governmental units or lessors. The Purchaser shall not be liable in any way (as successor entity or otherwise) for any claims that any of the foregoing parties or any other third party may have against the Debtors,

other than the Assumed Liabilities and Transferred Liens. Any and all valid and enforceable Liens, Claims and Interests on, against or in the Acquired Assets, other than the Assumed Liabilities and Transferred Liens, shall be transferred, affixed and attached to the net proceeds of the Sale with the same validity, priority, force and effect such Liens, Claims and Interests had on the Acquired Assets immediately prior to the Sale and subject to the rights, claims, defenses and objections, if any, of the Debtors and all interested parties with respect to any such asserted Liens, Claims and Interests. The Sale of the Acquired Assets to the Purchaser shall vest the Purchaser with all the right, title and interest of the Debtors to the Acquired Assets free and clear of Liens, Claims and Interests, other than the Assumed Liabilities and Transferred Liens.

10. The Purchaser has not assumed or otherwise become obligated for any of the Debtors' liabilities other than the Assumed Liabilities and Transferred Liens, and the Purchaser has not purchased any of the "Excluded Assets" as defined in Section 1.2 of the Purchase Agreement. Upon the Closing Date, the estate shall be relieved from any liability for the Assumed Liabilities and Transferred Liens.

11. Except for the Assumed Liabilities and Transferred Liens, pursuant to Sections 105(a), 363, and 365 of the Bankruptcy Code, all persons and entities, including, without limitation, the Debtors, the Debtors' affiliates, all debt security holders, equity security holders, the Debtors' employees or former employees, governmental, tax, and regulatory authorities, lenders, parties to, beneficiaries under, sponsors of or contributors to any benefit plan, trade and other creditors asserting or holding any Liens, Claims and Interests, in or with respect to the Debtors or the Acquired Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to the Debtors, the Acquired Assets, the operation of the

Debtors' business prior to the closing date under the Purchase Agreement or the transfer of the Acquired Assets to the Purchaser, shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing such Liens, Claims and Interests against the Purchaser or any affiliate, successor or assign thereof and each of their respective current and former members, officers, directors, managed funds, investment advisors, financial advisors, attorneys, employees, partners, affiliates and representatives (each of the foregoing in its individual capacity), or the Acquired Assets, including claims under section 365(n) of the Bankruptcy Code against the Purchaser with respect to the Acquired Assets.

12. Except for the Assumed Liabilities and Transferred Liens, the Purchaser shall not acquire or assume, and shall have no liability or obligation for any liabilities of the Debtors, as a successor in interest, successor-in-title or otherwise, including, without limitation any liability for any remedies sought under the National Labor Relations Act ("NLRA"), by the National Labor Relations Board, or by any Person under the WARN Act or similar state statute or ERISA or any liability with respect to COBRA Coverage for employees or consultants of the Debtors terminated prior to or as part of the consummation of the transaction set forth in the Purchase Agreement with regard to any conduct by the Debtors occurring prior to the Closing Date or any other liability to, arising out of or related to the Excluded Assets, in each case whether arising prior to or after the Closing Date.

13. If any Person that has filed any financing statement, mortgage, mechanic's lien, *lis pendens* or other document or instrument evidencing liens with respect to any of the Acquired Assets shall have failed to deliver to the Debtors and the Purchaser prior to the Closing of the Purchase Agreement, in proper form for filing and executed by the appropriate entity or entities, termination statements, instruments of satisfaction and releases of all Liens, Claims and Interests

which such Person has with respect to the Acquired Assets, then (a) the Debtors are authorized to execute and file such statements, instruments, releases and other documents on behalf of such Person and (b) the Purchaser is authorized to file, register or otherwise record a certified copy of this Sale Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Liens, Claims and Interests in the Acquired Assets as of the Closing of the Purchase Agreement, in each case, other than Transferred Liens and the Assumed Liabilities.

14. This Sale Order (a) is and shall be effective as a determination that, upon Closing, other than the Assumed Liabilities and Transferred Liens, Liens, Claims and Interests existing as to the Acquired Assets conveyed to the Purchaser have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) is and shall be binding upon and govern the acts of all entities, including, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other Persons who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Acquired Assets conveyed to the Purchaser.

15. The provisions of this Sale Order authorizing the sale of the Acquired Assets free and clear of Liens, Claims and Interests, other than the Assumed Liabilities and Transferred Liens, shall be self-executing, and neither the Debtors nor the Purchaser shall be required to execute or file releases, termination statements, assignments, consents or other instruments to effectuate, consummate and implement the provisions of this Sale Order. However, the Debtors

and the Purchaser, and each of their respective officers, employees and agents, are authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtors or the Purchaser deem necessary or appropriate to implement and effectuate the terms of the Purchase Agreement and this Sale Order.

16. Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement and this Sale Order.

17. Other than with respect to the Assumed Liabilities or Transferred Liens, after the date of Closing of the Purchase Agreement, no Person, including, without limitation, any federal, state or local taxing authority, may (a) attach or perfect liens or a security interest against any of the Acquired Assets on account of, or (b) collect or attempt to collect from the Purchaser or any of its affiliates, any tax (or other amount alleged to be owing by Debtors) (i) for any period commencing before and concluding prior to or on the Closing Date or (ii) assessed prior to and payable after the Closing.

18. This Sale Order shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials and all other persons or entities who may be required by operation of law, the duties of their office or contract to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report to or insure title or state of title in or to any of the Acquired Assets.

19. Other than as to the Assumed Liabilities and Transferred Liens, pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, all "persons" (as that term is defined in

section 101(41) of the Bankruptcy Code) are hereby enjoined from taking any action against the Purchaser, the Purchaser's affiliates (as they existed immediately prior to the Closing) or the Acquired Assets to recover any claim which such "person" has solely against the Debtors or the Debtors' affiliates (as they exist immediately following the Closing).

20. The transactions contemplated under the Purchase Agreement and the Sale Documents do not amount to a consolidation, merger or *de facto* merger of the Purchaser and the Debtors and/or the Debtors' estates, there is not substantial continuity between the Purchaser and the Debtors, there is no continuity of enterprise between the Debtors and the Purchaser, the Purchaser is not a mere continuation of the Debtors or their estates and the Purchaser does not constitute a successor to the Debtors or their estates. Other than the Assumed Liabilities, the Purchaser shall not assume, nor be deemed to assume or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates including, but not limited to, any bulk sales law (including without limitation, 35 Ill. Comp. Stat. 5/902(d) and 35 Ill. Comp. Stat. 120/5j), successor or transferee liability, liability or responsibility for any claim against the Debtors or against any insider of the Debtors or similar liability. The Sale Motion and notice thereof contains sufficient notice of such limitation in accordance with Local Rule 6004-1. Neither the purchase of the Acquired Assets by the Purchaser, nor the fact that the Purchaser or its affiliates are using any Acquired Assets previously used by the Debtors, will cause the Purchaser or any of its affiliates to be deemed a successor in any respect to the Debtors' business with respect to (i) any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, antitrust, environmental, or other law, rule or regulation (including without limitation filing requirements under any such laws, rules or regulations), (ii) under any products liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or

doctrine, or under any product warranty liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or doctrine, (iii) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which the Debtors are a party, (iv) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan maintained, sponsored or contributed to by the Debtors (including, without limitation, contributions or payments on account of any under-funding with respect to any pension plans), (v) the cessation of the Debtor's operations, dismissal of employees or termination of employment or labor agreements or pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, or (vi) the other Excluded Liabilities.

21. All Persons who are presently, or at the Closing of the Purchase Agreement will be, in possession of any of the Acquired Assets conveyed to the Purchaser hereunder are hereby directed to surrender possession of such Acquired Assets to the Purchaser at the Closing or such other period provided by the Purchase Agreement.

22. Any landlord under any nonresidential lease of real property in the possession or occupancy of the Debtors as of the Closing Date shall not interfere with the Purchaser's right to take possession of any Acquired Assets at any leased premises whether or not the term of such premises has expired prior to the Closing Date; and that until October 27, 2009 (the "Occupancy Termination Date"), the Purchaser shall have the right to occupy such premises for the period from and after the Closing Date until the earlier to occur of the Occupancy Termination Date and the date the Purchaser removes all material Acquired Assets from the Premises, so long as the

Purchaser pays the applicable Debtor a per diem rent equal to the amount that the Debtor would otherwise be obligated to pay under such lease in accordance with applicable law.

23. From and after the date of the entry of this Sale Order, the Debtors or any creditor or other party in interest shall not take or cause to be taken any action that would interfere with the transfer of the Acquired Assets to the Purchaser in accordance with the terms of this Sale Order.

24. Pursuant to Section 365 of the Bankruptcy Code, the Debtors are authorized to assume and assign the Assigned Contracts (including but not limited to those set forth on Exhibit 2 and those designated by the Purchaser during the Contract Option Period (as defined below) as Assigned Contracts) to the Purchaser upon written direction from the Purchaser as set forth herein and in Section 1.5 of the Purchase Agreement.

25. The Debtors are authorized to assume and assign to the Purchaser all unexpired leases and licenses of real property (the "Leases") except: (a) those that appear on Exhibit 3 and (b) those for which the date for assumption and assignment of such Lease has been extended pursuant to § 365(d)(4), by Purchaser's delivery to the Debtors of the consent of the applicable landlord.

26. The Leases that appear on the *Excluded Real Property Schedule* that was filed on ____, 2009 [Docket No. xx] will be and are deemed rejected as of the dates set forth on such schedule. Further, on or prior to October 27, 2009, or, if Purchaser has delivered to the Debtors the consent of a lessor or licensor to a Lease to extend the date for assumption or rejection of such Lease to a later date, such later date (the "Rejection Period"), the Excluded Real Property Schedule may be amended (following the Purchaser's delivery of written notice to the Debtors) to re-designate a lease that appears on the Excluded Real Property Schedule as an Assigned

Contract, provided that the counterparty to such real property lease consents (or, at the sole expense of Purchaser, further order of the Bankruptcy Court).

27. With respect to any Leases set forth on the *Excluded Real Property Schedule*, the Purchaser will pay and be solely responsible for all liabilities and obligations under the Leases accruing from and after the Closing Date until the effective date of rejection, including any extension thereof (or, if such Lease is re-designated as an Assigned Contract, until the effective date of the assignment thereof to the Purchaser) but only to the extent such liabilities and obligations first arise on or after the Closing Date and would constitute administrative expenses in the chapter 11 cases; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any executory contract. The Purchaser will also solely pay and be responsible for all liabilities and obligations relating to moving any Acquired Asset from the locations of the Leases that are Rejected Contracts and for any damages cause by the Purchaser to the real property, its affiliates or their respective agents or representatives in connection with such move.

28. The Purchaser shall inform in the Debtors in writing as soon as possible, but in any event at least five business days prior to the Closing Date, which of the executory contracts set forth on Schedule 1.1 to the Purchase Agreement (other than real property leases) ("Executory Contracts") shall be Assigned Contracts as of the Closing (the "Closing Assigned Contracts"). The Closing Assigned Contracts include, but are not necessarily limited to, the Executory Contracts set forth on Exhibit 2 hereto. Executory Contracts other than those set forth on Exhibit 2 and Exhibit 3 will be deemed "Potentially Assigned Contracts."

29. In accordance with Section 1.5 of the Purchase Agreement, the Purchaser shall have a period of 60 days from the Closing Date (the "Contract Option Period") to designate, by

written notice to the Debtors, (a) which of the Potentially Assigned Contracts are to be treated as Rejected Contracts (such notice, the "Rejection Notice") and (b) which of the Potentially Assigned Contracts are to be treated as Assigned Contracts (such notice, the "Assumption Notice"). In the event that a Potentially Assigned Contract is subject to a Rejection Notice, the counterparty will receive a notice pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on January 26, 2009 [Docket No. 126]. In the event that a Potentially Assigned Contract is subject to an Assumption Notice, the Debtors will send the applicable counterparty a notice of assumption and assignment of such contract (the "Post-Closing Assumption Notice") which will provide the counterparty with an opportunity to object to the proposed adequate assurance of future performance. In the event that the counterparty does not object to the Post-Closing Assumption Notice within 10 days following service of same, such Potentially Assigned Contract will be deemed an Assigned Contract. In the event that a counterparty objects to the Post-Closing Assumption Notice, the Debtors will request a hearing, the sole issue at which will be the proposed adequate assurance of future performance.

30. At all times (x) with respect to any Potentially Assigned Contract with respect to which a Rejection Notice is timely delivered, from the Closing until the date on which Buyer delivers a Rejection Notice with respect to such Potentially Assigned Contract, plus a period thereafter not to exceed 15 days until a rejection order is entered with respect to such Potentially Assigned Contract or (y) with respect to all other Potentially Assigned Contracts, from and after the Closing, Buyer shall pay and be solely responsible for all liabilities and obligations accruing during such period under Potentially Assigned Contracts to the extent such liabilities and obligations first arise on or after the Closing Date and would otherwise constitute chapter 11

administrative expenses, and shall be entitled to the benefits accruing under such Potentially Assigned Contracts during such period; provided that such performance by Purchaser shall not be deemed to be an explicit or implicit assumption by Purchaser of any Executory Contract.

31. Upon assumption and assignment, the Purchaser and the Debtors shall make provision for the payment of the cure amounts to the counterparties of any such Assigned Contracts in the amounts (the "Cure Amounts") set forth in Exhibit 4 to this Sale Order (the "Cure Schedule"). Except as set forth herein, the Cure Amounts set forth in the Cure Schedule shall be deemed the entire cure obligation of the Debtors due and owing under section 365 of the Bankruptcy Code. Any non-debtor party to an Assigned Contract is barred, enjoined and prohibited from asserting any claim against the Debtors or their property or estates other than the Cure Amount with respect to such Assigned Contract or from offsetting, seeking to offset, recoup, deduct or set-off any claims such party may have against the Debtors from any amounts that may be or may become due in the future to the Purchaser under such Assigned Contract. With respect to Cure Amounts, the Debtors shall pay an aggregate amount equal to the lesser of (a) the Cure Amounts and (b) (i) $300,000, plus (ii) to the extent the Cure Amounts under such Assigned Contracts exceed the amounts previously agreed by the Debtors and the Purchaser with respect to such Assigned Contracts, an amount equal to fifty percent of such excess, and, at their election, may pay such additional Cure Amounts as provided in Section 12.3(l) of the Purchase Agreement.

32. The failure of the Debtors or the Purchaser to enforce at any time one or more terms or conditions of any Assigned Contract shall not be a waiver of such terms or conditions, or of the Debtors' or the Purchaser's right to enforce every term and condition of the Assigned Contracts.

33. The Purchaser has demonstrated adequate assurance of future performance with respect to all Assigned Contracts. The proposed assumption and assignment of the Assigned Contracts satisfies the requirements of the Bankruptcy Code including, *inter alia*, sections 365(b)(1) and (3) and 365(f) of the Bankruptcy Code to the extent applicable.

34. All parties to the Assigned Contracts are forever barred and enjoined from raising or asserting against the Purchaser, the Purchaser's affiliates, the Acquired Assets, or the Debtors any assignment fee, default or breach under or any claim or pecuniary loss or condition to assignment, arising under or related to, the Assigned Contracts existing as of the Closing or arising by reason of the Closing.

35. The Assigned Contracts, upon assignment to the Purchaser, shall be deemed valid and binding, in full force and effect in accordance with their terms, subject to the provisions of this Sale Order and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability thereunder.

36. Any provision in any Assigned Contract that purports to declare a breach, default or payment right as a result of an assignment or a change of control in respect of the Debtors is unenforceable and is hereby nullified with respect to the sale and assignments authorized by this Sale Order, and all Assigned Contracts shall remain in full force and effect, subject only to payment of the appropriate Cure Amounts, if any. No sections or provisions of any Assigned Contract that purport to provide for additional payments, penalties, charges or other financial accommodations in favor of the non-debtor third party to the Assigned Contracts or restrict use of the premises which are demised by an Assigned Contract to a specific named tenant or business shall have any force and effect with respect to the sale and assignments authorized by this Sale Order, and such provisions constitute unenforceable anti-assignment provisions under

Section 365(f) of the Bankruptcy Code and/or are otherwise unenforceable under Section 365(e) of the Bankruptcy Code.

37. Any party having the right to consent to the assumption and assignment of an Assigned Contract that failed to object to such assumption and assignment is deemed to have consented to such assumption and assignment as required by Section 365(c) of the Bankruptcy Code. The Purchaser shall enjoy all of the rights and benefits under each such Assigned Contract as of the applicable date of assumption and assignment without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

38. Upon assignment, the Purchaser, its successors and assigns shall have the express right to exercise any and all unexercised extension options, renewal options and/or non-disturbance rights or protections, notwithstanding any language in the Assigned Contracts making the exercise of such rights personal to any party or limiting the exercise of such rights only to an assignee who is an affiliate of the original named party under such Assigned Contract or an entity that acquires all or substantially all of the assets of the original named party to such Assigned Contract. Upon assignment, the Purchaser shall exercise said rights consistent with the terms of any such Assigned Contract.

39. The executory contracts listed on Exhibit 3 attached hereto are hereby rejected. Counterparties to such executory contracts shall be required to file a rejection damages claim, if any, by 30 days after entry of this Order. Nothing in this Order shall impair the Debtors ability to reject executory contracts pursuant to the *Order Authorizing and Approving Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases* entered on April 28, 2009 [Docket No. 126], which order remains in full force and effect.

40. The Purchaser is a good faith purchaser entitled to the benefits and protections afforded by Section 363(m) of the Bankruptcy Code (including with respect to the transfer of the Assigned Contracts assigned as part of the Sale of the Acquired Assets pursuant to Section 365 of the Bankruptcy Code and this Sale Order); accordingly, the reversal, modification on appeal or vacatur by subsequent order of the Court of the authorization provided herein to consummate the Sale of the Acquired Assets shall not affect the validity of the Sale of the Acquired Assets to the Purchaser (including with respect to the transfer of the Assigned Contracts assigned as part of the Sale of the Acquired Assets pursuant to Section 365 of the Bankruptcy Code and this Sale Order).

41. The consideration provided by the Purchaser for the Acquired Assets under the Purchase Agreement is fair and reasonable and shall be deemed for all purposes to constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and any other applicable law, and the Sale may not be avoided under Section 363(n) of the Bankruptcy Code.

42. With respect to the transactions consummated pursuant to this Sale Order, this Sale Order shall be sufficient evidence of the transfer of title to the Purchaser, and the Sale consummated pursuant to this Sale Order shall be binding upon and shall govern the acts of all persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the property sold pursuant to this Sale Order, including, without limitation, all foreign affiliates and foreign receivers, filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, administrative agencies, governmental departments, secretaries of state and

federal, state and local officials, and each of such persons and entities is hereby directed to accept this Sale Order as sole and sufficient evidence of such transfer of title and shall rely upon this Sale Order in consummating the transactions contemplated hereby.

43. This Court shall retain exclusive jurisdiction to interpret and enforce the provisions of the Purchase Agreement, the Bid Procedures Order and this Sale Order in all respects and further to hear and determine any and all disputes between the Debtors and/or the Purchaser, as the case may be, and any non-debtors party to, among other things, any Assigned Contracts; *provided, however*, that in the event the Court abstains from exercising or declines to exercise such jurisdiction or is without jurisdiction with respect to the Purchase Agreement, the Bid Procedures Order and this Sale Order, such abstention, refusal or lack of jurisdiction shall have no effect upon, and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

44. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, in accordance with the terms thereof without further order of the Court; provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

45. From and after the date hereof, each Debtor and the Purchaser shall act in accordance with the terms of the Purchase Agreement and each Debtor and the Purchaser, to the extent it already has not done so, shall execute any Sale Document at or prior to Closing.

46. The failure specifically to include any particular provisions of the Purchase Agreement, the Sale Documents or any related agreements in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court, the Debtors and the

Purchaser that the Purchase Agreement, the Sale Documents and any related agreements are authorized and approved in their entirety with such amendments thereto as may be made by the parties in accordance with the Sale Order prior to Closing.

47. To the extent of any inconsistency between the provisions of this Sale Order and the Purchase Agreement, or any documents executed in connection therewith, the provisions contained in this Sale Order shall govern and control.

48. The provisions of this Sale Order are nonseverable and mutually dependent.

49. This Sale Order shall inure to the benefit of the Purchaser, the Debtors and their respective successors and assigns, including, but not limited to, any chapter 11 or chapter 7 trustee that may be appointed in the Debtors' cases and shall be binding upon any trustee, party, entity or fiduciary that may be appointed in connection with these cases or any other or further case involving the Debtors, whether under chapter 7 or chapter 11 of the Bankruptcy Code.

50. Nothing in any order of this Court or contained in any plan of reorganization or liquidation confirmed in these Chapter 11 Cases, or in any subsequent or converted cases of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code, shall conflict with or derogate from the provisions of the Purchase Agreement or the terms of this Sale Order. The provisions of this Sale Order and any actions taken pursuant hereto shall survive the entry of any order which may be entered confirming any chapter 11 plan of the Debtors, converting the Debtors' cases from chapter 11 to cases under chapter 7 of the Bankruptcy Code or dismissing the Debtors' Chapter 11 Cases.

51. The transactions contemplated by the Purchase Agreement shall be exempt from any so-called "bulk-sale" law (including without limitation, 35 Ill. Comp. Stat. 5/902(d) and 35

Ill. Comp. Stat. 120/5j) in all necessary jurisdictions arising as a result of or in connection with the Debtors' Sale and transfer of the Acquired Assets to the Purchaser.

52. The Debtors shall not transfer to the Purchaser "personally identifiable information" as such term is defined in section 101(41A) of the Bankruptcy Code, if such transfer violates a disclosed privacy policy described in Bankruptcy Code Section 363(b).

53. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

54. This Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing, and the stay of (i) orders authorizing the sale, use or lease of property of the estate, as set forth in Bankruptcy Rule 6004(h); (ii) orders authorizing the assignment of an executory contract or unexpired lease, as set forth in Bankruptcy Rule 6006(d); and (iii) proceedings to enforce a judgment, as set forth in Bankruptcy Rule 7062, or otherwise shall not apply to this Sale Order.

55. The Debtors are authorized to close the Sale immediately upon entry of this Sale Order.

56.

Dated: _____ __, 2009
Wilmington, Delaware

_____
CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Purchase Agreement

Exhibit 2

Assigned Contracts
(as of Entry of Sale Order)

Exhibit 3

Rejected Contracts
(as of Entry of Sale Order)

Exhibit 4

Cure Schedule

Exhibit L

BUYER'S BRING-DOWN CERTIFICATE

_____, 2009

This BUYER'S BRING DOWN CERTIFICATE is being delivered by a duly authorized officer of STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"), to Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), pursuant to Sections 12.2(a) and 12.2(b) of that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

The undersigned hereby certifies, solely in his or her capacity as a duly authorized officer of Buyer, and not in his or her individual capacity, as of the date hereof that:

1. The conditions specified in Section 12.2(a) of the APA have been satisfied; and

2. The conditions specified in Section 12.2(b) of the APA have been satisfied.

[Signatures are on the following page]

IN WITNESS WHEREOF, the undersigned has executed this Buyer's Bring Down Certificate effective as of the date first written above.

STMG HOLDINGS, LLC

By: _____
Name: _____
Its: _____

Exhibit M

SELLER'S BRING-DOWN CERTIFICATE

_____, 2009

This SELLER'S BRING DOWN CERTIFICATE is being delivered by a duly authorized officer of Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***") to STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"), pursuant to Sections 12.3(a) and 12.3(b) of that certain Asset Purchase Agreement, dated as of September __, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

The undersigned hereby certifies, solely in his or her capacity as a duly authorized officer of Seller, and not in his or her individual capacity, as of the date hereof that:

1. The conditions specified in Section 12.3(a) of the APA have been satisfied; and

2. The conditions specified in Section 12.3(b) of the APA have been satisfied.

[Signatures are on the following page]

IN WITNESS WHEREOF, the undersigned has executed this Seller's Bring Down Certificate effective as of the date first written above.

SUN TIMES MEDIA GROUP, INC.

By: _____
Name: _____
Title: _____

Exhibit N

FORM OF TRANSITION SERVICES AGREEMENT

See attached.

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT dated as of [_____ __], 2009 (this "***Agreement***"), is made by and among Sun-Times Media Group, Inc., a Delaware corporation ("***Seller***"), the Seller Subsidiaries listed on the signature pages hereto (collectively, the "***Seller Subsidiaries***") (Seller and Seller Subsidiaries are collectively referred to herein as "***Sellers***"), STMG Holdings, LLC, a Delaware limited liability company ("***Buyer***"), and the Buyer Designees listed on the signature pages hereto (collectively, "***Buyer Designees***") (Buyer and Buyer Designees are collectively referred to herein as "***Buyers***"). All capitalized terms used but not otherwise defined herein have the meanings set forth in that certain Asset Purchase Agreement, dated as of September 8, 2009, by and among Seller, Buyer and the other parties listed on the signature pages thereto (as may be amended, supplemented or otherwise modified from time to time, the "***APA***").

WITNESSETH

WHEREAS, after the Closing, Sellers will require certain services and assistance in connection with the wind-up of Sellers' business and affairs, including certain transitional, administrative and support services and access to certain books and records, office space and prior employees of Sellers on the terms set forth in this Agreement and the Appendix hereto; and

WHEREAS, the APA provides that Sellers and Buyers shall execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. SERVICES PROVIDED

(a) Transition Services. Upon the terms and subject to the conditions set forth in this Agreement, with respect to each of the services and other matters set forth on the Appendix hereto, which is made a part of this Agreement, Buyers will provide, or cause one or more of their Subsidiaries or Affiliates to provide, to Sellers the services and other matters indicated on the Appendix hereto (collectively, the "***Transition Services***"). All such Transition Services and access shall be provided without representation, warranty by or liability of Buyers; provided that nothing herein shall limit Buyers' liability for willful failure to perform the Transition Services.

(b) Representatives. Each of Seller and Buyer shall nominate a representative to act as its primary contact person with respect to the Transition Services (collectively, the "***Primary Coordinators***"). The initial Primary Coordinators shall be [_____] for Seller and [_____] for Buyer. Each party may treat an act of the Primary Coordinator of another party as being authorized by such other party without inquiring behind such act or ascertaining whether such Primary Coordinator had authority to

so act. Buyer and Seller shall advise each other in writing of any change in their Primary Coordinator, setting forth the name of the Primary Coordinator to be replaced and the name of the replacement, and certifying that the replacement Primary Coordinator is authorized to act for such party in all matters relating to this Agreement.

(c) Level of Transition Services.

(i) Buyers shall perform the Transition Services following commonly accepted standards of care in the industry and exercising the same degree of care as they exercise in performing the same or similar services for their own account; provided that nothing in this Agreement shall require Buyers to favor the businesses of Sellers over their own businesses or those of any of their Affiliates or Subsidiaries.

(ii) Buyers shall not be required to provide Sellers with extraordinary levels of Transition Services, special studies, training, or the like.

(iii) In addition to being subject to the terms and conditions of this Agreement for the provision of the Transition Services, Sellers agree that the Transition Services provided by third parties shall be subject to the terms and conditions of any agreements between Buyers and such third parties. Buyers shall consult with Sellers concerning the terms and conditions of any such agreements to be entered into, or proposed to be entered into, with third parties after the date hereof but Sellers shall have no right to require Buyers to reject or amend any of such terms and conditions.

(d) Modification of Procedures. Buyers may make changes from time to time in their standards and procedures for performing the Transition Services for which they are responsible hereunder. Notwithstanding the foregoing sentence, unless required by law, Buyers shall not implement any material changes affecting the Sellers unless:

(i) Buyers have furnished the Sellers with written notice thereof;

(ii) Buyers change such procedures for their own businesses at the same time or the change is to comply with the procedures used by Buyers in their business; and

(iii) to the extent commercially reasonable, Buyers give Sellers a reasonable period of time to adapt their operations to accommodate such changes.

2. COMPENSATION

Except as specifically provided on the Appendix hereto, as consideration for Sellers entering into the APA, Buyers agreed to provide the Transition Services to Sellers free of charge; provided that if Sellers require any Transition Services to be provided by Buyers after the date which is 240 days after the date hereof, Buyers shall be entitled to receive from Sellers, in consideration for Buyers providing such services, a reasonable fee in an amount agreed to by Buyer and Seller (or if Buyer and Seller cannot agree on the amount of such fee, an amount determined by the Bankruptcy Court).

3. CONFIDENTIALITY

(a) Obligation. Each party and its Subsidiaries shall not use or permit the use of (without the prior written consent of the other parties) and shall keep, and shall cause its consultants and advisors to keep, confidential all information concerning the other party received pursuant to or in connection with this Agreement.

(b) Care and Inadvertent Disclosure. With respect to any confidential information, each party agrees as follows:

(i) it shall use the same degree of care in safeguarding said information as it uses to safeguard its own information which must be held in confidence; and

(ii) upon the discovery of any inadvertent disclosure or unauthorized use of said information, or upon obtaining notice of such a disclosure or use from the other party, it shall take all reasonably necessary actions to prevent any further inadvertent disclosure or unauthorized use, and such other party shall be entitled to pursue any other remedy which may be available to it.

4. TERM

This Agreement shall become effective at the Closing and shall remain in force until such time that the Chapter 11 Case of Sellers has been administered and Sellers have concluded the preparation of all court, tax and regulatory filings and have concluded all insurance matters, disbursement of monies, transmission of notices and information, resolution of claims (including cure claims) and identification and realization of any Excluded Assets. If any party commits a material breach of this Agreement (which shall include nonpayment of any amounts payable hereunder) and such material breach is not cured within twenty (20) days of receipt of written notice thereof from the non-breaching party, then the non-breaching party may terminate this Agreement upon written notice.

5. SERVICES TO BE PROVIDED BY SELLERS TO BUYERS

(a) Services to be Provided. Buyers shall have controlled access to the books and records of Sellers relating to periods prior to the Closing that are not transferred to Buyers at Closing and reasonable assistance of the Retained Employees during their employment by Sellers after the Closing Date to assist Buyers with the transition of the Business to Buyers from and after the Closing, including the transition of knowledge with respect to vendors of the Business. Buyers acknowledge that such access and assistance shall be provided to Buyers in a manner so as not to interfere materially with Retained Employees regular obligations and responsibilities to Sellers, including with respect to the administration of the remainder of the Chapter 11 Case and the wind-up of Sellers' business. Sellers will provide reasonable access to the Great Plains server included in the Excluded Assets to the extent required in connection with the conduct of the Business by Buyers after the Closing. All services and access to be provided by Sellers pursuant to this Agreement (the "Seller Services") shall be provided without representation, warranty by or liability of Sellers; provided that nothing herein shall limit Sellers' liability for willful failure to perform the Transition Services.

(b) Level of Services.

(i) Sellers shall perform the Seller Services following commonly accepted standards of care in the industry and exercising the same degree of care as they exercise in performing the same or similar services for their own account; provided that nothing in this Agreement shall require Sellers to favor the businesses of Buyers over their own businesses or those of any of their Affiliates or Subsidiaries.

(ii) Sellers shall not be required to provide Buyers with extraordinary levels of Seller Services, special studies, training, or the like.

(iii) In addition to being subject to the terms and conditions of this Agreement for the provision of the Seller Services, Buyers agree that the Seller Services provided by third parties shall be subject to the terms and conditions of any agreements between Sellers and such third parties. Sellers shall consult with Buyers concerning the terms and conditions of any such agreements to be entered into, or proposed to be entered into, with third parties after the date hereof but Buyers shall have no right to require Sellers to reject or amend any of such terms and conditions.

(c) Modification of Procedures. Sellers may make changes from time to time in their standards and procedures for performing the Seller Services for which they are responsible hereunder. Notwithstanding the foregoing sentence, unless required by law, Sellers shall not implement any material changes affecting the Buyers unless:

(i) Sellers have furnished the Buyers with written notice thereof;

(ii) Sellers change such procedures for their own businesses at the same time or the change is to comply with the procedures used by Sellers in their business; and

(iii) to the extent commercially reasonable, Sellers give Buyers a reasonable period of time to adapt their operations to accommodate such changes.

6. MISCELLANEOUS

(a) Complete Agreement; Construction. This Agreement, including the Appendix attached hereto, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and the Appendix hereto, the Appendix shall prevail.

(b) Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

(c) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) if personally delivered, on the date of delivery, (ii) if delivered by express courier service of national standing (with charges prepaid), on the business day following the date of delivery to such courier service, (iii) if deposited in the United States mail, first-class postage prepaid, on the fifth business day following the date of such deposit, (iv) if delivered by telecopy (A) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a business day, and (B) on the next day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party or is transmitted on a day that is not a business day, or (v) if delivered by Internet mail (with a delivery report); provided that the relevant computer record indicates a full and successful transmission and no failure message is generated (A) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a business day, and (B) on the next business day following the date of transmission, if such transmission is completed after

5:00 p.m., local time of the recipient party or is transmitted on a day that is not a business day. All notices, demands and other communications hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

Notices to Sellers:	Sun-Times Media Group, Inc. 350 North Orleans Street, 10-S Chicago, Illinois 60654 Attention: James McDonough, General Counsel Telephone: 312-321-2949 Telecopy: 312-321-0629 Email: jmcdonough@suntimes.com
with a copy to (which shall not constitute notice):	Kirkland & Ellis LLP 300 North LaSalle Street Chicago, Illinois 60654 Attention: Richard J. Campbell, P.C. Telephone: 312-862-2000 Telecopy: 312-862-2200 Email: richard.campbell@kirkland.com
Notices to Buyers:	STMG Holdings, LLC 350 North Clark Street Chicago, Illinois 60654 Attention: James C. Tyree Telephone: 312-595-6090 Telecopy: 312-595-7204 Email: jtyree@mesirowfinancial.com
with a copy to (which shall not constitute notice):	Goldberg Kohn Bell Black Rosenbloom & Moritz, Ltd. 55 East Monroe Street Suite 3300 Chicago, Illinois 60603 Attention: Denise B. Caplan Telephone: 312-201-4000 Telecopy: 312-332-2196 Email: Denise.Caplan@goldbergkohn.com

(d) Waivers. The failure of any party to require strict performance by any other party of any provision in this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof.

(e) Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by the Buyer and Seller.

(f) Assignment. This Agreement may not be assigned by either party, other than to an Affiliate of such party or pursuant to a corporate reorganization or merger, without the consent of the other party. Any assignment in contravention of this Section 5(f) shall be void; provided, however, that Sellers may assign their rights under this Agreement to a liquidating trustee.

(g) Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

(h) Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Closing Date.

(i) Third Party Beneficiaries. This Agreement is solely for the benefit of the parties and their respective successors and permitted assigns hereto and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

(j) Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(k) Appendix. The Appendix shall be construed with and as an integral part of this Agreement to the same extent as if the Appendix had been set forth verbatim herein.

(l) Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the laws of the State of Delaware (without giving effect to the principles of conflicts of laws thereof that would cause the application of the law of another jurisdiction), except to the extent that the laws of Delaware are superseded by the Bankruptcy Code. For so long as Seller is subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After Seller is no longer subject to the jurisdiction of the Bankruptcy Court, any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby may be brought in the courts of the State of Illinois sitting in Chicago, Illinois or of the United States for the Northern District of Illinois, and by execution and delivery of this Agreement, each of the parties consents to the non-exclusive jurisdiction of those courts. Each of the parties irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in any such jurisdiction in respect of this Agreement or the transactions contemplated hereby.

(m) Severability. In the event any one or more of the provisions contained in this Agreement is or are held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(n) Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the parties, it being understood and agreed that no provision contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship of buyer and seller of services, nor be deemed to vest any rights, interests or claims in any third parties. The parties do not intend to waive any privileges or rights to which they may be entitled.

(o) Indemnification.

(i) Sellers hereby agree to indemnify and hold Buyers and their Related Parties harmless from and against any loss, liability, damage, or expense whatsoever (including reasonable attorney fees) (collectively, "***Losses***") arising out of, in connection with or incident to the performance by Buyers of the Transition Services, Retained Employees, Seller Retained Employee Wages and Benefits or claims by or against any Retained Employee; provided that Sellers shall not be obligated to indemnify Buyers or their Related Parties for any Losses arising out of, in connection with or incident to Buyers' gross negligence or willful failure to perform the Transition Services. All Losses for which Buyer is entitled to indemnification hereunder shall be priority administrative claims under Section 507 of the Bankruptcy Code.

(ii) Buyers hereby agree to indemnify and hold Sellers and their Related Parties harmless from and against any Losses arising out of, in connection with or incident to the performance by Sellers of the Seller Services; provided that Buyers shall not be obligated to indemnify Sellers or their Related Parties for any Losses arising out of, in connection with or incident to Sellers' gross negligence or willful failure to perform the Seller Services.

(p) Force Majeure. Any failure or omission by a party in the performance of any obligation under this Agreement shall not be deemed a breach of this Agreement or create any liability if the same arises from any cause or causes beyond the reasonable control of such party, including, but not limited to, the following, which for purposes of this Agreement shall be regarded as beyond the reasonable control of such party: acts of God, fire, storm, flood, earthquake, governmental regulation or direction, acts of a public enemy, war, terrorism, rebellion, insurrection, riot, invasion, strike or lockout; provided, however, that such party shall resume the performance as soon as commercially reasonable after such causes are removed.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Transition Services Agreement to be executed the day and year first above written.

STMG HOLDINGS, LLC

By: STMG Investors, LLC
Its: Manager

By:_____
Name: James C. Tyree
Title: Managing Member

[ADD BUYER DESIGNEES AS SIGNATORIES]

SUN-TIMES MEDIA GROUP, INC.

By:_____
Name:_____
Title:_____

[ADD SELLER SUBSIDIARIES AS SIGNATORIES]

APPENDIX

I. ACCESS TO BOOKS AND RECORDS

Sellers shall have controlled access to the books and records of Sellers relating to periods prior to the Closing (including computer stations and legacy software (the "***IT Equipment***")) transferred to Buyers and reasonable assistance of the personnel of Sellers who become employed by Buyers after the Closing Date to enable Sellers' Retained Employees and Sellers' Temporary Personnel to administer the remainder of the Chapter 11 Case and the wind-up of Sellers' business. Sellers acknowledge that such access and assistance shall be provided to Sellers, Sellers' Retained Employees and Sellers' Temporary Personnel and by Buyers' employees in a manner so as not to interfere materially with Buyers' employees' regular obligations and responsibilities to Buyers.

II. BUYER PERSONNEL

In addition to the access to and reasonable assistance of Buyers' personnel provided for in Section I of this Appendix, Buyers shall provide Sellers with the services of one full-time staff level employee for an amount not to exceed half-time basis in each of the following areas: (i) accounting services; (ii) payment processing, accounts payable, purchasing and funds disbursement; and (iii) claims resolution and Excluded Asset identification and realization. Seller and Buyer shall reasonably cooperate in order to mutually select the specific personnel who will provide such services.

III. PAYROLL AND BENEFITS

(a) Buyers shall provide Sellers' retained employees (the "***Retained Employees***") with payroll processing services, including printing of paychecks, direct deposit services, tax withholding, benefits deductions and wage verification requests or, at Buyers' option, may put the Retained Employees on Buyers' payroll. Buyers shall use commercially reasonable efforts to offer the Retained Employees participation in Buyers' health and welfare benefit plans and shall administer such benefit plans with the respect to the Retained Employees. Sellers shall reimburse Buyers for all benefit plan premiums for the Retained Employees.

(b) The parties hereto acknowledge that the Retained Employees and Seller's Temporary Personnel are employees of Sellers and shall at all times be deemed to be under the supervision of and the responsibility of Sellers. Notwithstanding any advance of or reimbursement for wages, costs, etc., as provided herein, no Retained Employee or Sellers' Temporary Personnel shall be deemed an agent or employee of Buyers. Sellers shall maintain workers' compensation and liability insurance coverage for the Retained Employees and Sellers' Temporary Personnel with Buyers named as additional insureds.

On the effective date of this Agreement and thereafter on a monthly basis thereafter at least 5 days before the beginning of each calendar month, Sellers shall deposit into an account designated by Buyer an amount equal to all Seller Retained Employee Wages and Benefits to be paid by Buyers on behalf of Sellers hereunder during such calendar month (which amounts shall be held in escrow by Buyers and used by Buyers only for payment of such Seller Retained Employee Wages and Benefits). For purposes hereof, "***Seller Retained Employee Wages and Benefits***" means all direct costs related to the Retained Employees including without limitation, salary, wages, compensation benefit reimbursement, employment taxes (including social security, unemployment and payroll taxes) and all other employee-related costs and expenses for such Retained Employees, including worker's compensation, vacation pay and severance to the extent applicable, and all out-of-pocket employee-related expenses and employee reimbursements for automobiles, telephones, personal digital assistants or similar expenses.

IV. ACCESS TO FACILITIES

Subject to Section III(b) above, Buyers shall provide Sellers with reasonable office accommodations (including offices, workstations, personal computers and telephones) for (i) the Retained Employees in Buyers' facilities at Orleans Street and Tinley Park; and (ii) up to six (6) of Sellers' temporary personnel ("***Sellers' Temporary Personnel***") in Buyers' facilities at Tinley Park who shall not require offices. All costs and expenses of Sellers' Temporary Personnel and all wages, compensation or benefits payable and taxes payable or to be withheld related to Sellers' Temporary Personnel shall be the sole responsibility of Sellers. Buyers shall also provide one office space, together with telephone and utilities, for Sellers' bankruptcy advisors. Buyers shall permit a reasonable use of facilities and equipment such as parking, telephones, photocopying machines, office supplies and other reasonable office services and facilities typically associated with headquarters functions to all such personnel.

V. INFORMATION TECHNOLOGY

Buyers shall provide Sellers with the following information technology services: (i) email service for the Retained Employees and Sellers' Temporary Personnel (provided that Buyers may terminate such email service by written notice to Sellers in the event that any Retained Employees or Sellers' Temporary Personnel use such email access to compete with or disparage the Business or use such email access in a manner that is in violation of Buyers' policies with respect to such use and is not in connection with the administration of the Chapter 11 Case and the wind-down of the business); (ii) maintenance and support of Sellers' principal corporate website (to the extent and in the same manner as such maintenance and support was provided by Sellers prior to Closing and so long as Seller is not in breach of the covenants made by Seller in Section 1.2(x) of the Asset Purchase Agreement); (iii) maintenance and support (to the extent and in the same manner as such maintenance and support was provided by Sellers prior to Closing) for the IT Equipment and

Great Plains server included in the Excluded Assets and the personal computers used by the Retained Employees and Sellers' Temporary Personnel.

DISCLOSURE SCHEDULES

These Disclosure Schedules are the Disclosure Schedules referred to in, and are being delivered in accordance with, Section 15.3 of that certain Asset Purchase Agreement by and between Sun-Times Media Group, Inc. and the Seller Subsidiaries and STMG Holdings, LLC, dated as of September 8, 2009.

SCHEDULE 1.1(b)

ASSUMED LEASED REAL PROPERTY

A. **Real Property Leases**

1. Office Lease Agreement dated December 19, 1983, as amended by First through Fifth Amendments, between Press Building, LLC and Chicago Sun-Times Inc. for the premises located at 529 14th St. NW, Suite 1206, Washington, DC.

2. Office Lease dated May 17, 2004, as amended by First and Second Lease Amendments, between 350 North Orleans L.L.C. and Chicago Sun-Times LLC for the premises located on Floors 2, 9, 10 and basement storage at 350 N. Orleans St., Chicago, IL

3. Office Lease Agreement dated April 25, 2007, as amended by First Amendment to Lease and Second Amendment to Lease, between ACG-Meridian, LLC and Fox Valley Publications LLC for the premises located at 495 N. Commons Dr., Suites 100, 101 and 200, Aurora, IL.

4. Commercial Lease dated October 1, 2006 between FDIC as Receiver for Superior Bank, FSB and Pioneer Newspapers Inc. for the premises located on the second floor and basement storage at 440 E. Ogden Ave., Hinsdale, IL. [Expires 9/30/09]

5. Lease dated August 31, 2009 between York & Ogden LLC and Pioneer Newspapers Inc. for the premises located at 920 N. York Rd., Suite 200, Hinsdale, IL. [Commences 10/1/09]

6. Lease dated April 2, 1990, as amended by First and Second Extension Agreements, between Koestlin Property, L.P. and Pioneer Newspapers Inc. for the premises located at 275 Northfield Rd., Northfield, IL.

7. Office Building Lease dated October 6, 1988, as amended by First Amendment to Lease, between Oak Leaves Limited Partnership and Pioneer Newspapers Inc. for the premises located at 1140 W. Lake St., Suites 150 and 155, Oak Park, IL.

B. **Real Property Licenses**:

1. Rooftop rights re 350 North Orleans, Chicago, Illinois

SCHEDULE 1.1(v)

ASSUMED INSURANCE POLICIES

None.

SCHEDULE 1.2(d)

EXCLUDED REAL PROPERTY

1065 Broadway, Gary, Indiana, both fee interest in improvements and lessee's interest in the ground lease

SCHEDULE 1.2(w)

EXCLUDED CONTRACTS

None.

SCHEDULE 1.2(v)

EXCLUDED ASSETS

See attached.

Schedule 1.2(v) Attachment

Excluded Assets

			NBV
Great Plains file server	s/n # EA16LDND3P	CHIGP2	0.00

Prepaid expenses (July 31, 2009)	
Great Plains - annual fee (HIPI)	11,511.00
Tax Stream tax - preparation software annual fee	2,674.06

Investments		NBV
LLC Container leasing (fully reserved $10.0 million)	HIPI	0.00
Grace Tully Collection (fully reserved $1.5 million)	HIPI	0.00
Honduras (fully reserved $2,361,788.45)	STMG	0.00
Offroad securities (fully reserved $5.0 million)	STMG	0.00
Mediant Technologies (fully reserved $436,500)	STMG	0.00
Freesamples.com (fully reserved $2,001,456.42)	STMG	0.00
Alchemedia LTD (fully reserved $7,007,561.26)	STMG	0.00
Costa Rica (fully reserved loan $400,000)	STMG	0.00
Hollinger Capital Corp A/R (fully reserved $20,031.61)	STMG	0.00
Treklogic AR (fully reserved $270,943.50)	STMG	0.00
Honduras AR (fully reserved $30,000)	STMG	0.00

Restricted cash accounts

SM206716W	Liberty Mutual/CST**	Workers Compensation L/C# from policy in early 2000s	STMG	1,000,000.00
SM211703W	Travelers Ins	Workers Compensation L/C# from Current Policy	STMG	6,300,000.00
SM202392W	Atlantic mutual	Workers Compensation L/C# from policy in early 2000s	STMG	198,601.00
SM217945	Celestica International	Landlord requires this L/C# to cover Canadian office space under sublease.	HIPI	1,023,324.29

Personal Computers/other

Personal computers, blackberry devices and portable computers used by Sellers' Retained Employees (as defined in the Transition Agreement)

SCHEDULE 1.4(m)

EXCLUDED LIABILITIES

All liabilities and obligations arising out of or relating to 1065 Broadway, Gary, Indiana, including personal and real property Taxes and assessments.

SCHEDULE 4.4

CONSENTS AND APPROVALS

None.

SCHEDULE 4.5

COMPLIANCE WITH LAW

None.

SCHEDULE 4.6

LITIGATION

1. See Schedule 4.6 Attachment

2. See attached Open Claims Listing Report for automobile and workers' compensation claims.

3. See the disclosures in the Sun-Times Media Group, Inc. Form 10-K for the Fiscal Year ended December 31 ,2008 attached to Schedule 4.7(a).

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
Russell W. Leaming v. The Post-Tribune Company and Sharlonda L. Waterhouse	45D05 0409 CT 223	Defamation	Lake County Superior Court	Hammond, IN
Wright Development Group, LLC v. John Walsh, Pioneer Newspapers, Inc. d/b/a News Star, and Sun-Times Media Group, Inc.	Circuit No. 2007 L 010487;	Defamation	Circuit Court of Cook County	Chicago, IL
Wright Development Group, LLC v. John Walsh, Pioneer Newspapers, Inc. d/b/a News Star, and Sun-Times Media	Appeal from Circuit No. 2007 L 010487; Appeal No. 03-2783, consolidated with No. 08-3065	Defamation	First District Appellate Court	Chicago, IL
Jose Campos v. Brandon Ragsdale, Steve Schadeke, Midwest Suburban Publishing, Inc., The Sun-Times Company, Hollinger International, Inc., Hollinger International Publishing Inc., Fox Valley Publications, LLC., and Kim Smith	2007 L 013724	Defamation	Circuit Court of Cook County	Chicago, IL
People of the State of Illinois v. Robert Kelly; Chicago Sun-Times, Inc., Tribune Company and The Associated Press, Intervenors-Appellants	Appeal from Circuit No. 2002 CR 014952; Appeal No. 08-1728	Public Access	First District Appellate Court	Chicago, IL
People of the State of Illinois v. Robert Kelly; James DeRogatis, Non-Party Appellant	Appeal from Circuit No. 2002 CR 014952; Appeal No. 08-1727	Subpoena to reporter	First District Appellate Court	Chicago, IL
John Doe v. Chicago Sun-Times, Inc., Sun-Times Company and Chicago Sun-Times LLC	2008 L 003902	Defamation	Circuit Court of Cook County	Chicago, IL

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
John Doe v. Chicago Sun-Times, Inc., Sun-Times Company and Chicago Sun-Times LLC	Appeal from Circuit No. 2008 L 003902; Appeal No. 08-3112	Defamation	First District Appellate Court	Chicago, IL
Anthony Salinas v. The Post Tribune Company	45D11-0812-CT-00172	Defamation	Lake County Superior Court	Crown Point, IN
Eugene Pritchard v. The Sun Times Media Group, Inc., d/b/a Sun Times News Group and the Pioneer Press, and Ruth Solomon	2009 L 000214	Defamation	Circuit Court of Lake County	Waukegan, IL
Ryan Duckmanton v. Fox Valley Publications	EEOC Charge No. 440-2006-09265	Americans With Disabilities Act		Chicago District Office of Equal Employment Opportunity Commission
Anthony Frapasella v. Fox Valley Publications	Federal Mediation and Conciliation Service No. 080109-52572-A	Union Grievance		Illinois Arbitration
Brian Valentin v. Pioneer Newspapers, Inc.	Federal Mediation and Conciliation Service No. 08-58031	Union Grievance		Illinois Arbitration
Kami Tissera v. Pioneer Newspapers, Inc.	EEOC Charge No. 440-2008-07577	Employment Discrimination		Chicago District Office of Equal Employment Opportunity Commission
Jacqueline Ivory v. Chicago Sun-Times, Inc.	EEOC Charge No. 470-2008-03178	Employment Discrimination		Chicago District Office of Equal Employment Opportunity Commission

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
Cynthia McDonald v. Chicago Sun-Times, Inc.	EEOC Charge No. 846-2008-53009	Employment Discrimination		Chicago District Office of Equal Employment Opportunity Commission
Cassius Williams v. Chicago Sun-Times, Inc.	EEOC Charge No. 440-2008-06734	Employment Discrimination		Chicago District Office of Equal Employment Opportunity Commission
William Pradzinski v. Chicago Sun-Times, Inc.	EEOC Charge No. 846-2008-38273	Americans With Disabilities Act		Chicago District Office of Equal Employment Opportunity Commission
Jeanette Olson v. Sun-Times Media Group, Inc.	IDHR Charge No. 2008CA2442	Employment Discrimination		Chicago Office of Illinois Department of Human Rights
Dan Jedlicka v. Chicago-Sun Times, Inc.	American Arbitration Association Case No. 51 300 00426 09	Union Grievance		Illinois Arbitration
Chicago Newspaper Guild v. Herald News	Federal Mediation and Conciliation Service Case No. 090309-53861	Union Grievance		Illinois Arbitration
Chicago Newspaper Guild v. Herald News	Federal Mediation and Conciliation Service Case No. 090323-55020	Union Grievance		Illinois Arbitration
Glenn W. Gallagher v. Wayne T. Simmons and The Sun-Times Company, d/b/a The Post-Tribune Company	45D10-0710-CT-00193	Personal Injury	Circuit/Superior Court	Lake County, Indiana

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
Kevin Hughes, Jr. and Jeramie Hughes, minors, b/n/f Kevin Hughes, Sr. v. Linda K. Barnett, The Post-Tribune Company LLC and The Sun-Times Company	45C01-0210-CT-00156	Personal Injury	Circuit Court	Crown Point, Indiana
David Pociask v. Rossi Realty, Ltd. and The Post-Tribune Company LLC	45D02-0803-CT-86	Personal Injury	Circuit Court	Lake County, Indiana
Kimberly Steele v. The Post-Tribune Company	06 CV 311JM	Employment Discrimination	U.S. District Court, Northern District of Indiana	Hammond, IN
CanWest Global Communications Corporation and The National Post Company/La Publication National Post v. Hollinger Inc., Hollinger International Inc., The Ravelston Corporation and Ravelston Management Inc. and Hollinger Canadian Publishing Holdings Co.(third party)		Declaratory Judgement; Breach of Contract	Superior Court of Justice	Ontario, Canada
Hollinger International Inc.(plaintiff/defendant by counterclaim) v. Hollinger Inc., The Ravelston Corporation Limited and Ravelston Management Inc. (defendants/plaintiffs by counterclaim) v. Hollinger International Publishing Inc. and Hollinger Canadian Publishing Holdings Co.(third parties)		Replevin	Superior Court of Justice	Ontario, Canada

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
In re Hollinger International Inc. Securities Litigation	04C-0834	Securities Class Action	U.S. District Court, Northern District of Illinois	Chicago, Illinois
In re Hollinger International Inc. Securities Litigation	QB No. 1492 of 2004	Securities Class Action	Court of Queen's Bench	Saskatoon, Saskatchewan
In re Hollinger International Inc. Securities Litigation	04-CV-028649	Securities Class Action	Superior Court of Justice	Ontario, Canada
In re Hollinger International Inc. Securities Litigation	No. 550-06-000014-051	Securities Class Action	Superior Court	Quebec, Canada, District of Hull
Sun-Times Media Group, Inc. v. Conrad Black, Barbara Amiel Black, Black-Amiel Management Inc., Conrad Black Capital Corporation, 1269940 Ontario Limited and 2753421 Canada Limited		Mareva Injunction	Divisional Court	Ontario, Canada
In the Matter of the Solicitors Act and in the Matter of Lax O'Sullivan Scott LLP v. Sun-Times Media Group, Inc.		Claim for payment under the Solicitors Act		Ontario, Canada
783783 Alberta Ltd. carrying on business as Vue Weekly v. The Attorney General of Canada, See Magazine, Great West Newspaper Group Ltd., Gazette Press Ltd., Jamison Newspapers Inc., Hollinger Canadian Publishing Holdings Co., Hollinger Inc., Hollinger International Inc. also known as Sun-Times Media Group, Inc., Conrad M. Black and The Ravelston Corporation Limited	No. 0503-18023	Tortious Interference	Court of Queen's Bench of Alberta	Edmonton, Alberta, Canada

Schedule 4.6 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
Hollinger International Inc. v. The Ravelston Corporation Limited, Ravelston Management Inc., Conrad M. Black, John A. Boultbee, Daniel W. Colson and Barbara Amiel Black	04C-0698	Breach of Fiduciary Duty	U.S. District Court, Northern District of Illinois	Chicago, Illinois
Mirkaei Tikshoret Ltd. v. Sun-Times Media Group, Inc.		Breach of Contract; Fraud	District Court	Jerusalem, Israel
Employers' Reinsurance Corporation v. Hollinger International Inc., Chicago Sun-Times, Inc. and Midwest Suburban Publishing, Inc.	05 CH 10429	Declaratory Judgement	Circuit Court of Cook County	Chicago, IL

SUN-TIMES COMPANY & HOLLINGER IN

Schedule 4.6

Open Claims Listing Report

As of 06/09/09

Major Line of Insurance	Carrier	Attorney Involvement	Claimant	Accident Date	Total Inc
AL	Travelers	Y	BARNETT,LINDA	09/09/2007	$ 152,000
AL	Travelers	Y	SHEPHERD,CHRISTIAN	12/08/2007	$ 5,000
AL	Travelers	Y	SIMMONS,,WAYNE	12/05/2005	$ 26,407
WC	Travelers	N	AYALA,MARIO,R	05/28/2009	$0.00
WC	Travelers	N	GRENIER,JEFFREY,A	05/27/2009	$92,666.00
WC	Travelers	N	LOSOLE,JOSEPH,R	05/21/2009	$14,086.00
WC	Travelers	N	MADRIGAL,FRANK	05/20/2009	$0.00
WC	Travelers	N	SANTIAGO,JUAN,J	05/20/2009	$11,190.00
WC	Travelers	N	PFEIFENROTH,JOHN	05/18/2009	$4,197.00
WC	Travelers	N	RICE,JOHN	05/05/2009	$22,162.00
WC	Travelers	N	JOHNSONMELBOURN TINA	05/04/2009	$0.00
WC	Travelers	N	FRASHER HAROLD J	05/03/2009	$0.00
WC	Travelers	N	MUSTARI,JEFFREY	05/03/2009	$20,182.00
WC	Travelers	N	ROCHELLE STEVEN M	05/01/2009	$0.00
WC	Travelers	N	MEDINA,VIOLA	04/29/2009	$17,000.00
WC	Travelers	Y	SMITH,WILLIAM,A	04/27/2009	$27,211.00
WC	Travelers	N	DAMATO,DAVID	04/24/2009	$447.00
WC	Travelers	N	COUTU RANDOLPH N	04/24/2009	$1,681.00
WC	Travelers	N	CARPENTER,FRED	04/22/2009	$0.00
WC	Travelers	N	SIMS,LATANZIE,M	04/19/2009	$14,150.00
WC	Travelers	N	VARGAS,JOHN,J	04/17/2009	$17,514.00
WC	Travelers	N	BUCARO,JOHN,M	04/13/2009	$87,164.00
WC	Travelers	N	MAIDA,EDWARD	04/06/2009	$521.00
WC	Travelers	N	RICHERT,JOSEPH	03/27/2009	$14,798.00
WC	Travelers	N	CZYZNIKIEWICZ,MICHAEL,J	03/24/2009	$3,151.00
WC	Travelers	N	RICE,WILLIAM,G	03/20/2009	$44,668.00
WC	Travelers	Y	DAVIS,TONY	03/18/2009	$8,216.00
WC	Travelers	N	MCDANIEL,CHARMIN,D	03/11/2009	$462.00
WC	Travelers	N	KRAUSE,TONY,D	03/09/2009	$523.00
WC	Travelers	Y	GRAPENTHIEN,EDWARD,M	03/08/2009	$456.00
WC	Travelers	N	BRAWNER,LA,Y	03/08/2009	$23,852.00
WC	Travelers	N	PRZEWOZNIK,GARY,J	03/04/2009	$33,382.00
WC	Travelers	N	ORTEGA,AURELIO	02/27/2009	$8,520.00
WC	Travelers	Y	ANDERSON,DANIEL,S	02/27/2009	$7,290.00
WC	Travelers	N	HAMILTON,DAWN,M	02/26/2009	$1,453.00
WC	Travelers	Y	SANFILIPPO,JESSICA,A	02/25/2009	$25,986.00
WC	Travelers	Y	TARANTINO,CARL,A	02/18/2009	$31,781.00
WC	Travelers	Y	CAZEAU,WILLIAM,A	02/17/2009	$95,521.00
WC	Travelers	N	TARAZI,TONI,K	02/11/2009	$10,169.00
WC	Travelers	N	VITAS,MICHAEL,F	02/04/2009	$22,501.00
WC	Travelers	Y	LEWANDOWSKI,CHESTER,J	01/29/2009	$113,026.00
WC	Travelers	N	HILGEMAN-BUSH,ANITA,L	01/27/2009	$164,455.00
WC	Travelers	N	JOHNSON,DANIEL,C	01/17/2009	$23,730.00
WC	Travelers	Y	BERAN,DONALD	01/13/2009	$223,980.00
WC	Travelers	N	VICK,THOMAS	01/10/2009	$36,574.00
WC	Travelers	Y	WOODSTOCK,DIANE,M	01/07/2009	$41,052.00
WC	Travelers	N	JORDAN,WILLIE	12/29/2008	$40,202.00
WC	Travelers	N	KULCSAR,ATTILA	12/22/2008	$7,118.00
WC	Travelers	N	LOFTUS,JOSEPH,O	12/22/2008	$35,537.00
WC	Travelers	Y	PETRACEK,DARLENE	12/22/2008	$15,248.00
WC	Travelers	Y	FLOR,ROBERT	12/15/2008	$60,020.00
WC	Travelers	Y	SCARPELLI,EARL	12/10/2008	$93,899.00
WC	Travelers	N	BOSGRAAF,CHARLES,J	11/26/2008	$44,853.00
WC	Travelers	N	WALSH,MATTHEW,F	11/19/2008	$6,237.00
WC	Travelers	Y	SINTIC,JOHN,A	11/11/2008	$51,417.00

WC	Travelers	N	POLITO,TONEY	11/07/2008	$2,820.00
WC	Travelers	Y	SWEET,LYNN	11/04/2008	$46,311.00
WC	Travelers	Y	SUBA,JAMES,S	09/21/2008	$26,573.00
WC	Travelers	Y	DINDIA,PHILIP,A	08/08/2008	$22,345.00
WC	Travelers	N	SCHMIDT,MICHAEL	07/29/2008	$2,554.00
WC	Travelers	N	HOUSE,JAY,G	06/28/2008	$11,945.00
WC	Travelers	N	BROWN,STANLEY,R	06/09/2008	$101,027.00
WC	Travelers	Y	PRZEWOZNIK,GARY,J	05/30/2008	$67,963.00
WC	Travelers	N	KURPIEL,JOHN,E	05/03/2008	$1,417.00
WC	Travelers	Y	BUTTS,MOSE	04/27/2008	$10,631.00
WC	Travelers	N	MORA,ANTHONY,M	04/24/2008	$26,584.00
WC	Travelers	Y	JANUSZ,RONALD,V	03/19/2008	$49,361.00
WC	Travelers	N	SMITH,JERRY,W	03/14/2008	$261,909.00
WC	Travelers	Y	PAUL,LISA,A	02/21/2008	$3,900.00
WC	Travelers	N	MARSH,DIANE	02/15/2008	$21,592.00
WC	Travelers	Y	WALKER,FRANK,L	02/11/2008	$19,680.00
WC	Travelers	Y	DEAS,JOSEPH	02/09/2008	$17,679.00
WC	Travelers	Y	CEPEK,DANIEL,R	02/01/2008	$65,598.00
WC	Travelers	Y	VELASCO-CAPPOZZ,CATHERIN	01/29/2008	$16,116.00
WC	Travelers	Y	FARIAS,RONALD,J	01/23/2008	$20,818.00
WC	Travelers	Y	MORRELL,GENE	01/22/2008	$35,324.00
WC	Travelers	Y	FRISBY,MARCUS	01/11/2008	$9,077.00
WC	Travelers	Y	SHAIN,JEFFREY,L	12/31/2007	$29,398.00
WC	Travelers	Y	KINDLER,RAYMOND,J	12/09/2007	$17,013.00
WC	Travelers	Y	SHEPHERD,CHRISTIAN	12/08/2007	$8,880.00
WC	Travelers	Y	BUTTS,MOSES	12/06/2007	$26,566.00
WC	Travelers	Y	PERNICE,DANIEL	11/17/2007	$50,295.00
WC	Travelers	Y	SMITH,DONALD,A	11/15/2007	$153,986.00
WC	Travelers	Y	LAMANTIA,ANTHONY,C	11/02/2007	$100,036.00
WC	Travelers	Y	MOREAU,VALLORY	10/14/2007	$110,775.00
WC	Travelers	N	RIZZIO,GEORGE	10/10/2007	$45,360.00
WC	Travelers	Y	FLOR,ROBERT	10/08/2007	$57,793.00
WC	Travelers	Y	PRZEWOZNIK,GARY	10/06/2007	$39,320.00
WC	Travelers	Y	RIVERA,RAFAEL	09/27/2007	$151,499.00
WC	Travelers	Y	TATE,CHARLIE	09/21/2007	$20,587.00
WC	Travelers	Y	DUNCAN,JEFFREY	08/19/2007	$60,160.00
WC	Travelers	Y	NICHOLS,GLEN	08/01/2007	$14,021.00
WC	Travelers	Y	GERVASI,FRANK	07/30/2007	$14,789.00
WC	Travelers	Y	BAKER,JOHNNY	07/28/2007	$7,350.00
WC	Travelers	Y	PIECHOWSKI,GLENN,A	06/23/2007	$13,989.00
WC	Travelers	Y	PRZEWOZNIK,GARY,J	06/21/2007	$15,634.00
WC	Travelers	N	PERNICE,DANIEL	05/04/2007	$82,519.00
WC	Travelers	Y	ADRAHTAS,ROBERT,J	04/26/2007	$99,268.00
WC	Travelers	Y	SMITH,PHERON	01/26/2007	$10,700.00
WC	Travelers	Y	WOOD,RICHARD,D	01/17/2007	$103,519.00
WC	Travelers	Y	HOFF,JAMES	11/03/2006	$14,796.00
WC	Travelers	Y	GASIAMIS,STEVEN	10/25/2006	$533,366.00
WC	Travelers	Y	LEWANDOWSKI,CHESTER	10/06/2006	$88,302.00
WC	Travelers	Y	GOLDEN,DANIEL	09/14/2006	$70,316.00
WC	Travelers	Y	ZYLES,ROBERT	08/23/2006	$462,360.00
WC	Travelers	Y	SCHUCKERS,ROBERT	08/04/2006	$73,257.00
WC	Travelers	Y	STRICKLIN,JAMES,F	07/21/2006	$21,542.00
WC	Travelers	Y	FINNERY,SHERI	04/05/2006	$33,579.00
WC	Travelers	N	WILKINSON,JOHN	04/02/2006	$105,966.00
WC	Travelers	Y	POKORNEY,MICHAEL	02/03/2006	$7,000.00
WC	Travelers	Y	PAUL,LISA,A	01/23/2006	$40,529.00
WC	Travelers	N	GILLERAN,TOM	01/10/2006	$868.00
WC	Travelers	Y	CARAYNOFF,ROBERT	12/22/2005	$25,839.00
WC	Travelers	N	HOUSE,JAY,G	12/05/2005	$156,110.00
WC	Travelers	Y	TARVER,TIMOTHY	10/31/2005	$17,500.00
WC	Travelers	Y	JONES,MARCIA,R	09/13/2005	$139,991.00
WC	Travelers	Y	SMITH,DONALD,A	07/11/2005	$111,541.00
WC	Travelers	Y	HARMON,JAMES	06/21/2005	$50,513.00
WC	Travelers	N	COLEMAN,REGINA	02/12/2005	$500.00
WC	Travelers	Y	MCGLYNN,MARTIN	01/21/2005	$24,470.00

WC	Travelers	Y	DICKER,ROBERT,A	01/18/2005	$43,559.00
WC	Liberty	N	JORDAN, WILLIE	12/20/2004	$ -
WC	Liberty	Y	MANGAN,MICHAEL	9/27/2004	$ 517,945
WC	Liberty	Y	KACZMAREK,PAMELA A	8/15/2004	$ 25,632
WC	Liberty	Y	MANGAN,MICHAEL	6/2/2004	$ 14,066
WC	Liberty	Y	FARIAS,RONALD	1/17/2004	$ 57,637
WC	Liberty	Y	SZKUBEL,AGNES	12/17/2003	$ 20,939
WC	Liberty	Y	VELASCO,CATHY A	12/9/2003	$ 57,638
WC	Liberty	Y	STRICKLIN,JAMES F	9/17/2003	$ 55,147
WC	Liberty	Y	MANGAN,MICHAEL	6/8/2003	$ 8,926
WC	Liberty	Y	GIACOPPI,JOSEPH M	9/7/2002	$ 86,245
WC	Liberty	Y	MANGAN,MICHAEL	4/10/2002	$ 67,727
WC	Atlantic Mutual	N	KIRKALDY, FRANK	6/19/2001	$250,000.00

SCHEDULE 4.7(a)

FINANCIAL STATEMENTS

1. See attached December 31, 2008 Financial Statements contained in the Sun-Times Media Group, Inc. Form 10-K for the Fiscal Year ended December 31 ,2008.

2. See attached June 30, 2009 Most Recent Financial Statements.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year ended December 31, 2008

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 1-14164

SUN-TIMES MEDIA GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**95-3518892**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
350 North Orleans Street, 10-S Chicago, Illinois	**60654**
(Address of Principal Executive Office)	*(Zip Code)*

Registrant's telephone number, including area code
(312) 321-2299

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class:
Class A Common Stock par value $.01 per share
Preferred Share Purchase Rights

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☑
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2008, the aggregate market value of Class A Common Stock held by non-affiliates was approximately $23,013,094 determined using the closing price per share of $0.49, as reported on the Pink Sheets.

The number of outstanding shares of each class of the registrant's common stock as of February 28, 2009 was as follows: 83,982,280 shares of Class A Common Stock.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K ("2008 10-K") of Sun-Times Media Group, Inc. and subsidiaries (collectively, the "Company") contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995), that involve a number of risks and uncertainties. These statements relate to future events or the Company's future financial performance with respect to its financial condition, results of operations, business plans and strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of management, capital expenditures, growth and other matters. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or the newspaper industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "seek," or "continue" or the negative of those terms or other comparable terminology. These statements are only predictions and such expectations may prove to be incorrect. Some of the things that could cause the Company's actual results to differ substantially from its current expectations are:

- the filing by the Company and its U.S. subsidiaries for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Company has prepared the financial statements, included elsewhere herein, under the assumption it will continue to realize its assets and settle its liabilities in the normal course of business. The outcome of the proceedings under the Bankruptcy Code will likely result in material changes to the Company's operations and financial condition. Currently, it is not possible to accurately predict the outcome of the Chapter 11 proceedings, including the impact on the Company's financial condition or the ultimate effect on the interests of the Company's creditors and stakeholders.
- the resolution of certain United States and foreign tax matters;
- changes in the preferences of readers and advertisers, particularly in response to the growth of Internet-based media and Internet-based classified and other advertising;
- actions of competitors, including price changes and the introduction of competitive service offerings;
- changes in prevailing economic conditions, particularly as they affect Chicago, Illinois and its metropolitan area;
- adverse developments in pending litigation involving the Company and its affiliates, and former directors and officers;
- actions arising from continuing investigations by the Securities and Exchange Commission and other government agencies in the United States and Canada, principally of matters identified by a special committee of independent directors formed to investigate related party transactions and other payments made to certain executives of the Company and Hollinger Inc. and other affiliates in connection with the sale of certain of the Company's assets and other transactions;
- the effects of recent and future outsourcing efforts;
- the effects of changing costs or availability of raw materials, primarily newsprint;
- changes in laws or regulations, including changes that affect the way business entities are taxed;
- changes in accounting principles or in the way such principles are applied; and
- other matters identified in Item 1A "— Risk Factors."

The Company operates in a continually changing business environment, and new risks emerge from time to time. Management cannot predict such new risks, nor can it assess either the impact, if any, of such risks on the Company's businesses or the extent to which any risk or combination of risks may cause actual results to differ materially from those projected in any forward-looking statements. In light of these risks, uncertainties and assumptions, it should be kept in mind that future events or conditions described in any forward-looking statement made in this 2008 10-K might not occur. All forward-looking statements speak only as of the date of this 2008 10-K

or, in the case of any document incorporated by reference, the date of that document, and the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by federal securities law. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the caption "Risk Factors."

PART I

Item 1. *Business*

Bankruptcy and Insolvency Filings

On March 31, 2009, the Sun-Times Media Group, Inc. and its domestic subsidiaries (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court (the "Bankruptcy Court") for the District of Delaware (Case No. 09-11092 or the "Filings"). During the pendency of the bankruptcy proceedings, the Debtors remain in possession of their properties and assets and the management of the Sun-Times Media Group, Inc. and subsidiaries (collectively, the "Company") continues to operate the businesses of the Debtors as debtors-in-possession. As a debtor-in-possession, the Company is authorized to operate the business of the Debtors, but may not engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court. Since the Filings, the Company has continued to honor subscriptions and provide advertising services to its customers. In addition, the Company's Canadian subsidiaries will likely apply for court-supervised reorganization under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). The Company's Canadian subsidiaries have limited activities generally related to legacy pension and post-employment liabilities and certain litigation related contingent liabilities. At December 31, 2008, the Canadian subsidiaries had $29.9 million in cash and cash equivalents which is generally unavailable to fund U.S. operations.

Subject to certain exceptions under the Bankruptcy Code, the Debtors' Filings automatically enjoined the continuation of any judicial or administrative proceedings against the Debtors. Any creditor actions to obtain possession of property from the Debtors or to create, perfect or enforce any lien against property of the Debtors are also enjoined. As a result, creditors of the Debtors are precluded from collecting pre-petition liabilities without the approval of the Bankruptcy Court. Certain pre-petition liabilities have been paid after obtaining the approval of the Bankruptcy Court, including certain wages and benefits of employees.

Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts. An executory contract is one in which the parties have mutual obligations to perform (e.g., real property leases and service agreements). Unless otherwise agreed, the assumption of a contract will require the Company to cure all prior defaults under the related contract, including all pre-petition liabilities. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding the Filing, giving the other party to the contract a right to assert a general unsecured claim for damages.

The Debtors have not as yet notified its known or potential creditors of the Filing in an effort to identify pre-petition claims against the Debtors. The Bankruptcy Court has not yet set the bar date, which is the last date for most parties to file proofs of claim with respect to non-governmental pre-petition obligations. Payment terms for these amounts will be established in connection with the Chapter 11 cases. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the Company's creditors. Litigation may be required to resolve any such disputes.

Currently, it is not possible to accurately predict the length of time the Company will operate under Chapter 11 and the supervision of the Bankruptcy Court, when or if the Company will file a plan or plans of reorganization or liquidation with the Bankruptcy Court, the outcome of the Chapter 11 proceedings, including the impact on the Company's financial condition, or the ultimate effect on the interests of the Company's creditors and stakeholders. However, under the priority scheme established by the Bankruptcy Code and based on the amount and nature of the Company's assets and liabilities, it is highly unlikely the Company's common stock will retain any value or that stockholders will receive any distribution or consideration. In March 2009, the Company retained Rothschild, Inc. ("Rothschild") to pursue a sale of the Company's assets pursuant to Section 363 of the Bankruptcy Code. The proceeds from any such sale or series of sales may differ materially from the value of the Company's assets as reflected in the financial statements.

Overview

Unless otherwise indicated, the discussion of the Company and its business is presented in this annual report on Form 10-K (the "2008 10-K") under the assumption that the Company will continue to realize its assets and settle its liabilities in the normal course of business. The outcome of the proceedings under the Bankruptcy Code will likely result in changes that materially affect the Company's operations and financial condition. Information about the Filings is available on the Company's website (www.thesuntimesgroup.com).

The Company conducts business as a single operating segment, which is concentrated in the publishing, printing and distribution of newspapers in the greater Chicago, Illinois metropolitan area and operates various related Internet Web sites. The Company's revenue for the year ended December 31, 2008 includes the *Chicago Sun-Times, Post-Tribune, SouthtownStar* and other newspapers in the Chicago metropolitan area and associated Web sites.

Unless the context requires otherwise, all references herein to the "Company" are to Sun-Times Media Group, Inc., its predecessors and consolidated subsidiaries, "Publishing" refers to Hollinger International Publishing Inc., a wholly-owned subsidiary of the Company, and "Hollinger Inc." refers to the Company's former immediate parent and former controlling stockholder, Hollinger Inc., and its affiliates (other than the Company). The "Sun-Times News Group" refers to all of the Company's Chicago metropolitan area newspaper and related operations.

General

Sun-Times Media Group, Inc. was incorporated in the State of Delaware on December 28, 1990 as Hollinger International Inc. On June 13, 2006, our stockholders approved the amendment of the Hollinger International Inc. Restated Certificate of Incorporation, changing the Company's name to Sun-Times Media Group, Inc., which became effective on July 17, 2006. Publishing was incorporated in the State of Delaware on December 12, 1995. The Company's principal executive offices are at 350 North Orleans Street, Chicago, Illinois, 60654, telephone number (312) 321-2299.

Business Strategy

Evaluate Strategic Alternatives. On February 4, 2008, the Company announced that its Board of Directors had begun an evaluation of the Company's strategic alternatives to enhance shareholder value. These alternatives included, but were not limited to, joint ventures or strategic partnerships with third parties, and/or the sale of the Company or any or all of its assets. The Company subsequently announced that it had retained Lazard Frères & Co. LLC ("Lazard") in connection therewith. The Company's engagement of Lazard was terminated in 2009 and in March 2009, the Company retained Rothschild, Inc. Rothschild has commenced a process for a sale of the Company's assets pursuant to Section 363 of the Bankruptcy Code. There can be no assurances that this process will result in any specific transactions, and such process is subject to legal requirements including those imposed by the Bankruptcy Court.

Aggressively Target Cost Reductions and Operating Efficiencies. The Company is and has been aggressively pursuing cost reductions in response to declining advertising revenue. Integral to this effort is the evaluation and implementation of appropriate outsourcing arrangements. Newsprint and production costs have been minimized through reductions in page sizes and balancing of editorial versus advertising content and the Company intends to pursue productivity enhancements in other areas of the Company, including combining production facilities. Headcount in all areas will continue to be adjusted in response to declining revenue.

Increase Market Share by Leveraging the Company's Leading Market Position. The Company intends to continue to leverage its position in daily readership in the Chicago market in order to maximize its market share through emphasizing local content to readers while emphasizing the reach of the entire Sun-Times News Group network in both print and Internet products to advertisers. The Company's primary assets are the Chicago metropolitan area newspapers, including its flagship property, the *Chicago Sun-Times*. The Company will seek to increase market share by taking advantage of the extensive network of publications which allows the Company to offer local advertisers geographically and demographically targeted advertising solutions and national advertisers

an efficient vehicle to reach the entire Chicago market and by shifting sales resources from print to Internet to further capitalize on growth in this area and offset continuing declines in print advertising.

Publish Relevant and Trusted High Quality Newspapers. The Company is committed to maintaining the high quality of its newspaper products and editorial integrity in order to ensure continued reader loyalty.

Strong Corporate Governance Practices. The Company is committed to the implementation and maintenance of strong and effective corporate governance policies and practices and to high ethical business practices.

Internet Initiatives. The Internet is a focus for the Company in maintaining and growing advertising revenue and readership. The Company is currently marketing its products to readers in both print and on the Internet, expanding its local content visibility and offering advertisers cross-marketing opportunities. Some of the Company's more significant Web sites include *www.suntimes.com*, *www.searchchicago.com/autos*, *www.searchchicago.com/homes*, *www.neighborhoodcircle.com* and *www.yourseason.com*.

Recent Developments

(a) On January 2, 2009, the Company filed a Form 15 with the Securities and Exchange Commission ("SEC") to voluntarily deregister its Class A Common Stock and ending its reporting obligations under the Securities Exchange Act of 1934 (the "Exchange Act"). The Company's obligation to file periodic reports with the SEC for 2009 was immediately suspended upon the filing of the Form 15. The registration of the Company's Class A Common Stock under the Exchange Act terminated 90 days after the filing of the Form 15 (April 2, 2009).

(b) On January 16, 2009, Davidson Kempner Capital Management LLC ("Davidson Kempner") delivered to the Company's registered agent in Delaware consents from holders representing a majority of the outstanding shares of the Company to reconstitute the Company's Board of Directors. Upon delivery of such consents, the nominees proposed by Davidson Kempner — Jeremy L. Halbreich, Robert A. Schmitz, and Michael E. Katzenstein — joined Robert B. Poile as the reconstituted Board of Directors of the Company. Pursuant to such consents, the then-current directors of the Company, with the exception of Robert B. Poile, were removed. On January 30, 2009, Graham W. Savage was re-elected to the Board of Directors. Mr. Savage previously served as a director from July 24, 2003 to January 16, 2009.

(c) On January 29, 2009, the Company received the decision of an arbitrator in the dispute between the Company and CanWest. The arbitrator's decision includes an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award is exclusive of interest and costs, which are estimated to be Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. As a result of the arbitration award and settlement, the Company has recognized a charge of $10.5 million in the fourth quarter of 2008 which is included in "Corporate expenses" in the Statements of Operations. See Note 17 to the consolidated financial statements. The escrowed funds are included on the Consolidated Balance Sheet at December 31, 2008 under "Escrow deposits and restricted cash." The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released from any and all liability related to the arbitration award and the underlying transactions that led to the award. See Item 3 "*— Legal Proceedings — CanWest Arbitration.*"

(d) On March 31, 2009, the Company and its domestic subsidiaries filed voluntary petitions under the Bankruptcy Code. See *"Bankruptcy and Insolvency Proceedings."*

Sun-Times Media Group

The Company's properties include newspapers and associated Web sites and news products serving more than 200 communities in the greater Chicago metropolitan area. For the year ended December 31, 2008, the Company had revenue of $323.9 million and an operating loss of $381.3 million. The Company's primary newspaper is the

Chicago Sun-Times, which was founded in 1948 and is one of Chicago's most widely read newspapers. The *Chicago Sun-Times* is published in a tabloid format and has the second highest daily readership and circulation of any newspaper in the Chicago metropolitan area, attracting approximately 1.3 million readers daily (as reported in the 2008 Scarborough Release Study). The Company pursues a strategy which offers a network of publications throughout Chicago and the major suburbs in the surrounding high growth counties to allow its advertising customers the ability to target and cover their specific and most productive audiences. This strategy enables the Company to offer joint selling programs to advertisers, thereby expanding advertisers' reach.

In addition to the *Chicago Sun-Times*, the Company's newspaper properties include: Pioneer Press ("Pioneer"), which currently publishes 39 weekly newspapers and one magazine in Chicago's northern and northwestern suburbs; the daily *SouthtownStar*; the daily *Post-Tribune* of northwest Indiana; and publishes the *Herald News* in Joliet, the *Courier News* in Elgin, the *Beacon News* in Aurora, the *Naperville Sun* in Naperville, the *Lake County News-Sun* in Waukegan and 13 free weekly newspapers in suburban Chicago.

Sources of Revenue. The Company's operating revenue is provided by the Chicago metropolitan area newspapers and related Web sites. The following table sets forth the sources of revenue and the percentage such sources represent of total revenue for the Company during each year in the three-year period ended December 31, 2008.

	Year Ended December 31,					
	2008		2007		2006	
	(Dollars in thousands)					
Advertising	$242,628	75%	$287,198	77%	$324,607	77%
Circulation	74,831	23%	77,629	21%	85,235	20%
Job printing and other	6,391	2%	7,431	2%	10,537	3%
Total	$323,850	100%	$372,258	100%	$420,379	100%

Based on information accumulated by a third party from data submitted by Chicago area newspaper organizations, newspaper print advertising declined 17% for the year ended December 31, 2008 for the greater Chicago market versus the comparable period in 2007. Advertising revenue for the Company declined 16% for the year ended December 31, 2008, compared to the same (52 week) period in 2007.

Advertising. Advertisements are carried either within the body of the newspapers (which are referred to as run-of-press advertising and make up approximately 79% of the Company's advertising revenue), as inserts, or as Internet advertisements. The Company's advertising revenue is derived largely from local and national retailers and classified advertisers. Advertising rates and rate structures vary among the publications and are based on, among other things, circulation, readership, penetration and type of advertising (whether classified, national or retail). In 2008, retail advertising accounted for the largest share of advertising revenue (50%), followed by classified (31%) and national (19%). The *Chicago Sun-Times* offers a variety of advertising alternatives, including geographically zoned issues, special interest pullout sections and advertising supplements in addition to regular sections of the newspaper targeted to different readers. The Chicago area suburban newspapers offer similar alternatives to the *Chicago Sun-Times* platform for their daily and weekly publications. The Company operates the Reach Chicago Newspaper Network, an advertising vehicle that can reach the combined readership base of all the Company's publications. The network allows the Company to offer local advertisers geographically and demographically targeted advertising solutions and national advertisers an efficient vehicle to reach the entire Chicago metropolitan market.

Circulation. Circulation revenue is derived primarily from two sources. The first is sales of single copies of the newspaper made through retailers and vending racks and the second is home delivery newspaper sales to subscribers. For the year ended December 31, 2008, approximately 58% of the copies of the *Chicago Sun-Times* reported as sold and 62% of the circulation revenue generated was attributable to single-copy sales. Approximately 77% of 2008 circulation revenue of the Company's suburban newspapers was derived from home delivery subscription sales.

The following table outlines the Company's publications and circulation from the most recent Audit Bureau of Circulation ("ABC") audit reports:

	Circulation			
	Daily(1)	Saturday	Sunday	ABC Audit Report Period
Chicago Sun-Times (Chicago, IL)	319,202	228,996	246,217	52 weeks ending 3/30/08
SouthtownStar (Tinley Park, IL)(2)	41,868	33,047	63,106	52 weeks ending 3/30/08
The Beacon News (Aurora, IL)	27,400	26,692	28,764	52 weeks ending 3/30/08
The Courier News (Elgin, IL)	11,950	11,708	12,152	52 weeks ending 3/30/08
The Herald News (Joliet, IL)	39,759	39,081	42,869	52 weeks ending 3/30/08
Lake County News-Sun (Waukegan, IL)	17,494	—	19,332(3)	52 weeks ending 3/30/08
Naperville Sun (Naperville, IL)	15,930	—	15,690	52 weeks ending 3/30/08
Post-Tribune (Merrillville, IN)	62,147	59,069	62,990	52 weeks ending 3/30/08
Pioneer Press Group (Glenview, IL)	164,684(4)	—	—	52 weeks ending 3/30/08
The Doings Group (Hinsdale, IL)	16,918(4)	—	—	52 weeks ending 3/30/08
Free Distribution Products (Suburban Chicago)	268,934(5)	—	—	Unaudited

(1) Daily circulation is defined as a Monday through Friday average

(2) On November 18, 2007, the name of the Daily Southtown was changed to The SouthtownStar; circulation listed is for November 18, 2007 to March 30, 2008

(3) All weekend circulation included in Sunday column

(4) Wednesday or Thursday circulation; weekly publications

(5) Average unaudited circulation for 13 free distribution products, as of December 31, 2008

In 2004, the Audit Committee of the Board of Directors (the "Audit Committee") initiated an internal review into practices that, in the past, resulted in the overstatement of the *Chicago Sun-Times* daily and Sunday circulation and determined that inflation of daily and Sunday single-copy circulation of the *Chicago Sun-Times* began modestly in the late 1990's and increased over time. The Audit Committee concluded that the report of the *Chicago Sun-Times* circulation published in April 2004 by ABC for the 53 week period ended March 30, 2003, overstated single-copy circulation by approximately 50,000 copies on weekdays and approximately 17,000 copies on Sundays. The Audit Committee determined that inflation of single-copy circulation continued until all inflation was discontinued in early 2004. The inflation occurring after March 30, 2003 did not affect public disclosures of circulation as such figures had not been published. The Company has implemented procedures to help ensure that circulation overstatements do not occur in the future.

As a result of the overstatement, the *Chicago Sun-Times* was censured by ABC in July 2004 and was required to undergo semi-annual audits for a two-year period thereafter. The first of these censured audits, for the 26-week period ended March 27, 2005, was released in December 2005. The second censured audit for the 26-week period ended September 25, 2005 was released in May 2007. The Company's final censured audits (26-week period ending March 26, 2006 and 26-week period ended September 24, 2006) were released in the first quarter of 2008.

The internal review by the Audit Committee also uncovered minor circulation misstatements at the *Daily Southtown* and the *Star* (which have since been merged to form the *SouthtownStar*). These publications were censured by ABC in March 2005 and were required to undergo semi-annual audits for a two-year period thereafter. The first of these censured audits, for the 26-week period ended March 27, 2005, was released in April 2006; the audit for the 26-week period ended September 25, 2005, was released in January 2007. The third censured audit for the 26-week period ended March 26, 2006 was released in December 2007. The Company's final censured audit (for the 26-week period ended September 24, 2006) was released in the first quarter of 2008.

Other Publications and Business Enterprises. The Company continues to strengthen its online presence. For the twelve months ended December 31, 2008, *Suntimes.com* and related Sun-Times News Group Web sites have approximately 3.4 million unique users per month (as measured by Nielsen//NetRatings), with approximately 51 million page impressions per month (as measured by Omniture, Inc.). In November 2008, the Company signed

an agreement with Monster, Inc., owner of Monster.com, for recruitment classified advertising across the Company's publications, which launched in January 2009. This alliance will result in co-branded Web sites with the Company's publications and connect through links from the Company's newspaper Web sites and the searchchicago.com portal. In February 2007, the Company launched *www.searchchicago.com/autos* featuring the inventory of more than 400 auto dealers, including more than 100,000 new and used cars and trucks.

Sales and Marketing. The marketing promotions department works closely with both advertising and circulation sales and advertising teams to introduce new readers and new advertisers to the Company's newspapers through various initiatives. The Company's marketing departments use strategic alliances at major event productions and sporting venues, for on-site promotion and to generate subscription sales. The *Chicago Sun-Times* has media relationships with local television and radio outlets that have given it a presence in the market and enabled targeted audience exposure. Similarly at suburban newspapers, marketing professionals work closely with circulation sales professionals to determine circulation promotional activities, including special offers, sampling programs, in-store kiosks, sporting event promotions, dealer promotions and community event participation. Suburban newspapers generally target readers by zip code and offer marketing packages that combine the strengths of daily, bi-weekly and weekly publications.

Distribution. During 2007, the Company entered into a contract with Chicago Tribune Company for home delivery and suburban single-copy delivery of the *Chicago Sun-Times* and most of its suburban publications. The Company continues to distribute single-copy editions of the *Chicago Sun-Times* within the city of Chicago and continues to operate the circulation sales and billing functions with the exception of single copy billing in the suburbs. The agreement with the Chicago Tribune Company is an executory contract subject to appropriate provisions of the Bankruptcy Code as previously discussed. See Risk Factors "*— The outsourcing of significant business processes may expose the Company to significant financial and customer service risk.*"

Printing. The Company operates three printing facilities. The 320,000 square foot owned printing facility on Ashland Avenue in Chicago was completed in April 2001 and gives the Company printing presses with the quality and speed necessary to effectively compete with the other regional newspaper publishers. The Company also owns a 100,000 square foot printing facility in Plainfield, Illinois, which is held for sale at December 31, 2008. Pioneer prints the main body of most of its weekly newspapers at its leased Northfield, Illinois production facility. In order to provide advertisers with more color capacity, certain of Pioneer's newspapers' sections are printed at the Ashland Avenue facility. The Company generally prints multiple publications at each of its printing facilities. In December 2008, the Company announced its intention to consolidate printing operations and expects to close its Plainfield, Illinois printing facility in April 2009. The Company intends to sell the facility and anticipates that printing work performed in Plainfield will be performed at the Company's Ashland Avenue production plant.

Competition. Each of the Company's Chicago area newspapers competes to varying degrees with radio, broadcast and cable television, direct marketing and other communications and advertising media, including free Internet sites, as well as with other newspapers having local, regional or national circulation. The Chicago metropolitan region is served by 13 local daily newspapers of which the Company owns eight. The *Chicago Sun-Times* competes in the Chicago region with the *Chicago Tribune*, a large established metropolitan daily and Sunday newspaper. In addition, the *Chicago Sun-Times* and other Company newspapers face competition from other newspapers published in adjacent or nearby locations and circulated in the Chicago metropolitan area market.

Employees and Labor Relations. As of December 31, 2008, the Company had 2,322 employees, including 153 part-time employees. Of the 2,169 full-time employees, 564 were production staff, 509 were sales and marketing personnel, 237 were circulation staff, 252 were general and administrative staff, 587 were editorial staff and 20 were facilities staff. Approximately 928, or 43% of the Company's employees were represented by 18 collective bargaining units. Direct employee costs (including salaries, wages, severance, fringe benefits, employment-related taxes and other direct employee costs) were approximately 52% of the Company's revenue in the year ended December 31, 2008. Contracts covering approximately 10% of union employees will expire or are being negotiated in 2009.

There have been no strikes or general work stoppages at any of the Company's newspapers in the past five years. The Company believes that its relationships with its employees are generally good.

Raw Materials. The primary raw material for newspapers is newsprint. In 2008, approximately 63,952 metric tons were consumed by the Sun-Times News Group. Newsprint costs were approximately 14% of the Company's revenue. Average newsprint prices increased approximately 16% in 2008 from 2007. The Company is not dependent upon any single newsprint supplier. The Company believes that its access to Canadian, United States and offshore newsprint producers ensures an adequate supply of newsprint. The Company has not entered into any long-term fixed price newsprint supply contracts. The Company believes that its sources of supply for newsprint are adequate to meet anticipated needs.

Reorganization Activities. In December 2007, the Company announced that its Board of Directors adopted a plan to reduce annual operating costs by $50 million. The plan, implemented during 2008, included $10 million of expected annual savings previously announced in connection with the Company's distribution agreement with Chicago Tribune Company and the consolidation of two of the Company's suburban newspapers. The plan also included a reduction in full-time staffing levels. In November 2008, the Company announced a second cost reduction program of $45 million to $55 million to be implemented during the first nine months of 2009. Certain of these programs have been postponed due to the Filings.

Environmental

The Company, like other newspaper companies engaged in similar operations, is subject to a wide range of federal, state and local environmental laws and regulations pertaining to air and water quality, storage tanks, and the management and disposal of wastes at the Company's major printing facilities. These requirements are becoming increasingly stringent. However, the Company believes that the cost of compliance with these laws and regulations will not have a material adverse effect on its business or results of operations.

Seasonality

The Company's operations are subject to seasonality. Typically, the Company's advertising revenue is typically lowest during the first quarter. However, due to the decreasing revenue trends, advertising revenue for the third quarter of 2008 was slightly lower than the first quarter of 2008.

Intellectual Property

The Company seeks and maintains protection for its intellectual property in all relevant jurisdictions, and has current registrations, pending applications, renewals or reinstatements for all of its material trademarks. No claim adverse to the interests of the Company of a material trademark is pending or, to the best of the Company's knowledge, has been threatened. The Company has not received notice, or is not otherwise aware, of any infringement or other violation of any of the Company's material trademarks. Internet domain names also form an important part of the Company's intellectual property portfolio. Currently, there are approximately 710 domain names registered in the name of the Company or its subsidiaries, including numerous variations on each major name. In the Chicago market, the Company participates in aggregation of advertising information with other periodical companies whereby the Company's advertisements are presented in an online format along with advertisements of other newspapers.

Available Information

The Company has historically filed annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. However, on January 2, 2009, the Company filed a Form 15 with the SEC to voluntarily deregister its Class A Common Stock and ending its reporting obligations under the Exchange Act. The termination of the registration of the Class A Common Stock was effective April 2, 2009.

You may read and copy information previously filed with the SEC at the Public Reference Room of the SEC, Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically through the "EDGAR" (Electronic Data Gathering, Analysis and Retrieval) and which is available on the SEC's website (http://www.sec.gov).

The Company also maintains a website on the World Wide Web at *www.thesuntimesgroup.com.* The Company makes available, free of charge, on its website the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports previously filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports were electronically filed with, or furnished to, the SEC. Updates to the Company's bankruptcy proceedings are also available on the Company's website. The Company's reports filed with, or furnished to, the SEC are also available on the SEC's website at www.sec.gov.

As previously reported, on May 20, 2008, the Class A Common Stock was delisted from the New York Stock Exchange ("NYSE"). The Class A Common Stock is currently quoted on the Pink Sheets under the symbol SUTMQ.PK.

The Company has implemented a Code of Business Conduct and Ethics, which applies to all employees of the Company including each of its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and principal accounting officer or controller or persons performing similar functions. The text of the Code of Business Conduct and Ethics can be accessed on the Company's website at *www.thesuntimesgroup.com.* Any changes to the Code of Business Conduct and Ethics will be posted on the website.

Item 1A. *Risk Factors*

Certain statements contained in this report under various sections, including but not limited to "Business Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements that involve risks and uncertainties. See "Forward Looking Statements." Such statements are subject to the following important factors, among others, which in some cases have affected, and in the future could affect, the Company's actual results and could cause the Company's actual consolidated results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company:

All risk factors discussed, unless otherwise noted, are presented without regard to the Company's filing for bankruptcy protection.

Risks Relating to the Company's Business and the Industry

The Company and its domestic subsidiaries filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code and its Canadian subsidiaries will likely apply for court-supervised reorganization.

As described in Note 1 to the Company's consolidated financial statements and elsewhere in this 2008 10-K, the Company and its domestic subsidiaries filed voluntary petitions under Bankruptcy Code. Its Canadian subsidiaries will likely apply for court-supervised reorganization. These actions reflect the impact of the settlement of the dispute between the Company and CanWest and the substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy, continued negative operating results and cash flow for the Company and the general negative outlook for newspaper advertising and circulation in the near and long-term, as well as the Company's substantial tax liabilities, which create substantial doubt as to the Company's ability to continue as a going concern.

Currently, it is not possible to accurately predict the length of time the Company will operate under Chapter 11 and the supervision of the Bankruptcy Court, how long the Company may be able to continue operating, when or if the Company will file a plan or plans of reorganization or liquidation with the Bankruptcy Court, the outcome of the Chapter 11 proceedings, including the impact on the Company's financial condition or the ultimate effect on the interests of the Company's creditors and stakeholders. However, under the priority scheme established by the Bankruptcy Code and based on the amount and nature of the Company's assets and liabilities, it is highly unlikely the Company's common stock will retain any value or that stockholders will receive any distribution or consideration.

The Company has substantial potential tax liabilities.

The Company's Consolidated Balance Sheet as of December 31, 2008 includes $608.0 million of accruals intended to cover contingent liabilities related to additional taxes and interest it may be required to pay, largely

related to the Company's operations in the United States. The accruals cover contingent tax liabilities primarily related to items that have been deducted in arriving at taxable income, which deductions may be disallowed by taxing authorities. If those deductions were to be disallowed, the Company would be required to pay those accrued contingent taxes and interest and it may be subject to penalties. The Company will continue to record accruals for interest that it may be required to pay with respect to its contingent tax liabilities.

Although the Company believes that it has defensible positions with respect to significant portions of these tax liabilities, there is a risk that the Company may be required to make payment of the full amount or a significant portion of such tax liabilities. There may be significant cash requirements in the future regarding these currently unresolved U.S. tax issues. Although the Company is attempting to resolve a significant portion of the contingent liabilities with the relevant taxing authorities, the timing and amounts of any payments the Company may be required to make remain uncertain. Although these accruals for contingent tax liabilities are reflected in the Company's Consolidated Balance Sheets, if the Company were required to make payment of a significant portion of the amount, this would result in substantial cash payment obligations. The actual payment of such cash amount would have a material adverse effect on the Company's liquidity and ability to continue operations.

In January 2008, the Company received an examination report from the Internal Revenue Service ("IRS") setting forth proposed adjustments to the Company's U.S. income tax returns from 1996 through 2003. A significant portion of the Company's contingent tax liabilities relate to these tax years. The Company has disputed certain of the proposed adjustments. The process for resolving disputes between the Company and the IRS is likely to entail various administrative and judicial proceedings, the timing and duration of which involve substantial uncertainties. As the disputes are resolved, it is possible that the Company will record adjustments to its financial statements that could be material to its financial position and results of operations and it may be required to make material cash payments. The timing and amounts of any payments the Company may be required to make are uncertain, but the Company does not anticipate that it will make any material cash payments to settle any of the disputed items during 2009.

Competition in the newspaper industry originates from many sources. The advent of new technologies and industry practices, such as the provision of newspaper content on free Internet sites, may continue to result in decreased advertising and circulation revenue.

Revenue in the newspaper industry is dependent primarily upon advertising revenue and paid circulation. Competition for advertising and circulation revenue comes from local and regional newspapers, radio, broadcast and cable television, direct mail and other communications and advertising media that operate in the Company's markets. The extent and nature of such competition is, in large part, determined by the location and demographics of the markets and the number of media alternatives in those markets. Some of the Company's competitors are larger and have greater financial resources than the Company. The Company may experience price competition from newspapers and other media sources in the future and one of the Company's major competitors publishes a free publication that targets similar demographics to those that are particularly strong for some of the Company's newspapers. In addition, the use of alternative means of delivery, such as free Internet sites, for news, advertising and other content has increased significantly in the past few years and has resulted in what may likely be permanent decline in advertising revenue for printed newspaper products. Should significant numbers of customers choose to receive content using these alternative delivery sources rather than the Company's newspapers, the Company may suffer continued decreases in advertising revenue and may be forced to decrease the prices charged for the Company's newspapers, make other changes in the way the Company operates or face a long-term decline in circulation, any or all of which are likely to harm the Company's results of operations and financial condition.

The Company's revenue is dependent upon economic conditions in the Company's target markets and is seasonal.

Advertising and circulation are the Company's two primary sources of revenue. Historically, increases in advertising revenue have corresponded with economic recoveries while decreases have corresponded with general economic downturns and regional and local economic recessions. Advertising revenue is also dependent upon the condition of specific industries that contribute significantly to the Company's advertising revenue, such as the automobile, real estate and retail industries whose recent significant downturn has negatively impacted classified

and other advertising revenue. If general economic conditions or economic conditions in these industries continue to deteriorate significantly, it would have a material adverse effect on the Company's revenue and results of operations.

The Company's advertising revenue also experiences seasonality, with the first quarter typically being the lowest. However, due to the decreasing revenue trends, advertising revenue for the third quarter of 2008 was slightly lower than the advertising revenue for the first quarter of 2008. In 2008, based on information accumulated by a third party from data submitted by Chicago area newspaper organizations, print advertising in the greater Chicago market declined approximately 17%, while the Company's print advertising revenue declined approximately 16% versus the comparable 52 week period in 2007. The advertising revenue declines have accelerated in the third and fourth quarter of 2008 and the first quarter of 2009 with a decline in the first quarter of approximately 30% versus the first quarter of 2008. The Company's dependency on advertising sales, which generally have a short lead-time, means that the Company has only a limited ability to accurately predict future revenue and operating results. The recent bankruptcy filing may cause further declines as customers may be less willing to do business with a company in bankruptcy. This may be somewhat mitigated as the Company's largest direct competitor has also filed for bankruptcy.

The Company's publications have experienced declines in circulation in the past and may do so in the future.

Certain of the Company's publications have experienced declines in circulation. Any significant declines in circulation the Company may experience at its publications could have a material adverse impact on the Company's business and results of operations, particularly as it may negatively affect advertising revenue. The recent bankruptcy filing may cause further declines as customers may be less willing to do business with a company in bankruptcy. This may be somewhat mitigated as the Company's largest direct competitor has also filed for bankruptcy.

The Company has implemented cost saving strategies that have not and may not result in profitability.

In December 2007, the Company announced that its Board of Directors adopted a plan to reduce annual operating costs by $50 million. The plan, implemented during 2008, included $10 million of expected annual savings previously announced in connection with the Company's distribution agreement with Chicago Tribune Company and the consolidation of two of the Company's suburban newspapers. In November 2008, the Company announced a second cost reduction program of $45 million to $55 million that was planned to be implemented during 2009. The implementation of these strategies requires a reduction in full-time staffing levels, re-deployment of staff to Internet and other initiatives, reorganizing the sales function to strengthen the pursuit of Internet revenue, sales of assets and the outsourcing of certain functions. While the strategy is intended to have long-term benefits for the Company, there is no guarantee that the strategy will offset declines in revenue or bring the Company back to profitability. The timing and extent of actions within the strategy may also be materially altered by the Filings.

The Company may not be able to realize the value of certain investments at their carrying value.

On August 21, 2007, $25.0 million of the Company's investments in Canadian asset-backed commercial paper ("Canadian CP") held through a Canadian subsidiary matured but were not redeemed and on August 24, 2007, $23.0 million of similar investments matured but were not redeemed. As of December 31, 2007, the Company held $48.2 million of Canadian CP, including accrued interest through original maturity. The Canadian CP held by the Company was issued by two special purpose entities sponsored by non-bank entities. The Canadian CP was not redeemed at maturity due to the combination of a collapse in demand for Canadian CP and the refusal of the back-up lenders to fund the redemption on the grounds that these events did not constitute events that would trigger a redemption obligation. On May 9, 2008, the Company sold $28.0 million (face amount, plus accrued interest) of its Canadian CP investments that were issued by one of the special purpose entities for $21.0 million and at December 31, 2008, the Company held $20.2 million (face amount, plus accrued interest) of Canadian CP with a carrying value, following impairment charges, of $7.4 million. Due to uncertainties in the timing as to when these investments will be sold or otherwise liquidated, the Canadian CP is classified as a noncurrent asset included in "Investments" on the Consolidated Balance Sheets at December 31, 2008 and December 31, 2007.

Efforts to restructure the Canadian CP that remained unredeemed were undertaken by a largely Canadian investor committee. On December 23, 2007, the investor committee announced that an agreement in principle had been reached to restructure the Canadian CP, whereby the Canadian CP would be exchanged for medium term notes ("MTN's"), backed by the assets underlying the Canadian CP, having a maturity that will generally match the maturity of the underlying assets. The agreement in principle called for $11.1 million of the MTN's the Company would receive to be backed by a pool of assets that are generally similar to those backing the Canadian CP held by the Company and which were originally held by a number of special purpose entities, while the remaining $9.1 million of the MTN's the Company would receive would be backed by assets held by the specific special purpose entity that originally issued the Canadian CP. The agreement in principle was finalized and the investor committee filed a proposed restructuring plan (the "Plan") under the CCAA with the Ontario Superior Court of Justice (the "Court") on March 17, 2008. Under the Plan, the allocation of the MTN's was modified to $9.6 million backed by a pool of assets and $10.6 million backed by specific assets. The Plan was approved by the holders of the Canadian CP on April 25, 2008, and sanctioned by the Court on June 5, 2008. On January 12, 2009, the Court approved the Plan, which was fully implemented on January 21, 2009.

The Canadian CP has not traded in an active market since mid-August 2007 and there are currently no market quotations available. On March 19, 2008, Dominion Bond Rating Service withdrew its ratings of the Canadian CP. The Company has employed a valuation model to estimate the fair value for the $9.6 million of MTN's backed by the pool of assets. The valuation model used by the Company to estimate the fair value for this portion of the MTN's incorporates discounted cash flows, the best available information regarding market conditions and other factors that a market participant would consider for such investments. The fair value (and carrying value at December 31, 2008) of the $7.4 million of Canadian CP (and replacement MTN's backed by specific assets) was estimated through the use of a model relying on market data and inputs derived from securities similar to the MTN's. This model was also used during prior periods to estimate the fair value of the $28.0 million of Canadian CP that the Company sold on May 9, 2008. The Company believes the valuation model provides a better estimate of fair value than the thinly traded, distressed market for the MTN's issued to replace the Canadian CP in January 2009.

During 2007, the Company's valuation resulted in an impairment charge and reduction of $12.2 million to the estimated fair value of the $48.2 million (face amount plus accrued interest) in Canadian CP. During 2008, the Company's valuation resulted in an additional impairment charge of $8.7 million on $20.2 million (face amount plus accrued interest) of the Canadian CP. The Company recorded a gain on sale of $1.1 million during 2008 related to the Canadian CP sold on May 9, 2008 for $21.0 million. Continuing uncertainties regarding the value of the assets which underlie the MTN's, the amount and timing of cash flows, the actual yield of the MTN's, whether an active market will develop for the MTN's and other factors could give rise to a further change in the value of the Company's investment, which could materially impact the Company's financial condition and results of operations.

As part of the CanWest settlement, the Company transferred certain asset-backed commercial paper, making up approximately $5.6 million in face value (of the Company's $20.2 million) of Canadian CP, to a third party. The asset-backed commercial paper that was transferred had a carrying value of $nil at December 31, 2008. See Item 3 *"— Legal Proceedings — CanWest Arbitration."*

The Company's senior management team is required to devote significant attention to matters arising from the Filings and the sale process.

The efforts of the current management team and the Board of Directors to manage the Company's business and ongoing cost reduction plan may be hindered at times by the resource requirements of the Filings and their need to spend significant time and effort in connection with the process for a sale of the Company's assets pursuant to Section 363 of the Bankruptcy Code conducted by Rothschild. To the extent the management team and the Board of Directors will be required to devote significant attention to these matters in the future, this may have an adverse effect on operations.

The outsourcing of significant business processes may expose the Company to significant financial and customer service risk.

The Company has outsourced distribution to the Chicago Tribune Company and has entered into agreements to outsource advertising production and other key operational processes. There can be no assurance that the Chicago Tribune Company will emerge from bankruptcy or that it will have sufficient resources to adequately service the Company following bankruptcy. The Company is pursuing additional outsourcing arrangements in a number of areas important to its business. In the event the providers of these services were to provide less than adequate service levels or cease operations, the Company could experience a substantial impact on its service levels, results of operations and financial condition as it sought to contract with a replacement provider (or providers) or re-establish internal capabilities to replace one or more outsource providers.

Sun-Times Media Group, Inc. is a holding company and relies on its subsidiaries to meet its financial obligations.

Sun-Times Media Group, Inc. is a holding company and its assets consist primarily of investments in subsidiaries and affiliated companies. Sun-Times Media Group, Inc. relies on distributions from subsidiaries to meet its financial obligations or pay dividends on its common stock. Sun-Times Media Group, Inc.'s ability to meet its future financial obligations is dependent upon the availability of cash flows from its subsidiaries through dividends and intercompany advances. Sun-Times Media Group Inc.'s subsidiaries and affiliated companies are under no obligation to pay dividends and, in the case of Publishing and its principal domestic and foreign subsidiaries, are subject to certain statutory restrictions and may become subject to restrictions in future debt agreements that limit their ability to pay dividends. This risk has increased as a result of the Filings. Due to funding requirements in Canada, cash held by the Company's Canadian subsidiaries ($29.9 million at December 31, 2008) is not available to fund U.S. operations.

The Company's internal control over financial reporting is not effective as of December 31, 2008 and weaknesses in the Company's internal controls and procedures could have a material adverse effect on the Company.

The Company's management concluded that material weaknesses existed in the Company's internal control over financial reporting as of December 31, 2008. See Item 9A *"— Controls and Procedures."*

Current management has taken steps to correct internal control deficiencies and weaknesses during and subsequent to 2008 and believes that the Company's internal controls and procedures have strengthened. However, it is possible that the Company may not be able to remediate all material weaknesses by December 31, 2009.

The Company may experience labor disputes, which could slow down or halt production or distribution of the Company's newspapers or other publications.

Approximately 43% of the Company's employees are represented by labor unions. Those employees are mostly covered by collective bargaining or similar agreements which are regularly renewable, including agreements covering approximately 10% of union employees that are renewable in 2009. A work stoppage or strike may occur prior to the expiration of the current labor agreements or during negotiations of new labor agreements or extensions of existing labor agreements. The Filings and the Company's request to obtain wage and other concessions from the unions could increase this risk. Work stoppages or other labor-related developments could slow down or halt production or distribution of the newspapers, which would adversely affect results of operations.

Newsprint represents the Company's single largest raw material expense and changes in the price of newsprint could affect net income.

Newsprint represents the Company's single largest raw material expense and is the most significant operating cost other than employee costs. In 2008, newsprint costs represented approximately 14% of revenue. Newsprint prices vary widely from time to time and increased approximately 16% during 2008. If newsprint prices increase in the future and the Company is unable to pass these costs on to customers, such increases may have a material adverse effect on the Company's results of operations. Although the Company has, in the past, implemented

measures in an attempt to offset increases in newsprint prices, such as reducing page sizes where practical and managing waste through technology enhancements, newsprint price increases have in the past had a material adverse effect on the Company and may do so in the future.

All of the Company's operations are concentrated in one geographic area.

All of the Company's revenue and business activities are concentrated in the greater Chicago metropolitan area. As a result, the Company's revenue is heavily dependent on economic and competitive factors affecting the greater Chicago metropolitan area.

Pending litigation could have a material adverse effect on the Company.

The Company is currently involved, either as plaintiff or as defendant, in several lawsuits, including purported class actions brought by stockholders against it, certain former executive officers and certain of its former directors, Hollinger Inc., The Ravelston Corporation Limited ("Ravelston") and other affiliated entities and several suits and counterclaims brought by Black and/or Hollinger Inc. In addition, Black has commenced libel actions against certain of the Company's current and former directors, officers and advisors to whom the Company has indemnification obligations. See Item 3 *"— Legal Proceedings"* for a more detailed description of these proceedings. Several of these actions remain in preliminary stages and it is not yet possible to determine their ultimate outcome. The Company cannot provide assurance that the legal and other costs associated with the defense of all of these actions, the amount of time required to be spent by management and the Board of Directors in these matters and the ultimate outcome of these actions will not have a material adverse effect on the Company's business, financial condition and results of operations. Subject to certain exceptions under the Bankruptcy Code, the Debtors' Filings automatically enjoined the continuation of any judicial or administrative proceedings against the Debtors.

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 2. *Properties*

The Company believes that its properties and equipment are in generally good condition, well-maintained and adequate for current operations. The Company closed its older, less productive facility on South Harlem Avenue in 2006, in 2007 closed its Gary, Indiana facility and announced it will consolidate its three printing operations by closing and offering for sale its production facility in Plainfield, Illinois in 2009 and intends to consolidate several other facilities.

The Company owns a 320,000 square foot, state of the art printing facility in Chicago, Illinois that houses the production for the *Chicago Sun-Times*. In October 2004, the *Chicago Sun-Times* relocated its editorial, pre-press, marketing, sales and administrative activities to a 127,000 square foot leased facility in downtown Chicago. The Company entered into a 15-year lease for this office space.

The Company currently produces most of its suburban newspapers at a 100,000 square foot owned plant, in Plainfield, Illinois (which is held for sale at December 31, 2008) and a 65,000 square foot leased building in Northfield, Illinois.

The Plainfield facility houses pre-print, sales and administrative functions, as well as certain editorial functions. Owned facilities in Elgin and Naperville (both held for sale at December 31, 2008), and Waukegan, Illinois house editorial and sales activities for the Company's daily and weekly newspapers in those suburbs. The Company owns a building in north suburban Chicago at which Pioneer conducts its editorial, pre-press, sales and administrative activities and leases several satellite offices for Pioneer's editorial and sales staff in surrounding suburbs. The Company also owns buildings in Tinley Park, Illinois and Merrillville, Indiana which it uses for editorial, pre-press, marketing, sales and administrative activities (which are both held for sale at December 31, 2008).

The Company leases 52,209 square feet of office space in Aurora, Illinois which houses editorial and sales activities for the daily newspaper in that suburb, as well as administrative activities for certain of the Company's other suburban newspapers. This lease expires in October 2018.

The Company leases 2,097 square feet of office space and storage space in Toronto, Ontario, Canada. This lease expires in August 2009.

Item 3. *Legal Proceedings*

Bankruptcy and Insolvency Filings

See Item 1 *"— Business — Bankruptcy and Insolvency Filings"* for a discussion of the Filings.

Litigation Involving Controlling Stockholder, Senior Management and Directors

As previously reported in the Company's SEC filings, on January 28, 2004, the Company, through a special committee of independent directors (the "Special Committee"), filed a civil complaint in the United States District Court for the Northern District of Illinois asserting breach of fiduciary duty and other claims against Hollinger Inc., Ravelston, Ravelston Management, Inc. ("RMI"), and certain former executive officers of the Company, which complaint was amended on May 7, 2004 and again on October 29, 2004. The action is entitled *Hollinger International Inc. v. Hollinger Inc., et al.*, Case No. 04C-0698. The second amended complaint sought to recover approximately $542.0 million in damages, including prejudgment interest of approximately $117.0 million, and punitive damages. The second amended complaint asserted claims for breach of fiduciary duty, unjust enrichment, conversion, fraud and civil conspiracy in connection with certain transactions, including unauthorized "non-competition" payments, excessive management fees, sham broker fees and investments and divestitures of Company assets.

On October 8, 2008, the Company filed a Third Amended Complaint against Ravelston, Black, John A. Boultbee ("Boultbee"), Daniel W. Colson ("Colson") and Barbara Amiel Black ("Amiel Black"). The Third Amended Complaint updates the factual allegations and removes defendants Richard N. Perle, Radler and Hollinger Inc., the latter two having entered into settlement agreements with the Company, as previously announced. The Third Amended Complaint also narrows the asserted claims, in part to reflect these settlements, removing previously-asserted claims totaling approximately $105.0 million. Colson, Black, Boultbee and Amiel Black have answered the Third Amended Complaint, while Ravelston has not. Although, as previously reported, Black and Ravelston had asserted counterclaims against the Company in response to the Second Amended Complaint, their counterclaims have not been reasserted in response to the Third Amended Complaint.

Stockholder Class Actions

As previously disclosed, in 2004 certain stockholders of the Company initiated securities class action claims asserted against the Company, a number of its former directors and officers, certain affiliated companies, and the Company's auditor, KPMG LLP, in a consolidated class action in the United States District Court for the Northern District of Illinois entitled *In re Hollinger International Inc. Securities Litigation, No. 04C-0834*, and in similar actions that have been initiated in Saskatchewan, Ontario, and Quebec, Canada. Those actions assert, among other things, that from 1999 to 2003 the defendants breached U.S. federal, state, and/or Canadian law by allegedly making misleading disclosures and omissions regarding certain "non-competition" payments and the payment of allegedly excessive management fees. On July 31, 2007, the Company entered into agreements to settle these suits and litigation over its directors and officers insurance coverage. The Company's settlement of the securities class action lawsuits will be funded entirely by $30.0 million in proceeds from the Company's insurance policies. The settlement includes no admission of liability by the Company or any of the settling defendants and the Company continues to deny any such liability or damages. In addition, the Company's insurers have deposited $24.5 million in insurance proceeds into an escrow account in return for a release from any other claims for the July 1, 2002 to July 1, 2003 policy period. If the securities class action settlement is approved, there will then be a court proceeding to determine how the $24.5 million in the insurance escrow account should be distributed. The insurance settlement agreement is conditioned upon approval of the class action settlement. The parties are in the process of seeking these approvals in the appropriate courts in the United States and Canada. Due to the contingent and conditional nature of the settlement and insurance proceeds, the Company's financial statements do not reflect any amounts related to the agreements described above.

Sun-Times Media Group, Inc. v. Black

On February 1, 2008, the Company brought an action in the Court of Chancery of the State of Delaware against Black, Boultbee, Mark S. Kipnis ("Kipnis") and Peter Y. Atkinson ("Atkinson"). In the action, entitled Sun-Times Media Group, Inc. v. Black, C.A. No. 3518-VCS, the Company sought a declaration that it has no obligation to advance any of the defendants' attorneys fees and other expenses incurred in connection with the appeals of their respective criminal convictions and sentences, and that it is entitled to repayment or setoff of legal fees and expenses that it previously advanced to each defendant in connection with the criminal counts on which they were convicted. On July 30, 2008, the Delaware Court of Chancery granted summary judgment to the defendants and denied the Company's motion for summary judgment. On September 29, 2008, the Court entered an order implementing its rulings, which stated that the Company "shall continue to advance reasonable attorneys' fees and other expenses to the defendants until the final disposition of *United States v. Black, et al.*, 05 CR 727 (N.D. Ill.), that is, until all direct appeals in that proceeding and any remands therefrom, together with any additional direct appeals are resolved or the time for filing any direct appeals shall have expired." See *"— Federal Criminal Actions Against Ravelston and Former Company Officials"* below.

Black v. Breeden, et al.

As previously reported, six defamation actions have been brought by Black in the Ontario Superior Court of Justice against Richard C. Breeden, Gordon A. Paris, Graham W. Savage, Raymond Seitz and other former officers and directors of the Company. The defendants named in the six defamation actions have indemnity claims against the Company for all reasonable costs and expenses they incur in connection with these actions, including judgments, fines and settlement amounts. In addition, the Company is required to advance legal and other fees that the defendants may incur for the defense of those actions. The matter is pending.

United States Securities and Exchange Commission v. Conrad M. Black, et al.

As previously reported, on November 15, 2004, the SEC filed an action in the United States District Court for the Northern District of Illinois against Black seeking injunctive, monetary and other equitable relief. In the action, the SEC alleges that Black violated federal securities laws by engaging in a fraudulent and deceptive scheme to divert cash and assets from the Company and to conceal his self-dealing from the Company's public stockholders from at least 1999 through at least 2003. The SEC also alleges that Black was liable for the Company's violations of certain federal securities laws during at least this period.

The SEC alleges that the scheme used by Black included the misuse of so-called "non-competition" payments to divert $85.0 million from the Company to defendants and others; the sale of certain publications owned by the Company at below-market prices to a privately-held company controlled by Black and Radler; the investment of $2.5 million of the Company's funds in a venture capital fund with which Black and two other former directors of the Company were affiliated; and Black's approval of a press release by the Company in November 2003 in which Black allegedly misled the investing public about his intention to devote his time to an effort to sell Company assets for the benefit of all of the Company's stockholders and not to undermine that process by engaging in transactions for the benefit of himself and Hollinger Inc. The SEC further alleges that Black misrepresented and omitted to state material facts regarding related party transactions to the Company's Audit Committee and Board of Directors and in the Company's SEC filings and at the Company's stockholder meetings.

The SEC's complaint seeks: (i) disgorgement of ill-gotten gains by Black and unspecified civil penalties against each of them; (ii) an order enjoining Black from serving as an officer or director of any issuer required to file reports with the SEC; (iii) a voting trust upon the shares of the Company held directly or indirectly by Black and Hollinger Inc.; and (iv) an order enjoining Black from further violations of the federal securities laws.

On January 16, 2008, the SEC moved for summary judgment on certain of its claims against Black. Black filed his response to the motion on February 20, 2008. On September 24, 2008, the Court granted in part the SEC's motion for partial summary judgment against Black, finding him liable for securities fraud for, among other things, statements in the Company's 2001 Form 10-K, 2002 Form 10-K, and 2002 Proxy Statements. On October 22, 2008, the Court entered an order enjoining Black from violating provisions of the Exchange Act and from serving as an officer or director of a public company.

On November 19, 2008, the SEC moved for monetary relief based on the Court's summary judgment ruling. The motion seeks an award of approximately $30.0 million in disgorgement, interest, and penalties, with the entire judgment to be paid to the Company as the victim of the fraud. On December 10, Black filed his opposition to the motion, and on December 23 the SEC filed its reply. The motion is pending.

Receivership and CCAA Proceedings in Canada Involving the Ravelston Entities

As previously reported, on April 20, 2005, Ravelston and RMI were placed in receivership by the Receivership Order and granted protection by a separate order pursuant to the CCAA Order. The court appointed RSM Richter Inc. ("Richter") to monitor all assets of Ravelston and RMI. On May 18, 2005, the court extended the orders to include Argus Corporation and five of its subsidiaries and provided that nothing in the Receivership Order or the CCAA Order should stay or prevent the Special Committee's action in the United States District Court for the Northern District of Illinois, including as against Ravelston and RMI. According to public filings of Hollinger Inc., Ravelston and certain affiliated entities own, directly or indirectly, or exercise control or direction over, Hollinger Inc.'s common shares representing approximately 78.3% of the issued and outstanding common stock of Hollinger Inc. Following the amendment of the Company's Shareholder Rights Plan ("SRP") to designate Richter as an "exempt stockholder" and Richter took possession and control over those shares on or around June 1, 2005. Richter stated that it took possession and control over those shares for the purposes of carrying out its responsibilities as court appointed officer.

On January 22, 2007, Hollinger Inc. and Domgroup Ltd. ("Domgroup") served a motion record in support of a motion to be heard on a future date to be fixed by the Court for an order confirming the validity and enforceability of Hollinger Inc. and Domgroup's respective security interests in certain of the property, assets and undertakings of Ravelston. Hollinger Inc. and Domgroup allege that they hold secured obligations in excess of Cdn.$25.0 million owing by Ravelston. The Company advised Hollinger Inc., Domgroup and the court of its intent to bring a cross-motion to stay Hollinger Inc. and Domgroup's motion or alternatively to establish a schedule for the resolution of the issue. On June 28, 2007, the Court dismissed the Company's motion to stay the proceedings. The Company subsequently agreed with Hollinger Inc. and Domgroup not to advance this litigation at that time given Hollinger Inc.'s filing under the CCAA (See — *Hollinger Inc. CCAA Proceedings* in the Company's previous filings).

On November 28, 2007, Richter, on behalf of Ravelston, appeared for a sentencing hearing before the court in the criminal proceedings described under — *Federal Criminal Actions Against Ravelston and Former Company Officials*. Counsel for Richter advised the court that Richter and the United States Attorney's Office had entered into an agreement in respect of the amount of restitution to be paid by Ravelston. In accordance with that agreement, the court ordered Ravelston to pay a fine of $7.0 million and restitution in the net amount of $6.0 million. On March 31, 2009, the Company received a $1.6 million distribution from Richter in final settlement of all claims by the Company against Ravelston and RMI. The matter otherwise remains pending.

Federal Criminal Actions Against Ravelston and Former Company Officials

As previously reported, through multiple indictments in 2005 and 2006, a federal grand jury in Chicago indicted Radler, the Company's former President and Chief Operating Officer, Kipnis, the Company's former Vice President, Corporate Counsel and Secretary, Black, Boultbee and Ravelston on federal fraud charges for allegedly diverting more than $80.0 million from the Company through a series of self-dealing transactions between 1999 and May 2001, including $51.8 million from the Company's multibillion-dollar sale of assets to CanWest in 2000.

On September 20, 2005, Radler pleaded guilty to one count of fraud. On July 13, 2007, a jury in federal court in Chicago, Illinois, returned verdicts of guilty on three fraud counts against Black, Kipnis, Boultbee and Atkinson and one obstruction of justice count against Black. On November 5, 2007, the district court overturned the guilty verdict against Kipnis on one count. All the defendants were also held jointly and severally liable for a $5.5 million forfeiture order, and Black, Boultbee and Atkinson were held jointly and severally liable for a $600,000 forfeiture order. On June 25, 2008, the Seventh Circuit Court of Appeals affirmed the convictions. On January 9, 2009, Black, Boultbee and Kipnis filed petitions for certiorari review by the U.S. Supreme Court.

CanWest Arbitration

As previously reported, on December 19, 2003, CanWest commenced notices of arbitration against the Company and others with respect to disputes arising from CanWest's purchase of certain newspaper assets from the Company in 2000. CanWest and the Company had competing claims relating to this transaction. CanWest claimed the Company and certain of its direct subsidiaries owed CanWest approximately Cdn.$84.0 million. The Company was contesting this claim, and had asserted a claim against CanWest in the aggregate amount of approximately Cdn.$80.5 million.

On January 29, 2009, the Company received the arbitrator's decision. The arbitrator's decision included an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award is exclusive of interest and costs, which are estimated to be Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. As a result of the arbitration award and settlement, the Company has recognized a charge of $10.5 million in the fourth quarter of 2008 which is included in "Corporate expenses" in the Statements of Operations. See Note 17 to the consolidated financial statements. The escrowed funds are included on the Consolidated Balance Sheet under "Escrow deposits and restricted cash." The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released from any and all liability related to the arbitration award and the underlying transactions that led to the award.

CanWest and The National Post Company v. Hollinger Inc., Hollinger International Inc., the Ravelston Corporation Limited and Ravelston Management, Inc.

As previously reported, on December 17, 2003, CanWest and The National Post Company brought an action in the Court against the Company and others for approximately Cdn.$25.7 million plus interest in respect of issues arising from a letter agreement dated August 23, 2001 to transfer the Company's remaining 50% interest in the *National Post* to CanWest. On November 30, 2004, the Company settled all but two of the matters in this action by paying The National Post Company the amount of Cdn.$26.5 million. The two remaining matters were discontinued and transferred to the CanWest Arbitration on consent of the parties.

RMI brought a third party claim in this action against Hollinger Canadian Publishing Holdings Co. ("HCPH Co.") for indemnification from HCPH Co. in the event CanWest and The National Post Company were successful in their motion for partial summary judgment as against RMI in the main action. CanWest's motion against RMI was unsuccessful and CanWest's claim against RMI was dismissed on consent of the parties. RMI's third party action against HCPH Co. remains outstanding. The Company is seeking a discontinuance of the third party claim and an acknowledgment and release from RMI that HCPH Co. and the Company are not liable on a promissory note issued in connection with the sale of NP Holdings Company.

Other Matters

The Company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business, including such matters as libel, defamation and privacy actions. In addition, the Company is involved from time to time in various governmental and administrative proceedings with respect to employee terminations and other labor matters, environmental compliance, tax and other matters.

Management believes that the outcome of any pending claims or proceedings described under *"Other Matters"* will not have a material adverse effect on the Company taken as a whole.

Item 4. *Submission of Matters to a Vote of Security Holders*

See Item 1 *"— Business — Recent Developments"* regarding the consent solicitation by Davidson Kempner. Davidson Kempner delivered consents from holders of 44,356,784 shares of the Company.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Until May 13, 2008, the Company's Class A Common Stock were listed on the New York Stock Exchange under the trading symbol SVN. Subsequent to such date, the Company's Class A Common Stock has been quoted first on the Over the Counter Bulletin Board and, currently, on the Pink Sheets. At December 31, 2008 there were 104,497,022 shares of Class A Common Stock outstanding, excluding 21,432,455 shares held by the Company, and these shares were held by approximately 85 holders of record.

The following table sets forth for periods indicated the high and low sales prices for shares of the Class A Common Stock, as reported by the New York Stock Exchange Composite Transactions Tape, during the periods in which it was listed on the New York Stock Exchange and the high and low bid prices for the Class A Common Stock during the period when such shares were quoted for over the counter trading. Over the counter market quotations reflect interdealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Calendar Period	Price Range		Cash Dividends per Share
	High	Low	
2007			
First Quarter	$6.05	$3.82	$—
Second Quarter	6.94	4.82	—
Third Quarter	5.83	2.18	—
Fourth Quarter	2.87	0.85	—
2008			
First Quarter	$2.45	$0.65	$—
Second Quarter	0.88	0.32	—
Third Quarter	0.49	0.11	—
Fourth Quarter	0.16	0.02	—
2009			
Through March 31, 2009	$0.10	$0.01	$—

The Company has not paid a cash dividend to holders of our Class A Common Stock since 2006 and does not anticipate paying a cash dividend in the foreseeable future.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Stockholder Return Performance Graph

Not applicable.

Item 6. ***Selected Financial Data***

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands, except per share amounts)				
Statement of Operations Data(1):					
Operating revenue:					
Advertising	$ 242,628	$ 287,198	$324,607	$357,820	$ 362,355
Circulation	74,831	77,629	85,235	89,527	91,632
Job printing	3,033	4,785	8,260	9,194	8,648
Other	3,358	2,646	2,277	2,725	3,412
Total operating revenue	323,850	372,258	420,379	459,266	466,047
Operating costs and expenses(2)	678,486	480,405	425,451	438,460	465,777
Depreciation and amortization	26,665	32,074	33,878	30,721	31,109
Operating loss	(381,301)	(140,221)	(38,950)	(9,915)	(30,839)
Interest expense	(302)	(603)	(704)	(935)	(19,824)
Interest and dividend income	4,936	17,811	16,813	11,625	11,427
Other income (expense), net(3)	10,039	(27,844)	2,642	(3,839)	(87,790)
Loss from continuing operations before income taxes	(366,628)	(150,857)	(20,199)	(3,064)	(127,026)
Income tax (benefit)	(13,129)	(420,888)	57,431	42,467	29,462
Income (loss) from continuing operations	(353,499)	270,031	(77,630)	(45,531)	(156,488)
Income from discontinued operations (net of income taxes)	—	1,599	20,957	33,965	390,228
Net income (loss)	$(353,499)	$ 271,630	$ (56,673)	$ (11,566)	$ 233,740
Diluted earnings per share:					
Earnings (loss) from continuing operations	$ (4.31)	$ 3.35	$ (0.91)	$ (0.50)	$ (1.73)
Earnings from discontinued operations	—	0.02	0.25	0.37	4.31
Net earnings (loss)(4)	$ (4.31)	$ 3.37	$ (0.66)	$ (0.13)	$ 2.58
Cash dividends per share paid on Class A and Class B Common Stock	$ —	$ —	$ 0.20	$ 5.70	$ 0.20

	As of December 31,				
	2008	2007	2006	2005	2004
			(In thousands)		
Balance Sheet Data(1):					
Working capital (deficiency)(5)	$ 53,263	$114,484	$(392,332)	$ (369,572)	$ (153,338)
Total assets(6)	309,739	791,586	899,859	1,065,328	1,738,898
Long-term debt	—	38	6,908	8,067	14,333
Total stockholders' equity (deficit)	(498,719)	(75,009)	(359,783)	(169,851)	152,186

(1) The Company's Sun-Times News Group newspaper operations are on a 52 week/53 week accounting cycle. This generally results in a reporting of 52 weeks or 364 days in each annual period. However, the year ended December 31, 2006 contains 53 weeks. This additional week added approximately $5.0 million to advertising revenue, $1.5 million to circulation revenue, $6.6 million to total operating revenue, $6.1 million in total

operating expenses and $0.5 million in operating income. The Statement of Operations Data above and the following discussions include the impact of the 53rd week.

(2) The year ended December 31, 2008, includes $209,269 for impairment of all goodwill and intangible assets and $71,866 for the impairment of property, plant and equipment. See Note 17 to the consolidated financial statements.

(3) The principal components of "Other income (expense), net" are presented below:

	2008	2007	2006	2005	2004
			(In thousands)		
Loss on extinguishment of debt	$ —	$ (60)	$ —	$ —	$(60,381)
Write-down of investments	(8,700)	(12,200)	—	—	(365)
Write-down and expenses related to FDR Collection	(1,500)	—	—	(795)	—
Gain (loss) on Participation Trust and CanWest Debentures, including exchange gains and losses	—	—	—	—	(22,689)
Foreign currency gains (losses), net	18,437	(16,569)	2,943	(2,171)	1,634
Legal settlement	—	—	—	(800)	—
Settlements with former directors and officers	—	—	—	—	1,718
Gain (loss) on sale of investments	1,108	1,019	(76)	2,254	1,709
Gain on sale of non-operating assets	—	—	—	—	1,090
Gain related to life insurance settlement	1,002	—	—	—	—
Equity in losses of affiliates, net of dividends received	(74)	(184)	(259)	(1,752)	(3,897)
Other	(234)	150	34	(575)	(6,609)
	$10,039	$(27,844)	$2,642	$(3,839)	$(87,790)

See Note 19 to the consolidated financial statements.

(4) The Company's diluted earnings per share are calculated on the following number of shares outstanding (in thousands): 2008 — 82,010, 2007 — 80,661, 2006 — 85,681, 2005 — 90,875, 2004 — 90,486.

(5) Excludes escrow deposits and restricted cash, assets and liabilities of operations to be disposed of and current installments of long-term debt.

(6) Includes goodwill and intangible assets, net of accumulated amortization, of $nil at December 31, 2008, $212.5 million at December 31, 2007, $216.9 million at December 31, 2006, $221.1 million at December 31, 2005 and $225.5 million at December 31, 2004.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

General

The results of operations and financial condition of the Canadian companies sold by the Company in 2005 and early 2006 (the sold Canadian businesses are referred to collectively as the "Canadian Newspaper Operations") are reported as discontinued operations for all periods presented. All amounts relate to continuing operations unless otherwise noted. The Company has prepared the financial statements under the assumption that the Company will continue to realize its assets and settle its liabilities in the normal course of business. The outcome of the Filings may result in changes that materially affect the Company's operations and financial condition. In addition, under the priority schedule established by the Bankruptcy Code and based on the amount and nature of the Company's assets and liabilities, it is highly unlikely the Company's Class A Common Stock will retain any value or that stockholders will receive any distribution or consideration.

Overview

The Company's business is concentrated in the publishing, printing and distribution of newspapers under a single operating segment. The Company's revenue includes the *Chicago Sun-Times, Post-Tribune, SouthtownStar, Naperville Sun* and other city and suburban newspapers in the Chicago metropolitan area. Segments that had previously been reported separately from the Sun-Times News Group are either included in discontinued operations (such as the Canadian Newspaper Operations) or included in "Corporate expenses" (such as the former Investment and Corporate Group) for all periods presented. Any remaining administrative or legacy expenses related to sold operations are also included in "Corporate expenses" for all periods presented.

The Company's revenue is primarily derived from the sale of advertising space within the Company's publications. Advertising revenue accounted for approximately 75% of the Company's consolidated revenue for the year ended December 31, 2008. Advertising revenue is largely comprised of three primary sub-groups: retail, national and classified. Advertising revenue is subject to changes in the economy in general, on both a national and local level, and in individual business sectors. The Company's advertising revenue experiences seasonality, with the first quarter typically being the lowest. Advertising revenue is recognized upon publication of the advertisement.

Approximately 23% of the Company's revenue for the year ended December 31, 2008 was generated by circulation of the Company's publications. This includes sales of publications to individuals on a single copy or subscription basis and to sales outlets, which then re-sell the publications. The Company recognizes circulation revenue from subscriptions on a straight-line basis over the subscription term and single-copy sales at the time of distribution. The Company also generates revenue from job printing and other activities which are recognized upon delivery.

Significant expenses for the Company are editorial, production and distribution costs and newsprint and ink. Editorial, production and distribution compensation expenses, which includes benefits, were approximately 30% of the Company's total operating revenue and other editorial, production and distribution costs were approximately 22% of the Company's total operating revenue for the year ended December 31, 2008. Compensation costs are recognized as employment services are rendered. Newsprint and ink costs represented approximately 15% of the Company's total operating revenue for the year ended December 31, 2008. Newsprint prices are subject to fluctuation as newsprint is a commodity and can vary significantly from period to period. Newsprint costs are recognized upon consumption. Collectively, these costs directly related to producing and distributing the product are presented as cost of sales in the Company's Consolidated Statement of Operations. Corporate expenses, representing all costs incurred for U.S. and Canadian administrative activities at the Corporate level including audit, tax, legal and professional fees, directors and officers insurance premiums, stock compensation, corporate wages and benefits and other public company costs, represented 10% of total operating revenue for the year ended December 31, 2008.

All significant intercompany balances and transactions have been eliminated in consolidation.

Developments Since December 31, 2008

The following events may impact the Company's consolidated financial statements for periods subsequent to those covered by this report.

(a) On January 2, 2009, the Company filed a Form 15 with the SEC to voluntarily deregister its Class A Common Stock and ending its reporting obligations under the Exchange Act.

The Company's obligation to file periodic reports with the SEC for 2009 was immediately suspended upon the filing of the Form 15. The registration of the Company's Class A Common Stock under the Exchange Act terminated on April 2, 2009.

(b) On January 16, 2009, Davidson Kempner delivered to the Company's registered agent in Delaware consents from holders representing a majority of the outstanding shares of the Company to reconstitute the Board of Directors. Upon delivery of such consents, the nominees proposed by Davidson Kempner — Jeremy L. Halbreich, Robert A. Schmitz, and Michael E. Katzenstein — joined Robert B. Poile as the reconstituted Board of Directors of

the Company. Pursuant to such consents, the then-current directors of the Company, with the exception of Robert B. Poile, were removed. On January 30, 2009, Graham W. Savage was re-elected to the Board of Directors. Mr. Savage previously served as a director from July 24, 2003 to January 16, 2009.

(c) On January 29, 2009, the Company received the decision of an arbitrator in the dispute between the Company and CanWest. The arbitrator's decision includes an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award is exclusive of interest and costs, which are estimated to be Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. As a result of the arbitration award and settlement, the Company has recognized a charge of $10.5 million in the fourth quarter of 2008 which is included in "Corporate expenses" in the Statements of Operations. See Note 17 to the consolidated financial statements. The escrowed funds are included on the Consolidated Balance Sheet under "Escrow deposits and restricted cash." The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released from any and all liability related to the arbitration award and the underlying transactions that led to the award. See Item 3 "*— Legal Proceedings — CanWest Arbitration.*"

(d) On March 31, 2009, the Company and its domestic subsidiaries filed voluntary petitions under the Bankruptcy Code. See *"Bankruptcy and Insolvency Proceedings."*

Significant Transactions in 2008

Impairment of Goodwill, Intangible and Other Long-Lived Assets

The substantial acceleration in revenue declines in both the industry and for the Company, in combination with the negative outlook for the economy and the continued decline in the Company's market capitalization were considered by the Company to be indicators of potential impairment of its goodwill, intangible and other long-lived assets at September 30, 2008. The consequent impairment test resulted in a non-cash impairment charge of $209.3 million related to the write-off of goodwill and intangible assets and $71.9 million related to property, plant and equipment of the Chicago newspaper operations in 2008. See Notes 7 and 8 to the consolidated financial statements.

Significant Developments Related to Hollinger Inc.

On March 25, 2008, the Company agreed to the terms of a settlement (the "Settlement") that resolved the various disputes and litigation between the Company and Hollinger Inc. At the time of the Settlement, Hollinger Inc. was the owner of all of the outstanding shares of the Company's Class B Common Stock, which had 10 votes per share, and 782,923 shares of Class A Common Stock, which has one vote per share. These holdings represented 19.6% of the outstanding equity of the Company and 70.0% of the voting power of the Company's outstanding common stock at the time of the Settlement.

On May 14, 2008, the Company agreed to revised terms of the Settlement (the "Revised Settlement"). The Revised Settlement was approved by the Company's full Board of Directors and the Hollinger Inc. Board of Directors. The Company amended its SRP to ensure that the execution and delivery of the Company's agreement to the Revised Settlement and the consummation of the Revised Settlement did not cause the preferred share purchase rights to become exercisable or otherwise trigger the provisions of the SRP. On May 26, 2008, the Revised Settlement was approved in Ontario, Canada, under the CCAA.

The Revised Settlement included a complete release of claims between the parties and the elimination of the voting control by Hollinger Inc. of the Company through conversion on a one-for-one basis of the shares of Class B Common Stock to shares of Class A Common Stock. The Revised Settlement also required the Company to deliver 1.499 million additional shares of Class A Common Stock to Hollinger Inc. The terms of the Revised Settlement were carried out at a closing on June 18, 2008. The Company granted demand registration rights with respect to the shares of Class A Common Stock that resulted from the conversion of the shares of Class B Common Stock, as well

as with respect to the additional 1.499 million shares of Class A Common Stock issued to Hollinger Inc. pursuant to the Revised Settlement. The Company recorded $0.8 million in expense (including fees) related to the issuance of the 1.499 million shares of Class A Common Stock and $1.7 million related to the write-off of a receivable from Hollinger Inc. and its subsidiaries. In addition, the Company has written-off a fully reserved loan of $33.7 million due from a subsidiary of Hollinger Inc. See Note 17 to the consolidated financial statements.

Under the Revised Settlement, all shares of Class A Common Stock issued to Hollinger Inc. are to be voted by the indenture trustees for certain notes issued by Hollinger Inc., as directed by a majority in principal amount of such notes, but such trustees together will only be able to vote shares of common stock not exceeding 19.999% of the outstanding common stock of the Company at any given time.

Pursuant to a stipulation and agreement of settlement of U.S. and Canadian class actions against the Company and Hollinger Inc. and an insurance settlement agreement dated June 27, 2007, up to $24.5 million (plus interest, less fees and expenses) will be paid to the Company, Hollinger Inc. and/or other claimants under their directors' and officers' insurance policies (the "Insurance Settlement Proceeds"). Payment of the Insurance Settlement Proceeds is subject to the approval of various United States and Canadian courts. Under the terms of the Revised Settlement, Hollinger Inc. and the Company will cooperate to maximize the recoverable portion of the Insurance Settlement Proceeds payable to them collectively (as opposed to other claimants) and they have agreed that the Company will receive 85% and Hollinger Inc. will receive 15% of the amounts to be received collectively by Hollinger Inc. and the Company (as opposed to amounts received by other claimants) from such proceeds. Also, the collective recoveries, if any, of Hollinger Inc. and the Company on account of their claims against Hollinger Inc.'s controlling parent company, Ravelston, which is in insolvency proceedings in Ontario, Canada, will be divided equally between Hollinger Inc. and the Company.

The Revised Settlement provided that the Company would be reimbursed by Hollinger Inc. for up to $2.0 million of the Company's legal fees that were incurred in connection with Hollinger Inc.'s CCAA proceedings. The Company received payment of $2.0 million in June 2008. See Note 18 to the consolidated financial statements.

Pursuant to the Revised Settlement, the six directors of the Company appointed by Hollinger Inc. on August 1, 2007 resigned from the Board of Directors.

Under the terms of the Revised Settlement, certain of the Company's claims against Hollinger Inc. were allowed as unsecured claims, in agreed amounts ("Allowed Claims"). The Company's total recovery in respect of the Allowed Claims is capped at $15.0 million. After the Company receives the first $7.5 million in respect of the Allowed Claims, 50% of any further recovery received by the Company in respect of the Allowed Claims (subject to the $15.0 million cap) will be assigned to Hollinger Inc. Under the terms of the Revised Settlement, the amounts so assigned are intended to be available to fund litigation claims of Hollinger Inc. against third parties. All of the Company's claims against Hollinger Inc. other than the Allowed Claims were released as part of the general mutual release that, among other things, discontinued any and all pending litigation between the Company and Hollinger Inc., including all of the litigation then pending in the United States District Court for the Northern District of Illinois.

Other Significant Developments in 2008

In January 2008, the Company received an examination report from the IRS setting forth proposed adjustments to the Company's U.S. income tax returns from 1996 through 2003. The Company has disputed certain of the proposed adjustments. The process for resolving disputes between the Company and the IRS is likely to entail various administrative and judicial proceedings, the timing and duration of which involve substantial uncertainties. As the disputes are resolved, it is possible that the Company will record adjustments to its financial statements that could be material to its financial position and results of operations and it may be required to make material cash payments. The timing and amounts of any payments the Company may be required to make are uncertain, but the Company does not anticipate that it will make any material cash payments to settle any of the disputed items during 2009. See Note 20 to the consolidated financial statements.

On February 19, 2008, the Company announced it entered into an agreement with Affinity Express, Inc. to handle the majority of the Company's non-classified print and online advertising production. This agreement is expected to save approximately $3.0 million annually and resulted in a reduction of approximately 50 full-time advertising production and related staff positions.

As previously reported, on May 20, 2008, the Company's Class A Common Stock was delisted from the NYSE. The Class A Common Stock is currently quoted on the Pink Sheets under the symbol SUTMQ.PK.

During 2008, the Company's valuation of Canadian CP (and the replacement MTN's) resulted in additional impairment charges of $8.7 million on $20.2 million (face amount plus accrued interest). The Company recorded a gain on sale of $1.1 million for the year ended December 31, 2008 related to the Canadian CP sold on May 9, 2008 for $21.0 million. See Note 6 to the consolidated financial statements.

The Canadian CP has not traded in an active market since mid-August 2007 and there are currently no market quotations available. On March 19, 2008, Dominion Bond Rating Service withdrew its ratings of the Canadian CP. The Company has employed a valuation model to estimate the fair value for the $9.6 million of MTN's backed by the pool of assets. The valuation model used by the Company to estimate the fair value for this portion of the MTN's incorporates discounted cash flows, the best available information regarding market conditions and other factors that a market participant would consider for such investments. The fair value (and carrying value at December 31, 2008) of the $7.4 million of Canadian CP (and replacement MTN's backed by specific assets) was estimated through the use of a model relying on market data and inputs derived from securities similar to the MTN's. This model was also used during prior periods to estimate the fair value of the $28.0 million of Canadian CP that the Company sold on May 9, 2008. The Company believes the valuation model provides a better estimate of fair value than the thinly traded, distressed market for the MTN's issued to replace the Canadian CP in January 2009.

As part of the CanWest settlement referred to below, the Company transferred certain asset-backed commercial paper, making up approximately $5.6 million in face value (of the Company's $20.2 million) of Canadian CP, to a third party. The asset-backed commercial paper that was transferred had a carrying value of $nil at December 31, 2008.

On January 29, 2009, the Company received the decision of an arbitrator in the dispute between the Company and CanWest. The arbitrator's decision included an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award is exclusive of interest and costs, which are estimated to be Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. As a result of the arbitration award and settlement, the Company has recognized a charge of $10.5 million in the fourth quarter of 2008 which is included in "Corporate expenses" in the Statements of Operations. See Note 17 to the consolidated financial statements. The escrowed funds are included on the Consolidated Balance Sheet under "Escrow deposits and restricted cash." The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released from any and all liability related to the arbitration award and the underlying transactions that led to the award. The effect of this settlement is included in "Corporate expenses" in the Consolidated Statement of Operations at December 31, 2008. See Item 3 "— *Legal Proceedings — CanWest Arbitration.*"

The costs incurred by the Company in connection with its investigations, disputes and legal proceedings relating to transactions between the Company and certain former executive officers and directors are summarized in the following table:

	Year Ended December 31,			Incurred Since Inception through December 31, 2008(6)
	2008	2007	2006	
			(In thousands)	
Special Committee investigation costs(1)	$ 3,462	$ 6,216	$ 4,743	$ 67,142
Litigation costs(2)	713	1,533	6,376	29,191
Indemnification fees and costs(3)	9,396	47,776	18,949	119,110
Recoveries(4)	(2,000)	(47,718)	(47,475)	(129,568)
	$11,571	$ 7,807	$(17,407)	85,875
				(33,265)(5)
				$ 52,610(7)

(1) Costs and expenses arising from the Special Committee's investigation. These amounts include the fees and costs of the Special Committee's members, counsel, advisors and experts. The Special Committee was dissolved in November 2008, and the Committee's related legal matters were turned over to the Company's Board of Directors and management.

(2) Largely represents legal and other professional fees to defend the Company in litigation that has arisen as a result of the issues the Special Committee has investigated, including costs to defend the counterclaims of Hollinger Inc. and Black. In 2006, these costs include a $3.5 million settlement paid to Tweedy, Browne & Company, LLC in the second quarter in settlement for legal fees.

(3) Represents amounts the Company has been required to advance in fees and costs to indemnified parties, including the indirect former controlling stockholders and their affiliates and associates who are defendants in the litigation brought by the Company or resulting from criminal proceedings. See *"Black v. Hollinger International Inc."* described in the Company's previous filings.

(4) Represents recoveries directly resulting from the investigation activities which includes reimbursement by Hollinger Inc. for $2.0 million of the Company's legal fees that were incurred in connection with Hollinger Inc.'s CCAA proceedings, a 2007 settlement, negotiated and approved by the Special Committee, with Radler, (including his wholly-owned company, North American Newspapers Ltd. f/k/a F.D. Radler Ltd.) and the publishing companies Horizon Publishing Company ("Horizon") and Bradford Publishing Company ("Bradford"). The Company received $63.4 million in cash to settle the following: (i) claims by the Company against Radler, Horizon and Bradford, (ii) potential additional claims against Radler related to the Special Committee's findings regarding incorrectly dated stock options and (iii) amounts due from Horizon and Bradford. The Company recorded $47.7 million of the settlement, as a recovery, within "Indemnification, investigation and litigation costs, net of recoveries" and $7.2 million in "Interest and dividend income" in the Consolidated Statement of Operations for the year ended December 31, 2007. The remaining $8.5 million represents the collection of certain notes receivable. In 2006, recoveries include approximately $47.5 million in a settlement with certain of the Company's directors and officers insurance carriers net of approximately $2.5 million paid to Cardinal Value Equity Partners L.P.'s counsel as attorney fees directly attributable to this settlement. This settlement was approved by the Delaware Court of Chancery in November 2006, and received by the Company in January 2007. In 2005, the Company received approximately $30.3 million in a settlement with Torys LLP and $2.1 million in recoveries of indemnification payments from Black. Excludes settlements with former directors and officers, pursuant to a restitution agreement reached in November 2003, of approximately $1.7 million and $31.5 million for the years ended December 31, 2004 and 2003, respectively, which were included in "Other income (expense), net" in the Consolidated Statements of Operations. See Notes 18, 22(a) and 23(e) to the consolidated financial statements.

(5) Represents amounts received pursuant to the restitution agreement described in (4) above.

(6) The Special Committee was formed on June 17, 2003. These amounts represent the cumulative net costs from that date.

(7) Including the $7.2 million and $8.5 million received from Radler in interest and payment of notes receivable, respectively (see (4) above), and the Company's potential share of insurance proceeds held in escrow (see Note 22(a) to the consolidated financial statements *"Stockholder Class Actions"*) of $20.8 million, the amounts collected by the Special Committee aggregate $199.3 million and total expenses aggregate $215.4 million.

Based on information accumulated by a third party from data submitted by Chicago area newspaper organizations, newspaper print advertising declined 17% in 2008 for the greater Chicago market versus the comparable period in 2007. Advertising revenue for the Company declined 16% for the year ended December 31, 2008, compared to the same period in 2007.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires it to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to areas that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. These areas include bad debts, investments, goodwill, intangible and other long-lived assets, income taxes, pensions and other postretirement benefits, contingencies and litigation. The Company bases its estimates on historical experience, observance of trends in particular areas, information available from outside sources and various other assumptions that are believed to be reasonable under the circumstances. Information from these sources form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

Accruals for Contingent Tax Liabilities

At December 31, 2008, the Company's Consolidated Balance Sheet includes $608.0 million of accruals intended to cover contingent liabilities for taxes and interest it may be required to pay. The accruals cover contingent tax liabilities primarily related to items that have been deducted in arriving at taxable income, which deductions may be disallowed by taxing authorities. If those deductions were to be disallowed, the Company would be required to pay additional taxes and interest since the dates such taxes would have been paid had the deductions not been taken. The Company may also be subject to penalties. The ultimate resolution of these tax contingencies will be dependent upon a number of factors, including discussions with taxing authorities and the nature, extent and timing of any restitution or reimbursement received by the Company.

The Company believes that the accruals that have been recorded are adequate to cover the tax contingencies. If the ultimate resolution of the tax contingencies is more or less favorable than what has been assumed by management in determining the accruals, the accruals may ultimately be excessive or inadequate in amounts that are not presently determinable, but such amounts may be material to the Company's consolidated financial position, results of operations, and cash flows.

Investments

During 2007, the Company's valuation resulted in an impairment charge and reduction of $12.2 million to the estimated fair value of the $48.2 million (face amount plus accrued interest) in Canadian CP.

On May 9, 2008, the Company sold $28.0 million (face amount, plus accrued interest) of its Canadian CP investments that were issued by one of the special purpose entities for $21.0 million and at December 31, 2008, the Company held $20.2 million (face amount, plus accrued interest) of Canadian CP.

During 2008, the Company's valuation resulted in an additional impairment charge of $8.7 million on $20.2 million (face amount plus accrued interest) of the Canadian CP with a carrying value of $7.4 million at December 31, 2008. The Company recorded a gain on sale of $1.1 million for the year ended December 31, 2008 related to the Canadian CP sold on May 9, 2008 for $21.0 million.

During 2008 and 2007, the Company used valuation models to estimate the fair value of the Canadian CP incorporating discounted cash flows, the best available information regarding market conditions and other factors. This valuation resulted in a reduction of $8.7 million and $12.2 million at December 31, 2008 and 2007, respectively, to the estimated fair value of the Canadian CP. Continuing uncertainties regarding the value of the assets which underlie the Canadian CP and replacement MTN's, the amount and timing of cash flows, the yield of the replacement notes, whether an active market will develop for the replacement notes and other factors could give rise to a further change in the value of the Company's investment which could materially impact the Company's financial condition and results of operations. The Company believes the valuation model provides a better estimate of fair value than the thinly traded, distressed market for the MTN's issued to replace the Canadian CP in January 2009. The Company does not consider these distressed sales a valid indicator of a more than temporary impairment of these investments.

As part of the CanWest settlement, the Company transferred certain asset-backed commercial paper, making up approximately $5.6 million in face value (of the Company's $20.2 million) of Canadian CP, to a third party. The asset-backed commercial paper that was transferred had a carrying value of $nil at December 31, 2008. See Item 3 *"— Legal Proceedings — CanWest Arbitration."*

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances could be required.

Impairment of Goodwill, Intangible and Other Long-Lived Assets

The Company is required to determine, at least annually, whether or not there has been any permanent impairment in the value of goodwill, intangible and other long-lived assets. Certain indicators of potential impairment that could impact the Company include, but are not limited to, the following: (i) a significant long-term adverse change in the business climate that is expected to cause a substantial decline in advertising spending, (ii) a permanent significant decline in newspaper readership, (iii) a significant adverse long-term negative change in the demographics of newspaper readership and (iv) a significant technological change that results in a substantially more cost effective method of advertising than newspapers. The substantial acceleration in declines in revenue in the third quarter of 2008 both in the industry and for the Company, in combination with the negative outlook for the economy, the negative outlook for newspaper advertising and circulation in the near and long-term, and the continued decline in the Company's market capitalization were considered by the Company to be indicators of potential impairment of its goodwill, intangible and other long-lived assets. The consequent impairment test resulted in a non-cash impairment charge of $281.1 million. See Notes 7 and 8 to the consolidated financial statements.

The computation of the fair value of the newspaper reporting unit requires significant estimation and judgment. The impairment of the subscriber and advertiser relationship intangible assets resulted primarily from declines in current cash flows and the inability of the Company to reliably project cash flows beyond the near term due to the previously mentioned negative outlook and industry and economic declines experienced in 2008. The impairment of the Company's goodwill reflects the decline in market capitalization (fair value) allocated to the newspaper reporting unit such that the fair value no longer exceeds the carrying value of that unit. The impairment of the Company's goodwill is driven by the decline in the Company's market capitalization of approximately $163.0 million, or 92%, between December 31, 2007 and September 30, 2008, in combination with the negative industry and economic factors mentioned above and the inability of the Company to reliably project cash flow to substantiate or estimate alternative measures of fair value.

The Company has significant long-lived assets primarily property, plant and equipment recorded in its Consolidated Balance Sheets. The Company's valuation of these long-lived assets was completed as of December 31, 2008 and resulted in a fourth quarter charge of $71.9 million. See Notes 8 and 25 to the consolidated financial statements.

Valuation Allowance — Deferred Tax Assets

The Company records a valuation allowance to reduce its deferred tax assets to the amount which, the Company estimates, is more likely than not to be realized. The Company's ability to realize its deferred tax assets is generally dependent on the generation of taxable income during the future periods in which the temporary differences are deductible and the net operating losses can be offset against taxable income. The Company increased its valuation allowance in 2007 and believes the increase is appropriate based on its pre-tax losses in the past several years and accounting guidelines that provide that cumulative losses in recent years provide significant evidence that a company should not recognize tax benefits that depend on the generation of taxable income from future operations. The Company has experienced pre-tax losses in 2008 and has recognized additional valuation allowances on current year tax benefits. If the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the net recorded amount, the resulting adjustment to deferred tax assets would increase net earnings in the period such a determination was made.

Defined Benefit Pension Plans and Postretirement Benefits

The Company sponsors several defined benefit pension and postretirement benefit plans for domestic and foreign employees and former employees. These defined benefit plans include pension and postretirement benefit obligations, which are calculated based on actuarial valuations. In determining these obligations and related expenses, key assumptions are made concerning expected rates of return on plan assets and discount rates. In making these assumptions, the Company evaluates, among other things, input from actuaries, expected long-term market returns and current high-quality bond rates. The Company will continue to evaluate the expected long-term rates of return on plan assets and discount rates at least annually and make adjustments as necessary, which could change the pension and postretirement obligations and expenses in the future.

Unrecognized actuarial gains and losses are recognized by the Company over a period of approximately 15 years, which represents the weighted-average remaining service life of the employee group. Unrecognized actuarial gains and losses arise from several factors including experience, changes in assumptions and from differences between expected returns and actual returns on assets. At the end of 2008, the Company had unrecognized net actuarial losses of $116.7 million. These unrecognized amounts could result in an increase to pension expense in future years depending on several factors, including whether such losses exceed the corridor in accordance with Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions" and SFAS No. 106 "Employers Accounting for Postretirement Benefits Other than Pensions."

During 2008, the Company made contributions of $10.4 million to defined benefit pension plans. Global capital market and interest rate fluctuations may impact future funding requirements and reported pension expense for such plans and additional Company contributions may be required. If the Company is required to make significant contributions to fund the defined benefit pension plans, the Company's cash flow available for other uses would be reduced. The Company is scheduled to contribute approximately $6.8 million to these plans in 2009.

2008 Compared with 2007

Income (Loss) from Continuing Operations — Overview

Loss from continuing operations in 2008 amounted to $353.5 million, or $4.31 per share, compared to income of $270.0 million in 2007, or $3.36 per share. In 2008, the Company recorded an income tax benefit of $13.1 million compared to an income tax benefit of $420.9 million in 2007, a decrease of $407.8 million, which was largely due to the 2007 settlement of tax issues with the Canada Revenue Agency ("CRA") that resulted in an income tax benefit of $586.7 million with a corresponding reduction of tax liabilities, partially offset by a charge of $193.5 million to increase the valuation allowance against U.S. deferred tax assets and to other factors as presented in Note 20 to the consolidated financial statements. The loss from continuing operations before income taxes increased to $366.6 million in 2008 from $150.9 million in 2007, an increase of $215.7 million. The increase was largely due to a decline in revenue of $48.4 million, a 2008 impairment charge of $281.1 million, an increase in sales and marketing costs of $2.1 million, and an increase in indemnification, investigation and litigation costs, net, of $3.8 million, partially offset by a decrease in other operating costs of $18.6 million, a decrease in corporate expenses of $46.0 million, an improvement in total other income (expense) of $25.3 million and lower cost of sales of $24.5 million.

Operating Revenue and Operating Loss — Overview

Operating revenue and operating loss in 2008 was $323.9 million and $381.3 million, respectively, compared with operating revenue of $372.3 million and an operating loss of $140.2 million in 2007. The decrease in operating revenue of $48.4 million compared to the prior year largely reflects a decrease in advertising revenue of $44.6 million and a decrease in circulation revenue of $2.8 million. The $241.1 million increase in operating loss in 2008 is primarily due to the $48.4 million decrease in operating revenue, the impairment charge of $281.1 million, an increase in indemnification, investigation and litigation costs, net of $3.8 million and an increase in sales and marketing costs of $2.1 million, partially offset by a decrease in corporate expenses of $46.0 million reflecting lower bad debt costs of $33.7 million and a decreased loss on sale of newspaper operations of $3.1 million, a decrease of $18.6 million in other operating costs and lower cost of sales of $24.5 million, reflecting lower direct wages and benefits of $13.0 million.

Operating Revenue

Operating revenue was $323.9 million in 2008 compared to $372.3 million in 2007, a decrease of $48.4 million.

Advertising revenue was $242.6 million in 2008 compared with $287.2 million in 2007, a decrease of $44.6 million or 16%. The decrease was largely a result of lower retail advertising revenue of $18.4 million, lower classified advertising of $19.6 million, lower national advertising revenue of $6.5 million and lower Internet advertising revenue of $0.1 million. The revenue declines accelerated in the second half of the year. The recessionary economy had significant negative effects on employment, real estate, auto and retailer advertising spending.

Circulation revenue was $74.8 million in 2008 compared with $77.6 million in 2007, a decrease of $2.8 million. The decline in circulation revenue was attributable to declines in volume, largely in the daily single copy category.

Operating Costs and Expenses

Total operating costs and expenses in 2008 were $705.2 million, compared with $512.5 million in 2007, an increase of $192.7 million. This increase is largely reflective of the impairment charge of $281.1 million, higher indemnification, investigation and litigation costs, net, of $3.8 million and higher sales and marketing expenses of $2.1 million. These increases were partially offset by lower other operating costs of $18.6 million, lower corporate expenses of $46.0 million reflecting lower bad debt expense of $33.7 million and a decreased loss on sale of newspaper operations of $3.1 million, lower cost of sales of $24.5 million reflecting lower wages and benefits of $13.0 million and lower depreciation and amortization of $5.4 million, largely due to 2007 direct response advertising cost amortization of $7.3 million, which is expensed as incurred in 2008, partially offset by higher depreciation in 2008 of $3.0 million.

Cost of sales, which includes newsprint and ink, as well as distribution, editorial and production costs was $215.8 million for 2008, compared with $240.3 million for 2007, a decrease of $24.5 million. Wages and benefits were $95.6 million in 2008 and $108.6 million in 2007, a decrease of $13.0 million, largely due to a decrease in headcount. Newsprint and ink expense was $47.5 million for 2008, compared with $50.6 million in 2007, a decrease of $3.1 million or approximately 6%. Total newsprint consumption in 2008 decreased approximately 19% compared with 2007 reflecting reductions in page sizes and lower circulation, largely offset by an increase in the average cost per metric ton of newsprint of approximately 16% in 2008. Other costs of sales were $72.7 million and $81.1 million in 2008 and 2007, respectively, a decrease of $8.4 million largely due to lower distribution and circulation expenses of $4.8 million, lower printing and production costs of $2.1 million and lower facility costs of $1.4 million, largely due to the full year impact of outsourcing of certain distribution activities.

Included in selling, general and administrative costs are sales and marketing expenses, other operating costs including administrative support functions, such as information technology, finance and human resources, and corporate expenses and indemnification, investigation and litigation costs, net.

Total selling, general and administrative costs were $462.7 million in 2008 compared to $240.1 million for 2007, an increase of $222.6 million. The increase is largely due to the impairment charge of $281.1 million, higher sales and marketing expense of $2.1 million and higher indemnification, investigation and litigation costs, net, of

$3.8 million. These costs were partially offset by lower other operating costs of $18.6 million and lower corporate expenses of $46.0 million.

Sales and marketing costs were $72.5 million in 2008, compared to $70.4 million in 2007, an increase of $2.1 million. The increase is largely due to higher telemarketing expenses of $6.3 million which were capitalized and amortized in 2007, increased outsourced call center costs of $1.5 million and increased outsourced ad production costs of $1.4 million, both of which were staffed internally and included in compensation in 2007, partially offset by a decrease in wages and benefits of $4.6 million resulting from outsourcing activities and other decreases in headcount, lower bad debt expense of $0.9 million, lower marketing and promotion costs of $0.5 million and lower temporary help of $0.4 million.

Other operating costs consist largely of accounting and finance, information technology, human resources, property and facilities and other general and administrative costs supporting the newspaper operations. Other operating costs were $63.7 million in 2008, compared to $82.3 million in 2007, a decrease of $18.6 million. The decrease reflects the 2007 write-off of capitalized direct response advertising costs of $15.2 million, 2007 costs of outsourcing certain distribution activities of $1.8 million, a 2007 write-off of capitalized software of $1.5 million, lower professional fees of $1.6 million and lower compensation and benefits, including severance, of $2.4 million. These increases were partially offset by the write-down, disposition, or write-off of property, plant and equipment totaling $3.9 million and costs related to printing plant relocation of $1.2 million. See Note 17 to the consolidated financial statements.

Impairment of goodwill, identifiable intangible and other long-lived assets was $281.1 million in 2008. The substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy and the continued decline in the Company's market capitalization were considered by the Company to be indicators of potential impairment of its goodwill, intangible and other long-lived assets. The consequent impairment test resulted in a non-cash impairment charge of $209.3 million related to the write-off of goodwill and intangible assets and $71.9 million related to its long-lived assets consisting of property, plant and equipment of the Chicago newspaper operations for twelve months ended December 31, 2008. See Note 8 to the consolidated financial statements.

Corporate operating expenses in 2008 were $33.7 million compared to $79.7 million in 2007, a decrease of $46.0 million. This decrease is largely due to lower bad debt expense of $33.7 million related to a loan to a subsidiary of Hollinger Inc. in 2007, a decrease in loss on sale of newspaper operations of $3.1 million related to a settlement with CanWest (see Note 17 to the consolidated financial statements), lower legal and professional fees of $8.7 million reflecting lower internal audit and other compliance activity and related professional service fees and lower insurance costs, primarily directors and officers of $2.5 million. These costs were partially offset by higher compensation expenses of $0.3 million, costs associated with the Company's strategic process of $0.6 million and costs associated with the Revised Settlement with Hollinger Inc. of $2.5 million. See Note 23(i) to the consolidated financial statements.

Indemnification, investigation and litigation costs, net, in 2008 were $11.6 million compared to $7.8 million in 2007, an increase of $3.8 million. In 2008 the Company recorded a recovery of $2.0 million of legal fees in connection with the Revised Settlement with Hollinger Inc. and in 2007 the Company recorded $47.7 million in recoveries resulting from a settlement with a former officer. Indemnification costs decreased $38.4 million to $9.4 million in 2008 from $47.8 million in 2007 as the criminal proceedings against former officers took place from March 2007 to July 2007, although certain appeals are continuing. Special Committee investigation costs decreased $2.7 million compared to 2007. See Note 18 to the consolidated financial statements.

Depreciation and amortization expense in 2008 was $26.7 million compared with $32.1 million in 2007, a decrease of $5.4 million. Depreciation expense increased by $3.0 million, as the Company recorded additional incremental depreciation expense in 2008 related to expected printing facility closings in Plainfield, Illinois versus the 2007 closing in Gary, Indiana, and impact of fixed asset additions. Amortization expense includes intangible amortization of $3.3 million and $11.7 million in 2008 and 2007, respectively, an $8.4 million decrease, largely due to direct response advertising costs capitalized and amortized in 2007 of $7.3 million and lower expense of $1.1 million in 2008 reflecting the write-off of intangibles in the third quarter of 2008. See Note 8 to the consolidated financial statements.

Largely as a result of the items noted above, the operating loss in 2008 was $381.3 million compared with $140.2 million in 2007, an increased loss of $241.1 million.

Interest and Dividend Income

Interest and dividend income in 2008 amounted to $4.9 million compared to $17.8 million in 2007, a decrease of $12.9 million, largely due to $7.2 million of interest received on the settlement with Radler in 2007 and the effect of lower average cash balances in 2008.

Other Income (Expense), Net

Other income (expense), net, in 2008 was income of $10.0 million compared to an expense of $27.8 million in 2007. The improvement of $37.8 million was largely due to a $35.0 million decrease in foreign exchange losses, a $3.5 million lower write-down of an investment in Canadian CP, partially offset by a write-down of other investments of $1.5 million. The decrease in foreign exchange losses largely relates to the impact on U.S. denominated cash and cash equivalents held by a subsidiary in Canada and the net impact of certain intercompany and affiliated loans payable in Canadian dollars all of which result from the strengthening of the U.S. dollar during 2008, partially offset by a $1.0 million foreign currency write-off related to the liquidation of a foreign subsidiary. See Note 19 to the consolidated financial statements.

Income Taxes

Income taxes were a benefit of $13.1 million in 2008 and a benefit of $420.9 million in 2007. The 2008 benefit includes the reversal of contingent tax liabilities no longer deemed necessary of $34.7 million as the result of the Company receiving a notification from the CRA of the completion of a 2000 tax year audit resulting in no changes to the tax return. Provisions for additional interest on contingent liabilities, net of related tax benefits, amounted to $49.6 million in 2008 (excluding the reversal of interest of $15.4 million included in the $34.7 million contingent tax reversal previously mentioned) and $48.0 million in 2007. The 2007 benefit largely represents the impact of the settlement with the CRA, which resulted in an income tax benefit of $586.7 million, partially offset by increases in the valuation allowance for deferred tax benefits of $193.5 million. The Company's income tax expense varies substantially from the U.S. Federal statutory rate primarily due to provisions for contingent liabilities to cover additional taxes and interest the Company may be required to pay in various tax jurisdictions, changes in the valuation allowance for tax assets and reductions of tax contingency accruals due to the resolution of uncertainties. See Note 20 to the consolidated financial statements for a complete discussion of items affecting the Company's income taxes.

2007 Compared with 2006

Income (Loss) from Continuing Operations — Overview

Income from continuing operations in 2007 amounted to $270.0 million, or income of $3.36 per share, compared to a loss of $77.6 million in 2006, or a $0.91 loss per share. In 2007, the Company recorded an income tax benefit of $420.9 million, compared to income tax expense of $57.4 million in 2006, a variation of $478.3 million, which was largely due to the settlement of tax issues with the CRA that resulted from an income tax benefit of $586.7 million largely as a result of a reduction of tax liabilities, partially offset by a charge of $193.5 million to increase the valuation allowance against U.S. deferred tax assets and to other factors as presented in Note 20 to the consolidated financial statements. The loss from continuing operations before income taxes increased from $20.2 million in 2006 to $150.9 million in 2007, an increase of $130.7 million. The decline was largely due to a decline in revenue of $48.1 million, an increase in corporate expenses of $28.0 million, an increase in other operating costs of $16.1 million, an increase in indemnification, investigation and litigation costs, net, of $25.2 million and an increase in other income (expense) of $30.4 million partially offset by lower cost of sales of $18.1 million.

Operating Revenue and Operating Loss — Overview

Operating revenue and operating loss in 2007 was $372.3 million and $140.2 million, respectively, compared with operating revenue of $420.4 million and an operating loss of $39.0 million in 2006. The decrease in operating

revenue of $48.1 million compared to the prior year is largely a reflection of a decrease in advertising revenue of $37.4 million and a decrease in circulation revenue of $7.6 million. The $101.2 million increase in operating loss in 2007 is primarily due to the $48.1 million decrease in operating revenue, an increase in corporate expenses of $28.0 million largely resulting from bad debt expense of $33.7 million, an increase of $25.2 million in indemnification, investigation and litigation costs, net, an increase in other operating costs of $16.1 million, which was largely due to an impairment charge in respect of capitalized direct response advertising costs of $15.2 million, and an increase in sales and marketing costs of $3.9 million. These increases were partially offset by lower cost of sales expenses of $18.1 million, largely due to lower newsprint and ink expense of $16.6 million.

Operating Revenue

Operating revenue was $372.3 million in 2007 compared to $420.4 million in 2006, a decrease of $48.1 million. As previously noted, the effect of the 53rd week in 2006 added $6.6 million to operating revenue in 2006.

Advertising revenue was $287.2 million in 2007 compared with $324.6 million in 2006, a decrease of $37.4 million or 12%. The decrease was largely a result of lower retail advertising revenue of $13.9 million, lower classified advertising of $20.5 million and lower national advertising revenue of $6.3 million, partially offset by increased Internet advertising revenue of $3.3 million. The Company's advertising revenue declined by approximately two percentage points higher than the overall Chicago market decline due to a loss in market share primarily in the first half of 2007.

Circulation revenue was $77.6 million in 2007 compared with $85.2 million in 2006, a decrease of $7.6 million. The decline in circulation revenue was attributable to declines in volume, primarily in the daily single copy category.

Operating Costs and Expenses

Total operating costs and expenses in 2007 were $512.5 million, compared with $459.3 million in 2006, an increase of $53.2 million. This increase is largely reflective of higher indemnification, investigation and litigation costs, net, of $25.2 million, after giving effect to recoveries in 2007 and 2006 of $47.7 million and $47.5 million, respectively, higher other operating costs of $16.1 million, largely due to an impairment charge in respect of capitalized direct response advertising costs of $15.2 million, higher corporate expenses of $28.0 million largely resulting from bad debt expense in respect of notes receivable from affiliates of $33.7 million, and higher sales and marketing expenses of $3.9 million. These increases were partially offset by lower cost of sales of $18.1 million, primarily lower newsprint and ink expense of $16.6 million and lower depreciation and amortization expense of $1.8 million. As previously noted, the effect of the 53rd week in 2006 added approximately $6.1 million to total operating costs and expenses in 2006.

Cost of sales, which includes newsprint and ink, as well as distribution, editorial and production costs was $240.3 million for 2007, compared with $258.4 million for 2006, a decrease of $18.1 million. Wages and benefits were $108.6 million in 2007 and $110.3 million in 2006, a decrease of $1.7 million. Newsprint and ink expense was $50.6 million for 2007, compared with $67.2 million in 2006, a decrease of $16.6 million or approximately 25%. Total newsprint consumption in 2007 decreased approximately 16% compared with 2006 reflecting reductions in page sizes and lower circulation, and the average cost per metric ton of newsprint in 2007 was approximately 10% lower than in 2006. Other cost of sales was generally flat at $81.1 million and $80.9 million in 2007 and 2006, respectively.

Included in selling, general and administrative costs are sales and marketing expenses, other operating costs including administrative support functions, such as information technology, finance and human resources, and corporate expenses and indemnification, investigation and litigation costs, net.

Total selling, general and administrative costs were $240.1 million in 2007 compared to $167.0 million for 2006, an increase of $73.1 million. The increase is largely due to higher indemnification, investigation and litigation costs, net, of $25.2 million, after giving effect to recoveries of $47.7 million and $47.5 million, in 2007 and 2006, respectively, higher corporate expenses of $28.0 million, higher other operating costs of $16.1 million and higher sales and marketing expense of $3.9 million.

Sales and marketing costs were $70.4 million in 2007, compared to $66.5 million in 2006, an increase of $3.9 million. The increase is largely due to higher bad debt expense of $1.0 million, increased wages and benefits of

$2.5 million resulting from increased headcount and increased marketing and promotion expense of $1.5 million largely due to additional market research and marketing costs including those related to promoting a new look and slogan for the *Chicago Sun-Times* in radio and promotional billboards, partially offset by a decrease in professional fees of $1.8 million.

Other operating costs consist largely of accounting and finance, information technology, human resources, property and facilities and other general and administrative costs supporting the newspaper operations. Other operating costs were $82.3 million in 2007, compared to $66.2 million in 2006, an increase of $16.1 million. The increase reflects a $15.2 million impairment charge in respect of capitalized direct response advertising costs (see Note 17 to the consolidated financial statements), an increase in web related support and other costs of $2.3 million, increased telecommunications expense of $1.4 million and increased professional fees of $1.2 million. These increases were partially offset by lower severance cost of $4.7 million. See Note 17 to the consolidated financial statements.

Corporate operating expenses in 2007 were $79.7 million compared to $51.7 million in 2006, an increase of $28.0 million. This increase is largely due to bad debt expense of $33.7 million related to a loan to a subsidiary of Hollinger Inc. and an adjustment of $13.6 million in 2007 to decrease the estimated net proceeds related to the sale of publishing interests in prior years. See Note 17 to the consolidated financial statements. These amounts are partially offset by lower compensation expenses of $10.0 million, lower legal and professional fees of $1.8 million reflecting lower internal audit and other compliance activity and professional service fees, lower insurance costs, primarily directors and officers of $2.3 million, lower business taxes of $1.6 million, lower general expenses of $0.9 million and lower property and facility costs of $0.7 million due to the closing of the New York office in 2006. The decrease in compensation reflects lower incentive compensation costs of $0.6 million, a $7.1 million reduction in severance expense and lower pension expense of $1.9 million.

Indemnification, investigation and litigation costs, net, in 2007 were an expense of $7.8 million compared to a net recovery of $17.4 million in 2006, an increase of $25.2 million. In 2007, the Company recorded $47.7 million in recoveries resulting from a settlement with a former officer and in 2006 the Company recorded $47.5 million in recoveries resulting from an insurance settlement. Indemnification costs increased $28.9 million to $47.8 million in 2007 from $18.9 million in 2006 as the criminal proceedings against former officers took place from March 2007 to July 2007. Special Committee investigation and litigation costs decreased $3.4 million compared to 2006. See Note 18 to the consolidated financial statements.

Depreciation and amortization expense in 2007 was $32.1 million compared with $33.9 million in 2006, a decrease of $1.8 million. The Company recorded additional depreciation expense of $1.0 million and $2.7 million in 2007 and 2006, respectively, related to closing the New York office and printing facility closings in Chicago, Illinois and Gary, Indiana. Amortization expense includes $7.3 million and $7.5 million in 2007 and 2006, respectively, related to capitalized direct response advertising costs. See Note 17 to the consolidated financial statements.

Largely as a result of the items noted above, operating loss in 2007 was $140.2 million compared with $39.0 million in 2006, an increased loss of $101.2 million.

Interest and Dividend Income

Interest and dividend income in 2007 amounted to $17.8 million compared to $16.8 million in 2006, an increase of $1.0 million, largely due to $7.2 million of interest received on the settlement with Radler, somewhat offset by the interest on the loan to affiliate of $4.4 million recorded in 2006 with no corresponding income in 2007 and the effect of lower average cash balances in 2007.

Other Income (Expense), Net

Other income (expense), net, in 2007 was an expense of $27.8 million compared to income of $2.6 million in 2006. The deterioration of $30.4 million was largely due to a $19.5 million increase in foreign exchange losses and a $12.2 million write-down of Canadian CP that matured but was not redeemed and which remains outstanding, partially offset by a gain on sale of investments of $1.1 million. The increase in foreign exchange losses largely

relates to the impact on U.S. denominated cash and cash equivalents held by a subsidiary in Canada and the net impact of certain intercompany and affiliated loans payable in Canadian dollars all of which result from the weakening of the U.S. dollar during 2007. See Note 19 to the consolidated financial statements.

Income Taxes

Income taxes were a benefit of $420.9 million in 2007 and an expense of $57.4 million in 2006. The benefit largely represents the impact of the settlement with the CRA, which resulted in an income tax benefit of $586.7 million. The Company's income tax expense varies substantially from the U.S. Federal statutory rate primarily due to provisions for contingent liabilities to cover additional taxes and interest the Company may be required to pay in various tax jurisdictions, changes in the valuation allowance for tax assets and reductions of tax contingency accruals due to the resolution of uncertainties. See Note 20 to the consolidated financial statements for a complete discussion of items affecting the Company's income taxes.

Liquidity and Capital Resources

Cash and Cash Equivalents

Cash and cash equivalents amounted to $79.2 million at December 31, 2008 as compared to $142.5 million at December 31, 2007, a decrease of $63.3 million. Canadian subsidiaries held $29.9 million in cash at December 31, 2008 which, due to funding requirements in Canada, is unavailable to fund U.S. operations. Cash and cash equivalents at December 31, 2008 and December 31, 2007 exclude $20.2 million and $48.2 million, respectively, of Canadian CP that was initially purchased under the Company's cash management program. However, because the Canadian CP was not redeemed at maturity in August 2007 due to the combination of a collapse in demand for Canadian CP and the refusal of the back-up lenders to fund a redemption, the Company's investments in Canadian CP have instead been recorded as investments and classified as non-current assets in the Consolidated Balance Sheet at December 31, 2008. See "Investments" below.

Investments

Investments include $7.4 million in Canadian CP ($20.2 million including accrued interest less a $12.8 million write-down). The Canadian CP was issued by certain special purpose entities sponsored by non-bank entities. See "Significant Transactions in 2008."

Corporate Structure

Sun-Times Media Group, Inc. is a holding company and its assets consist primarily of investments in its subsidiaries and affiliated companies. As a result, the Company's ability to meet its future financial obligations is dependent upon the availability of cash flows from its subsidiaries through dividends, intercompany advances and other payments. Similarly, the Company's ability to pay any future dividends on its common stock may be limited as a result of its dependence upon the distribution of earnings of its subsidiaries and affiliated companies. The Company's subsidiaries and affiliated companies are under no obligation to pay dividends and may be subject to or become subject to statutory restrictions and other restrictions that limit their ability to pay dividends or repatriate funds to the United States.

Bankruptcy and Insolvency Filings

On March 31, 2009, the Debtors filed voluntary petitions under the Bankruptcy Code in the Bankruptcy Court. During the pendency of the bankruptcy proceedings, the Debtors remain in possession of their properties and assets and the management of the Company continues to operate the businesses of the Debtors as debtors-in-possession. As a debtor-in-possession, the Company is authorized to operate the business of the Debtors, but may not engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court. Since the Filings, the Company has continued to honor subscriptions and provide advertising services to its customers. In addition, the Company's Canadian subsidiaries will likely apply for court-supervised reorganization under the CCAA. The Company's Canadian subsidiaries have limited activities generally related to legacy pension and post-employment

liabilities and certain litigation related contingent liabilities. At December 31, 2008, the Canadian subsidiaries had $29.9 million in cash and cash equivalents.

Subject to certain exceptions under the Bankruptcy Code, the Debtors' Filings automatically enjoined the continuation of any judicial or administrative proceedings against the Debtors. Any creditor actions to obtain possession of property from the Debtors or to create, perfect or enforce any lien against property of the Debtors are also enjoined. As a result, creditors of the Debtors are precluded from collecting pre-petition liabilities without the approval of the Bankruptcy Court. Certain pre-petition liabilities have been paid after obtaining the approval of the Bankruptcy Court, including certain wages and benefits of employees.

Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts. An executory contract is one in which the parties have mutual obligations to perform (e.g., real property leases and service agreements). Unless otherwise agreed, the assumption of a contract will require the Company to cure all prior defaults under the related contract, including all pre-petition liabilities. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding the Filing, giving the other party to the contract a right to assert a general unsecured claim for damages.

The Debtors have not as yet notified its known or potential creditors of the Filing in an effort to identify pre-petition claims against the Debtors. The Bankruptcy Court has not yet set the bar date, which is the last date for most parties to file proofs of claim with respect to non-governmental pre-petition obligations. Payment terms for these amounts will be established in connection with the Chapter 11 cases. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the Company's creditors. Litigation may be required to resolve any such disputes.

Currently, it is not possible to accurately predict the length of time the Company will operate under Chapter 11 and the supervision of the Bankruptcy Court, when or if the Company will file a plan or plans of reorganization or liquidation with the Bankruptcy Court, the outcome of the Chapter 11, including the impact on the Company's financial condition, or the ultimate effect on the interests of the Company's creditors and stakeholders. However, under the priority scheme established by the Bankruptcy Code and based on the amount and nature of the Company's assets and liabilities, it is highly unlikely the Company's common stock will retain any value or that stockholders will receive any distribution or consideration.

Unless otherwise indicated, the discussion of the Company and its business is presented in this 2008 10-K under the assumption that the Company will continue to realize its assets and settle its liabilities in the normal course of business. The outcome of the proceedings under the Bankruptcy Code will likely result in changes that materially affect the Company's operations and financial condition. The following discussion on liquidity and capital resources does not reflect the effects the Filings will have on the timing and/or extent of settling liabilities in existence at or prior to the Filings.

Factors That Are Expected to Affect Liquidity in the Future

Potential Cash Outlays Related to Accruals for Income Tax Contingent Liabilities

The Company has the following income tax liabilities recorded in its Consolidated Balance Sheet at December 31, 2008:

	(In thousands)
Income taxes payable	$ 448
Deferred income tax liabilities	9,569
Other tax liabilities	607,960
	$617,977

The Company has recorded accruals to cover contingent liabilities related to additional taxes, interest, and penalties it may be required to pay in various tax jurisdictions. Such accruals are included in "Other tax liabilities" listed above.

Efforts to resolve or settle certain tax issues are ongoing and may place substantial demands on the Company's cash, cash equivalents, investments and other resources to fund any such resolution or settlement. The timing and amounts of any payments the Company may be required to make are uncertain, but the Company does not anticipate that it will make any material cash payments to settle any of the disputed items during 2009. See Note 20 to the consolidated financial statements.

Potential Cash Outflows Related to Operations

The Company's cash flow is expected to continue to be cyclical, reflecting changes in economic conditions. The Company is dependent upon the Sun-Times News Group for operating cash flow. That cash flow in turn is dependent to a significant extent on the Sun-Times News Group's ability to sell advertising in its Chicago area market. Advertising revenue for the Sun-Times News Group declined 16% during 2008 compared to 2007. The advertising revenue declines have accelerated in the third and fourth quarters of 2008 and the first quarter of 2009 with a decline in the first quarter of approximately 30% versus the first quarter of 2008. Based on the Company's assessment of market conditions in the Chicago area and the potential of these negative trends continuing, the Company has considered and may continue to consider a range of options to address the resulting significant shortfall in performance and cash flow and has suspended its dividend payments since the fourth quarter of 2006. As a result of continued declines in revenue, the deteriorating economic climate and the significant, pending tax liabilities, the Company has instituted bankruptcy proceedings as discussed above.

Other

The Company's independent registered public accounting firm has issued an audit opinion which includes a statement expressing doubt as to the Company's ability to continue as a going concern. See *"Bankruptcy and Insolvency"* and Note 1 to the consolidated financial statements.

Cash Flows

Cash flows used in continuing operating activities were $64.1 million in 2008, a $68.6 million decline compared with $4.5 million provided by continuing operating activities in 2007. The comparison of operating cash flows between years is affected by several key factors. Net income from continuing operations has decreased by $623.5 million to a loss of $353.5 million in 2008, compared to net income of $270.0 million for 2007. Income from continuing operations in 2007 includes an income tax benefit of $420.9 million, compared to income tax benefit of $13.1 million in 2008. The decrease between years amounted to $407.8 million, substantially all of which was comprised of non-cash items previously discussed. See Note 20 to the consolidated financial statements. Non-cash charges in 2008 included a write-off of goodwill and intangible assets of $209.3 million and a write-down of property, plant and equipment of $71.9 million, an expense of $10.5 million for lower estimated proceeds received from the sale of newspaper operations in prior years due to the CanWest arbitration award and a $10.2 million write-down of investments.

Cash flows provided by investing activities in 2008 were $12.5 million compared with cash flows used in investing activities of $48.0 million in 2007. The increase of $60.5 million in cash provided by investing activities is primarily the result of the 2007 purchase of $48.2 million in Canadian CP, which was somewhat offset by the 2007 collection of $8.5 million of notes receivable pursuant to the settlement with Radler and $25.5 million provided in 2008 from the sale of investments and other assets (largely the sale of Canadian CP).

Cash flows used in financing activities were $8.3 million in 2008 and $9.3 million in 2007. The $1.0 million decrease in cash used in financing activities is primarily attributable to the $7.0 million used for debt repayments and premiums upon extinguishment, escrow funding of $5.4 million in 2007, and 2008 escrow funding of $8.1 million (originally Cdn.$10.0 million) related to certain defamation cases in Canada.

Debt

Long-term debt, including the current portion, was $nil at December 31, 2008 and less than $0.1 million at December 31, 2007.

Leases

The Company is party to several leases for facilities and equipment. These leases are operating leases in nature.

Capital Expenditures

The Company has funded its recurring capital expenditures out of cash provided by operating activities or existing cash balances. The Company expects capital expenditures in 2009 to be lower than 2008 expenditures.

Dividends and Other Commitments

On December 13, 2006, the Company announced that its Board of Directors reviewed its dividend policy and voted to suspend the Company's quarterly dividend of five cents ($0.05) per share. As a result, the Company did not pay any dividend in 2007 or 2008.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Commercial Commitments and Contractual Obligations

In connection with the Company's insurance program, letters of credit are required to support certain projected workers' compensation obligations. At December 31, 2008, letters of credit in the amount of $10.1 million were outstanding which are largely collateralized by restricted cash accounts.

Set out below is a summary of the amounts due and committed under the Company's contractual cash obligations at December 31, 2008:

	Total	Due in 1 Year or Less	Due between 1 and 3 Years	Due between 3 and 5 Years	Due over 5 Years
			(In thousands)		
Long-term debt	$ —	$ —	$ —	$ —	$ —
Operating leases	46,514	5,221	8,003	8,134	25,156
Purchase obligations(1)	27,300	9,100	18,200	—	—
Total contractual cash obligations(2)	$73,814	$14,321	$26,203	$8,134	$25,156

(1) Pursuant to a ten-year distribution agreement, which is terminable upon three years' notice. Amounts shown represent the base fixed fee component of the distribution agreement for three years ($9,100 per year).

(2) Refer to "Potential Cash Outlays Related to Accruals for Income Tax Contingent Liabilities" for a discussion of Financial Accounting Standards Board ("FASB") Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" tax liabilities. Such amounts are excluded from this table as the Company is unable to reliably estimate the period of cash settlement, if any, with the taxing authority.

In addition to amounts committed under its contractual cash obligations, the Company also assumed a number of contingent obligations by way of guarantees and indemnities in relation to the conduct of its business and disposition of certain of its assets. The Company is also involved in various matters in litigation. For more information on the Company's contingent obligations, see Item 3 *"— Legal Proceedings"* and Note 22 to the consolidated financial statements.

Recent Accounting Pronouncements

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair

value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The adoption of this statement did not have a material impact on the Company's results of operations or financial condition.

The Company also adopted FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157," which defers for one year the effective date of SFAS No. 157 for non-financial assets and liabilities measured at fair value on a nonrecurring basis. The purpose of this deferral is to allow the FASB and constituents additional time to consider the effect of various implementation issues that have arisen, or may arise, for the application of SFAS No. 157.

On December 4, 2007, SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"), was issued. This Standard changes the accounting for and reporting of noncontrolling or minority interests (now called noncontrolling interest) in consolidated financial statements. This Standard is effective January 1, 2009. When implemented, prior periods will be recast for the changes required by SFAS No. 160. The adoption of this standard will not have a material impact on the Company's results of operations or financial condition.

On March 19, 2008, SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities" ("SFAS No. 161"), was issued. This Standard enhances the disclosure requirements for derivative instruments and hedging activities. This Standard is effective January 1, 2009. Since SFAS No. 161 requires only additional disclosures concerning derivatives and hedging activities, adoption of SFAS No. 161 will not affect the Company's financial condition, results of operations or cash flows.

On May 5, 2008, SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," was issued. This Standard identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the U.S. The adoption of this standard will not have a material impact on the Company's results of operations or financial condition.

Item 7A. ***Quantitative and Qualitative Disclosure About Market Risk***

Not applicable.

Item 8. ***Financial Statements and Supplementary Data***

The information required by this item appears beginning at page 65 of this 2008 10-K.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

(a) Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(e) under the Exchange Act, the Company's management evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures with the participation of its CEO and its CFO. Based on that evaluation, for the reasons and in respect of the matters noted below in the ensuing management's report on internal control over financial reporting, management concluded that the disclosure controls and procedures were ineffective as of December 31, 2008 in providing reasonable assurance that material information requiring disclosure was brought to management's attention on a timely basis and that the Company's financial reporting was reliable.

Procedures were undertaken in order that management could conclude that reasonable assurance exists regarding the reliability of financial reporting and the preparation of the consolidated financial statements contained in this filing. Accordingly, management believes that the consolidated financial statements included in this 2008 10-K fairly present, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented.

Disclosure controls and procedures under Rules 13a-15(e) and 15d-15(e) of the Exchange Act are those controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting is the process designed by, or under the supervision of, the CEO and CFO, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

A material weakness is defined within the Public Company Accounting Oversight Board's Auditing Standard No. 5 as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. As of December 31, 2008, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting using the criteria in *Internal Control — Integrated Framework*, established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that internal control over financial reporting was ineffective as of December 31, 2008, as a result of the following material weaknesses:

Advertising Revenue Recognition: The Company identified a number of deficiencies related to the recognition of advertising revenue and has concluded that the deficiencies, in aggregate, represent a material weakness in internal controls relating to the recognition of advertising revenue. Specifically, the following deficiencies existed as of December 31, 2008:

- The controls related to the review and monitoring of advertising rates were not operating effectively.
- The review and approval controls related to advertising billing and related reconciliation process were not operating effectively.
- Within the computer system used to process advertising revenue transactions, controls over access to the program and data were ineffectively designed and roles were not adequately defined and assigned to enforce an effective segregation of duties.

Income Taxes: The Company lacked controls over accounting for uncertain tax positions and foreign deferred income taxes as there was an absence of appropriate documentation or institutional knowledge of numerous complex historical transactions, principally those that occurred prior to 2004, that was required for these controls to be operating effectively.

These material weaknesses resulted in a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

(c) Changes in Internal Control over Financial Reporting and Other Remediation

No changes were made to the Company's internal control over financial reporting during the three months ended December 31, 2008 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. *Other Information*

Not applicable.

PART III

Item 10. *Directors and Executive Officers and Corporate Governance*

The names, ages and position held of each of the directors and executive officers of the Company are set forth below. All directors are elected on an annual basis.

Name and Age	Position(s) with the Company
Jeremy L. Halbreich, 57	Chairman of the Board and Interim Chief Executive Officer
Michael E. Katzenstein, 49	Director
Thomas L. Kram, 50	Chief Financial Officer
James D. McDonough, 50	Chief Administrative Officer, General Counsel and Secretary
Robert B. Poile, 49	Vice Chairman of the Board
Graham W. Savage, 60	Director
Robert A. Schmitz, 68	Director
Blair Richard Surkamer, 56	President and Chief Operating Officer
Barbara Swanson, 51	Senior Vice President, Advertising and Marketing

The name, principal occupation, business experience and tenure as executive officer of the Company is set forth below. Unless otherwise indicated, all principal occupations have been held for more than five years.

Jeremy L. Halbreich, Chairman of the Board and Interim Chief Executive Officer. Mr. Halbreich was elected as a director in January 2009 and was appointed the Company's Interim Chief Executive Officer in February 2009. Since September 2008, Mr. Halbreich has been Chairman of the Board, President and Chief Executive Officer of Amercomm LLC, a media management and investment holding company founded by Mr. Halbreich. From October 1998 to August 2008, Mr. Halbreich was founder, Chairman of the Board, President and Chief Executive Officer of American Consolidated Media LLC, a national owner and operator of approximately 100 community newspapers. Prior thereto, Mr. Halbreich was the President and General Manager of The Dallas Morning News, where he spent 24 years working in marketing and general management positions.

Michael E. Katzenstein, Director. Mr. Katzenstein was elected as a director in January 2009. Since January 1, 2009, Mr. Katzenstein has been a Senior Managing Director at FTI Consulting Inc., a global consulting firm. Prior to that, since 2001, Mr. Katzenstein had been a founding partner of CXO, L.L.C., a turnaround management and advisory firm, which was acquired by FTI Consulting in December 2008. Mr. Katzenstein currently serves as Chairman of the Board of RCN Corporation, a United States public reporting company.

Thomas L. Kram, Chief Financial Officer. Mr. Kram joined the Company in July 2004 as Corporate Controller and added the position of Chief Accounting Officer in January 2006. He was elected Chief Financial Officer in March 2009. Mr. Kram was formerly Vice President, Controller of Budget Group, Inc. from July 1997 through December 2003.

James D. McDonough, Chief Administrative Officer, General Counsel and Secretary. Mr. McDonough joined the company in January 2005 as Assistant General Counsel and Chief Counsel of the company's Chicago Group,

which includes the Chicago Sun-Times. He became the Vice President, General Counsel and Secretary of the Company on December 29, 2006 and Chief Administrative Officer in January 2009. Before joining the Company Mr. McDonough was a partner in the law firm of Gardner Carton & Douglas LLP in Chicago, where he acted as outside counsel to the Audit Committee of the Company.

Robert B. Poile, Director. Mr. Poile was elected as a director in June 2008. Mr. Poile is currently a Portfolio Strategist at Polar Securities, Inc. and has been President of Trident Advisors Inc., a private investment company co-founded by Mr. Poile, from June 1998 to present. From October 2004 to April 2007, Mr. Poile was President and Chief Executive Officer of ClubLink Corporation, an owner, operator and developer of golf courses. Mr. Poile currently serves as a Trustee of Cinram International Income Fund, a Canadian public reporting company.

Graham W. Savage, Director. Mr. Savage was elected as a director in 2003. Mr. Savage served for 21 years, seven years as the Chief Financial Officer, at Rogers Communications Inc., a major Toronto-based media and communications company. Mr. Savage currently serves as Chairman of Callisto Capital LP, a merchant banking firm based in Toronto. Mr. Savage currently serves as a director and chairman of the audit committee of Canadian Tire Corporation, Limited, a Canadian public reporting company, and as a director and chairman of the audit committee of Cott Corporation, a United States public reporting company.

Robert A. Schmitz, Director. Mr. Schmitz was elected as a director in January 2009. Since 1999, Mr. Schmitz has been a managing director at Quest Turnaround Advisors, LLC, a restructuring firm. In his capacity as a managing director of Quest, since 2008, he has served as Chief Restructuring Officer of World Space Inc., a global satellite radio company, and from 2004 to 2008, Mr. Schmitz served as Chief Operating Officer of PTV Inc., a holding company for a number of businesses in a variety of industries.

Blair Richard Surkamer, President and Chief Operating Officer. Mr. Surkamer has served as President of the Company since February 2009 and, from October 2007 to February 2009, as Chief Operating Officer of the Sun-Times News Group. Mr. Surkamer joined the Company in January 2007 as Vice President of Operations. Prior to joining the Sun-Times News Group, from 2003 to 2007, Mr. Surkamer was President and Chief Operating Officer of Rollex Corp., a manufacturer and distributor of building products based in Elk Grove Village, Illinois, and from 2002 to 2003, Mr. Surkamer was President of Graymills Corporation, a manufacturer of print, packaging and industrial fluid power products based in Chicago. Mr. Surkamer worked for Chicago Tribune Company from 1986 to 1997 in a variety of capacities, including as Director of Manufacturing and Distribution, Director of Metro Circulation and Production Director.

Barbara Swanson, Senior Vice President, Advertising and Marketing. Ms. Swanson joined the Company in March 2008 as Group Vice President, Advertising and Marketing and, in March 2009, became Senior Vice President, Advertising and Marketing. From October 2006 to March 2008, Ms. Swanson was Vice President, Sales-Midwest of A.R. Systems, Inc., a receivables management firm. Prior to that, from 1979 to 2006, Ms. Swanson worked for Chicago Tribune Company in a variety of capacities, most recently as Vice President, Classified Advertising.

Audit Committee

The Company's Audit Committee currently consists of Messrs. Katzenstein, Schmitz and Savage (Chairman). The Board of Directors has previously determined that Mr. Savage, who became a member of the Audit Committee in November 2003, is an audit committee financial expert with the relevant accounting or related financial management expertise as described in Mr. Savage's biography above.

Code of Ethics

The Company has implemented a Code of Business Conduct and Ethics, which applies to all employees of the Company, including each of its Chief Executive Officer, Chief Financial Officer and principal accounting officer or controller or persons performing similar functions. The text of the Code of Business Conduct and Ethics can be accessed on the Company's website at www.thesuntimesgroup.com. Any changes to the Code of Business Conduct and Ethics will be posted on the Company's website.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the federal securities laws, the directors and executive officers and any persons holding more than 10% of any equity security of the Company are required to report their initial ownership of any equity security and any subsequent changes in that ownership to the SEC. Specific due dates for these reports have been established by the SEC and the Company is required to disclose in this report any failure to file such reports by those dates during 2008. To the Company's knowledge, except as set forth in the following sentence, based upon a review of the copies of the reports furnished to the Company and written representations that no other reports were required, these filing requirements were satisfied during the 2008 fiscal year. Form 3s and 4s were not timely filed as follows: (i) William G. Barker, III, the former Senior Vice President and Chief Financial Officer of the Company, failed to timely file five reports regarding the vesting of certain grants of Deferred Stock Units ("DSUs") and restricted stock; (ii) Peter J. Dey, a former director of the Company, failed to timely file two reports regarding the grant of DSUs; (iii) Cyrus F. Freidheim, Jr., the former President and Chief Executive Officer of the Company, failed to timely file six reports regarding the vesting of certain grants of DSUs and restricted stock; (iv) Thomas L. Kram, the Chief Financial Officer of the Company, failed to timely file three reports regarding the vesting of certain grants of DSUs; (v) Rohit Kumar, the Vice President of Technology of the Company, failed to timely file two reports regarding the vesting of certain grants of DSUs; (vi) Frederic R. Lebolt, President of Fox Valley Publishing, failed to timely file one report regarding the vesting of a grant of DSUs; (vii) David C. Martin, the Senior Vice President, Business development of the Company, failed to timely file two reports regarding the vesting of certain grants of DSUs; (viii) James D. McDonough, the Chief Administrative Officer, General Counsel and Secretary of the Company, failed to timely file seven reports regarding the vesting of certain grants of DSUs and restricted stock; (ix) Robert B. Poile, a director of the Company, failed to timely file a Form 3 and one report regarding the grant of DSUs; and (x) Blair Richard Surkamer, the President and Chief Operating Officer of the Company, failed to timely file six reports regarding the vesting of certain grants of DSUs and restricted stock.

Item 11. *Executive Compensation*

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Summary Compensation Table for Named Executive Officers

The following table sets forth compensation information for the fiscal year ended December 31, 2008 for (i) the person who served during 2008 as the Company's principal executive officer, and (ii) the two other most highly compensated executive officers of the Company (collectively, the "named executive officers").

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All other Compensation ($)	Total ($)
Cyrus F. Freidheim, Jr.(3), . . .	2008	$380,800	—	$994,783(4)	—	—	$12,356(5)	$1,387,939
Former President and	2007	$680,000	—	$608,879(4)	—	—	$12,079	$1,300,958
Chief Executive Officer	2006	$163,561	$ 87,561	$121,189(4)	—	—	—	$ 372,311
Blair Richard Surkamer(6), . .	2008	$284,625	$ 94,875	$104,017	—	—	$14,266(7)	$ 497,783
President and Chief	2007	$252,962	$319,062(8)	$ 5,131	—	—	—	$ 577,155
Operating Officer								
James D. McDonough(9), . . .	2008	$250,000	$ 84,562	$141,039	—	—	$ 7,155(10)	$ 482,756
Chief Administrative	2007	$275,000	—	$ 76,482	—	—	$ 9,844	$ 361,326
Officer, General Counsel	2006	$225,000	$ 25,000	$ 27,694	—	—	$13,090	$ 290,784
and Secretary								

(1) In 2008, each of the named executive officers received a grant of restricted Class A common stock in lieu of a portion of his cash salary as follows: (i) Mr. Freidheim received a grant of 262,465 shares of restricted stock in lieu of 44% of his 2008 base salary of $680,000; (ii) Mr. Surkamer received a grant of 31,625 shares of restricted stock in lieu of 10% of his 2008 base salary of $316,250; and (iii) Mr. McDonough received a grant of 27,500 shares of restricted stock in lieu of 10% of his 2008 base salary of $275,000. The grants vested 25%

on each of February 15, May 15, August 15 and November 15, 2008 and are reflected under "Stock Awards" and not under "Salary."

(2) The amounts in this column (other than $66,255 in 2006, $602,010 in 2007 and $695,583 in 2008 for Mr. Freidheim (as to which see Note (4) to this table below)) reflect the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year in accordance with Statement of Financial Accounting Standards No. 123R *"Share-Based Payment"* ("SFAS No. 123R") with respect to (i) awards of DSUs granted in 2007, and (ii) awards of restricted stock granted in 2008 as described in Note (1) to this table above. Assumptions used in the calculation of these amounts are included in Note 15 to the Company's audited financial statements for the fiscal year ended December 31, 2008 included in this Annual Report on Form 10-K.

(3) Mr. Freidheim became President and Chief Executive Officer on November 14, 2006. Prior to that date, Mr. Freidheim received compensation as a director of the Company. Amount shown under "Salary" for 2006 includes $76,000 of cash director fees paid to Mr. Freidheim in 2006 and amount shown under "Stock Awards" for 2006 includes $54,934 in respect of DSUs granted to Mr. Freidheim as a director in 2006. Mr. Freidheim's employment with the Company terminated effective February 28, 2009.

(4) Reflects the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year in accordance with SFAS No. 123R with respect to (i) awards to Mr. Freidheim in December 2007 of 150,000 shares of restricted Class A common stock and 386,364 DSUs; and (ii) awards to Mr. Freidheim in November 2006 of 7,277 DSUs (including dividend equivalent DSUs) granted to him as a director, 100,000 shares of restricted Class A common stock and a stock opportunity award with respect to up to 400,000 shares of Class A common stock. See "— Employment Agreements — Terms of Freidheim Arrangement" for a detailed description of the 2006 awards. Under SFAS No. 123R, the grant date fair value of the awards of restricted Class A common stock are expensed ratably over the applicable vesting periods. The grant date fair value of the 200,000-share portion of the stock opportunity award that vests based upon the attainment of specified price levels for the Company's Class A common stock was estimated for financial statement reporting purposes using a Monte Carlo simulation model and the estimated fair value is being expensed over the median expected vesting periods produced by the Monte Carlo simulation. With respect to the EBITDA Award portion of the stock opportunity award, under SFAS No. 123R, no expense was recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006 because the relevant performance targets and objectives had not been established as of December 31, 2006, no expense was recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 because the Company determined that it was more likely than not that the threshold target for the EBITDA Award would not be met, and no expense was recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 because the threshold target for the EBITDA Award was not met.

(5) Includes contributions made by the Company under the Company's 401(k) plan ($3,063) and perquisites that aggregate less than $10,000.

(6) Mr. Surkamer commenced employment with the Company as Vice President of Operations on February 12, 2007, became Chief Operating Officer-Sun-Times News Group on October 1, 2007 and became President and Chief Operating Officer of the Company on February 11, 2009.

(7) Includes contributions made by the Company under the Company's 401(k) plan ($3,063) and perquisites consisting of an automobile allowance and reimbursement of club membership dues and parking fees, none of which individually exceeds $25,000.

(8) Consists of a sign-on bonus ($130,000) and a guaranteed bonus ($189,062).

(9) Mr. McDonough became Chief Administrative Officer of the Company on February 11, 2009.

(10) Includes contributions made by the Company under the Company's 401(k) plan ($3,063) and perquisites that aggregate less than $10,000.

Employment Agreements

The Company has entered into compensation or employment arrangements or agreements with Messrs. Surkamer and McDonough. The Company has also entered into a Key Employee Severance Program Participation

Agreement with Mr. Surkamer. The Company has sought to reject these agreements in its Chapter 11 proceedings. The Company also had an employment arrangement with Mr. Freidheim. For a discussion of amounts paid or that could be payable to the named executive officers upon termination of employment or a change of control of the Company, see "Potential Payments Upon Termination or Change of Control."

Terms of Freidheim Arrangement

On November 14, 2006, the Board of Directors appointed Mr. Freidheim as its President and Chief Executive Officer. In connection with Mr. Freidheim's appointment, the Company agreed to a compensation arrangement (the "Freidheim Arrangement") for Mr. Freidheim. The compensation arrangement with Mr. Freidheim provides for: (a) an annual base salary of $680,000; (b) an annual bonus for 2007 (with a target bonus of 100% of base salary and a maximum bonus of 200% of base salary), based on performance against EBITDA-based targets, payable 50% in cash and 50% in shares of the Company's Class A common stock, with the number of shares to be determined based on the closing price of a share of the Company's Class A common stock on November 14, 2006 ($5.53); (c) a pro-rata bonus for 2006 of $87,561; (d) a grant of 100,000 shares of restricted stock that vest 50% on November 15, 2007 and 50% on November 15, 2008, subject to continued employment as Chief Executive Officer on the applicable date; and (e) a grant of a "stock opportunity award" pursuant to which Mr. Freidheim will be eligible to earn (i) 50,000 shares of the Company's Class A common stock when the average daily closing price of a share of the Company's Class A common stock over any consecutive four-month period exceeds $7.00, and an additional 50,000 shares of the Company's Class A common stock when the average daily closing price of a share of the Company's Class A common stock over any consecutive four-month period exceeds $8.00, $9.00 and $10.00, respectively (so that a maximum of 200,000 shares of the Company's Class A common stock may be earned under this portion of the stock opportunity award) and (ii) 50,000 shares (at threshold), 100,000 shares (at target) or 200,000 shares (at maximum) (the "EBITDA Award") based on performance against two-year EBITDA-based targets and other long-term corporate objectives for Mr. Freidheim including, but not limited to, the Company's financial strength, organization and management and strategy going forward (so that a maximum of 400,000 shares of the Company's Class A common stock in the aggregate may be earned under both portions of the stock opportunity award), subject in each case to continued employment as Chief Executive Officer on the applicable date, and provided further that any shares earned under the stock opportunity award may not be sold, transferred or otherwise disposed of by Mr. Freidheim so long as he remains Chief Executive Officer of the Company (except to pay taxes incurred in connection with earning such shares). No shares were earned under the EBITDA Award because the cumulative EBITDA targets for 2007 and 2008 were not met. Mr. Freidheim's employment with the Company terminated effective February 28, 2009.

Terms of Surkamer Arrangement

Mr. Surkamer commenced employment with the Company as Vice President of Operations on February 12, 2007 and became Chief Operating Officer-Sun-Times News Group on October 1, 2007 and President and Chief Operating Officer of the Company on February 11, 2009. In connection with Mr. Surkamer's appointment, the Company agreed to a compensation arrangement (the "Surkamer Arrangement") for Mr. Surkamer. The Surkamer Arrangement provides for: (a) an annual base salary of $275,000 (which was increased to $316,250 effective October 8, 2007 and $385,000 effective February 11, 2009); (b) a sign-on bonus of $130,000; (c) a guaranteed bonus for 2007 of 75% of Mr. Surkamer's annual base salary; and (d) eligibility to receive an award under the Company's 2006 Long-Term Incentive Plan (the "LTIP") in an amount of up to 75% of Mr. Surkamer's annual base salary (prorated based upon Mr. Surkamer's start date). In addition, Mr. Surkamer is eligible for participation in the Company's other incentive programs, benefit plans and programs and perquisites for which other senior executives of the Company generally are eligible.

Terms of McDonough Agreement

Effective December 29, 2006, the Company entered into an Employment Agreement with Mr. McDonough (the "McDonough Agreement") providing for Mr. McDonough's employment as Vice President, General Counsel and Secretary of the Company. On February 11, 2009, Mr. McDonough also became Chief Administrative Officer of the Company. Mr. McDonough reports to the President and Chief Executive Officer of the Company. The

McDonough Agreement is for the period to December 31, 2007, and the term of employment is renewable for successive periods of one year upon expiration of the previous term, unless the Board of Directors or Mr. McDonough gives written notice of non-renewal at least 30 days prior to the end of each such period. The Company may also elect to terminate the McDonough Agreement at the end of its then current term without terminating Mr. McDonough's employment with the Company. The McDonough Agreement was renewed for the period to December 31, 2008 and has again been renewed for the period to December 31, 2009.

Under the McDonough Agreement, Mr. McDonough is paid an annual salary of $275,000 (which was increased to $350,000 effective February 11, 2009) and will be eligible for an annual bonus targeted at 50% his annual base salary. In addition, Mr. McDonough is eligible to receive an annual award under the LTIP in an amount to be determined by the Compensation Committee. Mr. McDonough is eligible for participation in the Company's other incentive programs, benefit plans and programs and perquisites for which other senior executives of the Company were, at the time, eligible, including executive life and long-term disability insurance, the premiums for which are paid for by the Company.

Outstanding Equity Awards at Fiscal 2008 Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($/Sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
Cyrus F. Freidheim, Jr.(3)	—	—	—	—	—	257,576(4)	$12,879	100,000(5)	$5,000
Blair Richard Surkamer	—	—	—	—	—	75,345(6)	$ 3,767	23,174	$1,159
James D. McDonough	—	—	—	—	—	62,382(7)	$ 3,119	15,449	$ 772

(1) Amounts are calculated based upon the per share closing price of the Class A common stock on December 31, 2008 of $0.05.

(2) The amounts in this column (other than those for Mr. Freidheim (as to which see Note (5) to this table below)) consist of performance-vesting DSUs awarded pursuant to the Company's LTIP and 1999 Stock Incentive Plan on December 21, 2007. Performance vesting DSUs vest at either threshold, target or maximum levels based on Sun-Times News Group cumulative EBITDA for 2007 and 2008 and individual two-year goals for each participant such that if the EBITDA target and individual goals are met, one-half of the DSU will vest in the first quarter of 2009 and the other half will vest in the first quarter of 2010. Amounts shown are based on full vesting of the DSU awards as all DSUs vested automatically upon the occurrence of the January 16, 2009 change in control.

(3) Mr. Freidheim's employment with the Company terminated effective February 28, 2009.

(4) Consists of the unvested portion of a grant of 386,364 DSUs that vest 33⅓% on each of December 18, 2008, 2009 and 2010, in each case subject to continued employment on such date. All DSUs vested automatically upon the occurrence of the January 16, 2009 change in control.

(5) Consists of a grant in November 2006 of a "stock opportunity award." See "— Employment Agreements — Terms of Freidheim Arrangement" for a description of this award. Amounts shown are based on achieving threshold performance under both portions of the stock opportunity award.

(6) Consists of the unvested portion of (i) a grant of 89,844 DSUs that vest 33⅓% on each of December 18, 2008, 2009 and 2010; and (ii) a grant of 23,174 DSUs that vest 33⅓% on each of February 13, 2008, 2009 and 2010, in each case subject to continued employment on such date. All DSUs vested automatically upon the occurrence of the January 16, 2009 change in control.

(7) Consists of the unvested portion of (i) a grant of 78,125 DSUs that vest 33⅓% on each of December 18, 2008, 2009 and 2010; and (ii) a grant of 15,449 DSUs that vest 33⅓% on each of February 13, 2008, 2009 and 2010, in each case subject to continued employment on such date. All DSUs vested automatically upon the occurrence of the January 16, 2009 change in control.

Potential Payments Upon Termination or Change of Control

Named Executive Officers Who Are Still Employed With the Company

Mr. Surkamer

On December 23, 2008 (the "Surkamer Effective Date"), the Company entered into a Key Employee Severance Program Participation Agreement with Mr. Surkamer (the "Surkamer Severance Agreement"), which supersedes all prior severance agreements between the Company and Mr. Surkamer. The Surkamer Severance Agreement provides that in the event Mr. Surkamer's employment is terminated by the Company other than for cause or as a result of death or permanent disability prior to a change in control, Mr. Surkamer will receive the following: (i) a lump sum payment for any accrued, unused vacation time, reduced by all applicable tax withholding requirements; (ii) a lump sum payment equal to Mr. Surkamer's then current target bonus; (iii) continuation of Mr. Surkamer's base salary in effect on the date of termination, payable in the same manner that Mr. Surkamer's payroll is currently handled, less all appropriate withholding amounts and deductions, for the one-year period immediately following Mr. Surkamer's termination; and (iv) continuation of all then-current welfare benefit programs in which Mr. Surkamer participates on the date of his termination of employment, subject only to Mr. Surkamer's continued premium contributions at the same level as on the date of termination, for the one-year period immediately following Mr. Surkamer's termination.

In the event of a change in control, and the subsequent termination of Mr. Surkamer's services by the Company other than for cause or as a result of death or permanent disability or by Mr. Surkamer for good reason, Mr. Surkamer will receive the following: (i) a lump sum payment for any accrued, unused vacation time, reduced by all applicable tax withholding requirements; (ii) a lump sum payment equal to Mr. Surkamer's then current target bonus multiplied by 2; (iii) continuation of Mr. Surkamer's base salary in effect on the date of termination, payable in the same manner that Mr. Surkamer's payroll is currently handled, less all appropriate withholding amounts and deductions, for the two-year period immediately following Mr. Surkamer's termination; and (iv) continuation of all then-current welfare benefit programs in which Mr. Surkamer participates on the date of his termination of employment, subject only to Mr. Surkamer's continued premium contributions at the same level as on the date of termination, for the one-year period immediately following Mr. Surkamer's termination. In the event of a change in control that is a Stock Acquisition Change in Control or a Disposition Change in Control, and the subsequent termination of Mr. Surkamer's services by Mr. Surkamer for good reason, Mr. Surkamer will not be entitled to the severance benefits described above if, in connection with such change in control, he is offered a position substantially similar to his then current position or he is employed by the purchaser in such change in control within one year following such change in control. Under the terms of the Surkamer Severance Agreement and of the equity-based awards he has been granted by the Company, all unexpired equity-based awards then held by Mr. Surkamer will vest upon a change in control. The term of the Surkamer Severance Agreement runs from the Surkamer Effective Date until the second (2nd) anniversary of the Surkamer Effective Date and shall automatically renew for successive one (1) year intervals thereafter unless the Company shall have given at least one hundred eighty (180) days advance written notice to Mr. Surkamer of the cessation of such automatic renewal. Mr. Surkamer has agreed that during his employment with the Company, and for a period of one year after the effective date of his termination from the Company for whatever reason, he will be subject to non-solicitation provisions as set forth in the Surkamer Severance Agreement.

For purposes of the Surkamer Severance Agreement, a "change in control" of the Company is deemed to have occurred upon: (a) the acquisition of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities (a "Stock Acquisition Change in Control"); or (b) the entry into a plan or agreement for a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company (a "Disposition Change in Control"); or (c) the members of the Board of Directors as of the Surkamer Effective Date and any new directors whose election by the Board or

nomination by the Board for election was approved by a vote of a least two-thirds of the directors then still in office who either were in office on the Surkamer Effective Date or whose election or nomination for election was previously so approved ceasing for any reason to constitute at least a majority of the Board. Under the terms of the Surkamer Severance Agreement, "cause" means (i) Mr. Surkamer engaging in intentional and willful misconduct, including a breach of his duty of loyalty to the Company, to the detriment of the Company, or (ii) Mr. Surkamer being convicted of, or entering a plea of *nolo contendere* to, a crime involving fraud, dishonesty or violence. Under the terms of the Surkamer Severance Agreement, "good reason" means the occurrence of a change in control followed by Mr. Surkamer experiencing (i) a material reduction in base salary, title, authority or responsibilities, (ii) required relocation more than 50 road miles from the office where Mr. Surkamer currently works, or (iii) the failure of the Company to obtain an explicit undertaking from any successor to honor the terms of the Surkamer Severance Agreement. The reconstitution of the Company's Board of Directors on January 16, 2009 constituted a change in control under the Surkamer Severance Agreement.

On February 12, 2008, the Company granted a Cash Incentive Award under the LTIP to Mr. Surkamer with a target amount of $118,594. Under the LTIP, upon a change in control (which the reconstitution of the Company's Board of Directors on January 16, 2009 constituted) the award vested at target and will be paid upon the earliest of: (i) February 12, 2011, (ii) death, (iii) permanent disability, (iv) retirement (termination after age 59½ and with at least 5 years of service), (v) involuntary termination without cause (as defined in the Surkamer Severance Agreement), (vi) voluntary termination for Good Reason (as defined in the Surkamer Severance Agreement), or (vii) the closing of a business combination. Upon the change in control, Mr. Surkamer's then-vested 98,519 DSU's (valued at $4,926 using the per share closing price of $0.05) automatically vested.

The Company has sought to reject the Surkamer Severance Agreement and the Cash Incentive Award in its Chapter 11 proceedings.

Mr. McDonough

The McDonough Agreement may be terminated: (a) by Mr. McDonough at the end of the term; (b) upon Mr. McDonough's death or disability; (c) by the Company for cause; or (d) by Mr. McDonough for any reason upon 30 days' notice, in which case Mr. McDonough will be entitled to receive his salary and health and welfare benefits through his final date of active employment, plus any accrued but unused vacation pay and any benefits required by law or any other plan or program in which he is a participant. Under the terms of the McDonough Agreement, "cause" means that Mr. McDonough has (i) been convicted of (or has pleaded guilty or no contest to) a felony, or (ii) engaged in conduct that constitutes willful gross neglect or willful gross misconduct with respect to his employment duties; provided, no act or omission on Mr. McDonough's part shall be considered "willful" if conducted in good faith and with a reasonable belief that his conduct was in the best interests of the Company and further provided the Company may not terminate Mr. McDonough's employment under clause (ii) unless Mr. McDonough is given at least thirty days to cure any such conduct (if capable of cure), and has received a certified copy of a resolution of the Board of Directors terminating his employment for cause and stating specifically the conduct that the Board believes satisfies the definition of cause.

The McDonough Agreement may also be terminated by the Company for any other reason upon 30 days' notice or by the Company at the end of the term, in which case, except if such termination occurs within the 24-month period following a change of control of the Company, Mr. McDonough will be entitled to receive a single lump sum payment equal to (a) one times the sum of Mr. McDonough's final base salary and target bonus, (b) a pro-rata target bonus for the year in which termination of employment occurs, and (c) an amount equal to any bonus for Mr. McDonough earned and unpaid as of Mr. McDonough's termination of employment. Mr. McDonough will also be entitled to receive health and welfare benefits for a period ending one year from the date of Mr. McDonough's termination of employment (the "Continuation Period"). Notwithstanding the above, if the Company elects to terminate the McDonough Agreement at the end of its then current term but not terminate Mr. McDonough's employment, and if the Company has comparable severance policies in effect as of the date on which the McDonough Agreement is terminated, then Mr. McDonough will not be entitled to receive the payments and benefits described in this paragraph. Upon termination of Mr. McDonough's services as described in this paragraph, (i) all unvested cash awards will become fully vested and payable (as applicable), (ii) all unvested equity-based

awards which, in accordance with applicable vesting schedules, would have vested during the Continuation Period will become fully vested and payable and (iii) all other unvested equity-based awards will be forfeited.

In the event of a change of control of the Company and the subsequent termination of Mr. McDonough's employment by the Company without cause, by the Company at the end of the then current term without comparable severance policies then in effect or by Mr. McDonough for good reason, within 24 months after the change of control, Mr. McDonough will be entitled to his base salary and health and welfare benefits through his final date of active employment and any accrued but unused vacation pay. Mr. McDonough will also be entitled to receive: (a) a lump sum amount equal to his final annual base salary, multiplied by two, plus two times his target bonus, (b) a target bonus for the year of termination prorated for service through the date of termination, (c) the continuation of health and welfare benefits for a period ending two years from the date of termination, and (d) any bonus that was earned with respect to a prior calendar year but not paid as of the date of termination. In addition, upon a change of control, all unvested awards and grants become immediately fully vested and payable (if applicable). All severance payments will be made to Mr. McDonough in a single lump sum payment on a date that is not later than ten business days following the date of termination of his services. The McDonough Agreement provides that if payments to Mr. McDonough would result in the imposition of an excise tax under Section 4999 of the Code, then the payments will be reduced so that no excise tax will be imposed, but only if the effect of such reduction would be to place Mr. McDonough in a better after-tax economic position than he would have been in had no such reduction been effected.

For purposes of the McDonough Agreement, a "change of control" of the Company is deemed to have occurred upon:

- the acquisition of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; or
- the members of the Board of Directors as of December 29, 2006 (the "Effective Date") and any new directors whose election by the Board or nomination by the Board for election was approved by a vote of a least two-thirds of the directors then still in office who either were in office on the Effective Date or whose election or nomination for election was previously so approved ceasing for any reason to constitute at least a majority of the Board;
- the adoption, enactment or effectiveness of any action that materially limits or diminishes the power or authority of the Company's board of directors or any committee thereof, if such action has not been approved by a vote of a least two-thirds of the directors then still in office who either were in office on the Effective Date or whose election or nomination for election was previously so approved ceasing for any reason to constitute at least a majority of the Board; or
- the consummation of, or the execution of a definitive agreement the consummation of which would result in, a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company to an unaffiliated buyer; or
- the shareholder approval of a complete liquidation or dissolution of the Company.

The reconstitution of the Company's Board of Directors on January 16, 2009 constituted a change in control under the McDonough Agreement. Under the terms of the McDonough Agreement, "good reason" exists if a change of control has occurred and, at any time during the twenty-four months thereafter, any of the following has also occurred: (i) Mr. McDonough's title, authority, or principal duties are materially reduced, materially diminished or eliminated; (ii) Mr. McDonough's base salary is reduced or his benefits are diminished (except in connection with reduction of base salaries or benefits, as the case may be, on substantially a Company-wide basis, so long as Mr. McDonough's reduction is not less favorable on a percentage basis than the reductions applicable to other members of senior management of the Company); or (iii) Mr. McDonough's principal place of employment is relocated to a location that results in an increase in his one-way commute of more than thirty-five road miles from the prior commuting distance.

Mr. McDonough has agreed that during his employment with the Company, and for a period of one year after the effective date of his termination from the Company for whatever reason, he will be subject to non-competition and non-solicitation provisions as set forth in the McDonough Agreement.

On February 12, 2008, the Company granted a Cash Incentive Award under the LTIP to Mr. McDonough with a target amount of $103,125. Under the LTIP, upon a change in control (which the reconstitution of the Company's Board of Directors on January 16, 2009 constituted) the award vested at target and will be paid upon the earliest of: (i) February 12, 2011, (ii) death, (iii) permanent disability, (iv) retirement (termination after age 59½ and with at least 5 years of service), (v) involuntary termination without cause (as defined in the McDonough Agreement), (vi) voluntary termination for Good Reason (as defined in the McDonough Agreement), or (vii) the closing of a business combination. Upon the change in control, Mr. McDonough's then-vested 77,831 DSU's (valued at $3,892 using the per share closing price of the Class A common stock at December 31, 2008 of $0.05) automatically vested.

The Company has sought to reject the McDonough Agreement and the Cash Incentive Award in its Chapter 11 proceedings.

Named Executive Officers Who Are No Longer Employed With the Company

Mr. Freidheim

Pursuant to the Freidheim Arrangement, after December 31, 2007, either the Company or Mr. Freidheim could terminate the employment relationship with 60 days' notice. If Mr. Freidheim's employment was terminated by the Company (other than for cause or due to death or disability), Mr. Freidheim would be entitled to receive continuation of his base salary, target annual bonus and employee benefits through the date falling six months following the date of termination of employment. In addition, if Mr. Freidheim's employment was terminated by the Company (other than for cause or due to death or disability), then (i) his shares of restricted stock that would have vested during the 12-month period following termination would be treated as vested as of the date of termination; and (ii) Mr. Freidheim would have 12 months from the date of termination of employment to earn the shares of the Company's Class A common stock under his stock opportunity award, and after such 12-month period such award would be cancelled and expire. In the event of a change of control of the Company as defined in the LTIP, and the subsequent termination of Mr. Freidheim's employment by the Company without cause or by Mr. Freidheim for good reason, within 24 months after the change of control, Mr. Freidheim would be entitled to his base salary and health and welfare benefits through his final date of active employment and any accrued but unused vacation pay. Mr. Freidheim would also be entitled to receive: (a) a lump sum amount equal to 50% of his final annual base salary, plus 50% of the higher of his target bonus or the highest annual bonus actually received during the two most recent years, (b) a target bonus for the year of termination prorated for service through the date of termination, and (c) the continuation of health and welfare benefits for a period ending six months from the end of the current term of his agreement. In addition, upon a change of control, all unvested awards and grants become immediately fully vested and payable (if applicable). All severance payments would be made to Mr. Freidheim in a single lump sum payment on a date that is not later than ten business days following the date of termination of his services. For purposes of the Freidheim Arrangement, a "change of control" of the Company was deemed to have occurred upon:

- the acquisition of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; or
- the members of the Board of Directors as of the date on which Mr. Freidheim's employment began (the "Effective Date") and any new directors whose election by the Board or nomination by the Board for election was approved by a vote of a least two-thirds of the directors then still in office who either were in office on the Effective Date or whose election or nomination for election was previously so approved ceasing for any reason to constitute at least a majority of the Board; or
- the adoption, enactment or effectiveness of any action that materially limits or diminishes the power or authority of the Company's board of directors or any committee thereof, if such action has not been approved by a vote of at least two-thirds of the directors then still in office who either were in office on the Effective Date or whose election or nomination for election was previously so approved ceasing for any reason to constitute at least a majority of the Board; or
- the consummation of, or the execution of a definitive agreement the consummation of which would result in, a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company to an unaffiliated buyer; or
- the consummation of a complete liquidation or dissolution of the Company.

For purposes of the Freidheim Arrangement, "good reason" was deemed to have occurred if Mr. Freidheim's title, authority, or principal duties are reduced, diminished or eliminated, his base salary is reduced, his benefits were diminished, his principal place of employment was relocated more than thirty-five (35) road miles from its then-current location, or his target bonus opportunity was reduced.

On October 24, 2008, the Company and Mr. Freidheim entered into an amendment to the Freidheim Arrangement, which primarily served to restore Mr. Freidheim's severance benefit, which had expired on December 31, 2007. In addition, the amendment provided that in the event of a reorganization, recapitalization or other transaction which constitutes a "Rule 13e-3 Transaction" under Rule 13e-3 of the Securities Exchange Act of 1934 and does not otherwise constitute a change of control, Mr. Freidheim's unvested long-term incentive awards would nevertheless immediately vest and become immediately payable. The amendment also provided for gross up protection in the event Mr. Freidheim becomes subject to the 20% excise tax imposed under Section 4999 of the Internal Revenue Code. In addition, the amendment provided that Mr. Freidheim would be subject to non-compete and non-solicitation provisions for six months following his termination date and that if the Company reduced Mr. Freidheim's annual base salary or his target bonus opportunity without his prior written consent, he could voluntarily terminate his employment with the Company and such termination would be deemed an involuntary termination by the Company without cause, entitling Mr. Freidheim to the benefits discussed above.

On February 12, 2008, the Company granted a Cash Incentive Award under the LTIP to Mr. Freidheim with a target amount of $510,000. Under the LTIP and the Freidheim Arrangement as amended, upon a change in control (which the reconstitution of the Company's Board of Directors on January 16, 2009 constituted) the award vested at target and became immediately payable and was paid to Mr. Freidheim. Upon the change in control, Mr. Freidheim's then-unvested 257,576 DSUs (valued at $12,879 using the per share closing price of the Class A common stock on December 31, 2008 of $0.05) also automatically vested. Effective February 28, 2009, Mr. Freidheim terminated his employment with the Company and, because the termination was voluntary received only payments for accrued vacation.

Directors' Compensation

Under the terms of the Company's compensation arrangements with directors that were effective in 2008, each non-management director received an annual director retainer of $50,000 per annum and a fee of $3,000 for each board meeting attended. Committee chairs and committee members received retainers and meeting attendance fees which vary among committees. The chair of the Audit Committee received a $20,000 annual retainer, while Audit Committee members received a $10,000 annual retainer and all Audit Committee members received a fee of $3,000 per meeting attended. The chair of the Compensation Committee received an annual retainer of $5,000, and all Compensation Committee members received a fee of $3,000 per meeting attended. The chair of the Nominating & Governance Committee received an annual retainer of $5,000, and all Nominating & Governance Committee members received a fee of $3,000 per meeting attended. The chair of the Special Committee received a meeting attendance fee of $7,500, and all Special Committee members received a fee of $5,000 per meeting attended. All members of the Strategic Alternatives Committee, which was established by the Board of Directors in February 2008, received a fee of $3,000 per meeting attended. Directors are reimbursed for reasonable expenses incurred in attending meetings of the Board of Directors.

The annual director's retainer for 2008 was paid quarterly in the form of DSUs granted under the Company's 1999 Stock Incentive Plan. The DSUs were issued in quarterly installments as of the last business day of each fiscal quarter, with the number of DSUs being issued with respect to annual director retainer payments as of each such date being determined by dividing the amount of the annual director retainer payable by the fair market value of a share of our Class A common stock on the last trading day of such fiscal quarter. Each DSU represents an unfunded, unsecured right to receive a share of Class A common stock after the date the non-management director ceases to be a member of the Board of Directors. DSUs attract additional dividend equivalent DSUs if the Company declares a cash or stock dividend on its outstanding Class A common stock. Each non-management director also received a grant of an additional 1,000 DSUs under the 1999 Stock Incentive Plan each fiscal quarter. Because of the decline in the Company's stock price and the resulting dilution caused by the issuance of DSUs to non-management directors, effective June 30, 2008, the Board of Directors approved changes to the Company's compensation arrangements with non-management directors to provide that (i) all of the annual director's retainer be paid in cash, and (ii) the

quarterly DSU issuance was eliminated and each non-management director would instead be paid a cash amount each calendar quarter equal to the value of 1,000 shares of Class A common stock (valued based upon the per share closing price of the Class A common stock on the last trading day of the calendar quarter).

The Board of Directors also maintained a stock ownership requirement for non-management Board members. Each non-management director is required to own shares of Class A common stock with an aggregate fair market value equal to at least five times the amount of the annual director retainer. Non-management directors will have five years to satisfy this requirement and all DSUs granted to a non-management director will count towards the satisfaction of this requirement. The stock ownership requirement was suspended effective June 30, 2008.

The Board determined that, in addition to not applying to management directors, the arrangements described above would also not apply to William Aziz and G. Wesley Voorheis, who became members of the Company's Board of Directors on August 1, 2007 and who are employees of the Company's controlling stockholder.

On August 7, 2006, the Compensation Committee approved a new compensation arrangement for Raymond G.H. Seitz under which he would be paid an annual retainer of $300,000 for serving as the Non-Executive Chairman of the Board, with 50% of such retainer paid in cash and 50% paid in DSUs. Such retainer is in lieu of all other retainers and meeting attendance fees, except that Mr. Seitz will continue to be paid meeting fees for attending meetings of the Special Committee. Effective June 30, 2008, the Board of Directors modified the arrangement to provide that 100% of the annual retainer would be paid in cash.

On January 16, 2009, the Company's Board of Directors was reconstituted. On March 2, 2009, the Board of Directors modified the Company's compensation policy for directors, effective January 16, 2009, so that each member of the Board of Directors be compensated for his or her service on the Board in the amount of $200,000 per annum, payable at such times as shall be determined from time to time by the Chairman of the Board, and that any director who devotes at least four (4) hours in any day to matters benefiting the Company be entitled to compensation therefor in the amount of $3,000, subject to the receipt by the Company of reasonable documentation with respect thereto. These compensation arrangements do not apply to Mr. Halbreich, Chairman of the Board and Interim Chief Executive Officer of the Company. Mr. Halbreich's compensation arrangement with the Company provides that he be paid $6,000 per day for days he works full-time as Interim Chief Executive Officer of the Company.

The table below summarizes the compensation paid by the Company to non-management directors in respect of services in 2008.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Current Directors(2)			
Robert B. Poile(3)	$ 57,220	$ 1,427	$ 58,647
Graham W. Savage(4)	$185,220	$26,210	$211,430
Former Directors			
William Aziz(5)	—	—	—
Brent D. Baird(5)	$ 26,000	$24,497	$ 50,497
Albrecht W.A. Bellstedt(5)	$ 24,000	$24,497	$ 48,497
Herbert A. Denton(4)	$112,220	$26,210	$138,430
Peter Dey(4)	$ 87,720	$26,210	$113,930
Cyrus F. Freidheim, Jr.(4)	—	—	—
Edward Hannah(5)(6)	$ 15,000	$38,970	$ 53,970
Gordon A. Paris(4)	$173,720	$26,210	$199,930
Raymond G.H. Seitz(4)	$316,500	$75,000	$391,500
G. Wesley Voorheis(5)	—	—	—

(1) The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS No. 123R with respect to DSUs, which are issuable in the form of shares upon the termination of a director's service as a member of the Board. These amounts also reflect the grant date fair value of the DSUs granted to directors in 2008 (computed in accordance with SFAS No. 123R).

Assumptions used in the calculation of these amounts are included in Note 15 to the Company's audited financial statements for the fiscal year ended December 31, 2008 included in this Annual Report on Form 10-K.

(2) Excludes Messrs. Halbreich, Katzenstein and Schmitz who were elected to the Company's Board of Directors on January 16, 2009.

(3) Mr. Poile was elected to the Company's Board of Directors on June 20, 2008.

(4) On January 16, 2009, Messrs. Denton, Dey, Freidheim, Paris Savage and Seitz were removed from the Company's Board of Directors. On January 30, 2009, Mr. Savage was re-elected to the Board of Directors.

(5) Effective June 18, 2008, Messrs. Aziz, Baird, Bellstedt, Hannah and Voorheis resigned from the Company's Board of Directors.

(6) Includes expense recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 with respect to 5,953 DSUs issued to Mr. Hannah on March 31, 2008 in respect of his service on the Board of Directors from August 1, 2007 through December 31, 2007. Because these DSUs were not issued until March 31, 2008, no expense was recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 with respect to such DSUs.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The following table sets forth, as of February 28, 2009, unless otherwise indicated, certain information regarding those persons or entities known to hold more than 5% of the outstanding shares of Class A Common Stock, and ownership of Class A Common Stock by the named executive officers, the directors, nominees for election and all directors and executive officers as a group. The beneficial ownership information of each of these persons or entities is based upon, where applicable, filings with the SEC as noted in the footnotes to the table.

Name and Address	Class and Total Number of Shares Beneficially Owned(1)		Percent of Class
Hollinger Inc. and affiliates(2) 100 King Street West, Suite 3700 Toronto, Ontario M5X 1C9 Canada	17,271,923	Class A Common	20.6%
Polar Securities Inc.(3) 372 Bay Street, 21st Floor Toronto, Ontario M5H 2W9 Canada	9,038,163		10.8%
K Capital Partners, LLC(4) 855 Boylston Street, 11th Floor Boston, MA 02116	8,621,312	Class A Common	10.3%
Davidson Kempner Partners(5) 65 East 55th Street, 19th Floor New York, NY 10022	4,858,073	Class A Common	5.8%
Cyrus F. Freidheim, Jr.	540,000	Class A Common	*
Jeremy L. Halbreich	290,000	Class A Common	*
Michael E. Katzenstein	0		
Thomas L. Kram	35,083	Class A Common	*
James D. McDonough	138,477	Class A Common	*
Robert B. Poile	62,493	Class A Common	*
Graham W. Savage	64,342	Class A Common	*
Robert A. Schmitz	0	Class A Common	*
Blair R. Surkamer	118,394	Class A Common	*
Barbara Swanson	0	Class A Common	*
All current directors and executive officers as a group (9 persons)(6)	708,789	Class A Common	*

* An asterisk (*) indicates less than one percent of a class of stock.

(1) Includes 2,914 shares issuable pursuant to DSUs to Mr. Poile.

(2) As reported in Schedule 13D filed with the SEC on June 19, 2008.

(3) As reported on a Form 4 filed with the SEC on December 30, 2008.

(4) As reported in Schedule 13D filed with the SEC on December 18, 2008.

(5) As reported in Schedule 13D filed with the SEC on January 22, 2009.

(6) Includes 2,914 shares issuable pursuant to DSUs. Mr. Freidheim served as an executive officer of the Company during 2008 but his employment with the Company was terminated prior to the date hereof. Accordingly, because this line item reflects the beneficial ownership of our current directors and executive officers, the beneficial ownership of Mr. Freidheim is not included herein.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))(c)
Equity compensation plans approved by security holders	297,683	$7.90	1,784,313
Equity compensation plans not approved by security holders	—	—	—
Total	297,683	$7.90	1,784,313

Item 13. ***Certain Relationships and Related Transactions***

Related Party Transactions

The Company has recorded $9.4 million of expenses on behalf of current and former executive officers and directors of the Company during the year ended December 31, 2008. The majority of these expenses relate to payments of fees for legal counsel representing former executive officers and directors of the Company in their dealings with the Special Committee, while conducting its investigations or with respect to criminal proceedings and litigation. Payments of such fees were made pursuant to indemnification provisions of the Company's Certificate of Incorporation and the Company's by-laws.

On March 25, 2008, the Company announced that it had agreed to the terms of a settlement (the "Settlement") that resolved the various disputes and litigation between the Company and Hollinger Inc. At the time of the Settlement, Hollinger Inc. was the owner of all of the outstanding shares of the Company's Class B Common Stock, which had ten votes per share, and 782,923 shares of Class A Common Stock, which has one vote per share. These holdings represented 19.6% of the outstanding equity of the Company and 70.0% of the voting power of the Company's outstanding common stock at the time of the Settlement.

On March 24 and 25, 2008, respectively, the Special Committee and the Company's full Board of Directors approved the Settlement. The Settlement was also approved by the Hollinger Inc. Board of Directors.

On May 14, 2008, the Company announced it had agreed to the Revised Settlement. The Revised Settlement was approved by the Company's full Board of Directors and the Hollinger Inc. Board of Directors. The Company amended its SRP to ensure that the execution and delivery of the Company's agreement to the Revised Settlement and the consummation of the Revised Settlement did not cause the Rights to become exercisable or otherwise trigger the provisions of the SRP. On May 26, 2008, the Revised Settlement was approved in Ontario, Canada, under the CCAA.

The Revised Settlement included a complete release of claims between the parties and the elimination of the voting control by Hollinger Inc. of the Company through conversion on a one-for-one basis of the shares of Class B Common Stock to shares of Class A Common Stock. The Revised Settlement also required the Company to deliver 1.499 million additional shares of Class A Common Stock to Hollinger Inc. The terms of the Revised Settlement were carried out at a closing on June 18, 2008. The Company granted demand registration rights with respect to the shares of Class A Common Stock that resulted from the conversion of the shares of Class B Common Stock, as well as with respect to the additional 1.499 million shares of Class A Common Stock issued to Hollinger Inc. pursuant to the Revised Settlement. The Company recorded $0.8 million in expense (including fees) related to the issuance of the 1.499 million shares of Class A Common Stock and $1.7 million related to the write-off of a receivable from Hollinger Inc. and its subsidiaries. In addition, to the previously mentioned write-off of the fully reserved loan of $33.7 million due from a subsidiary of Hollinger Inc.

Under the Revised Settlement, all shares of Class A Common Stock issued to Hollinger Inc. will be voted by the indenture trustees for certain notes issued by Hollinger Inc., but such trustees together will only be able to vote shares of common stock not exceeding 19.999% of the outstanding common stock of the Company at any given time.

Pursuant to a stipulation and agreement of settlement of U.S. and Canadian class actions against the Company and Hollinger Inc. and an insurance settlement agreement dated June 27, 2007, up to $24.5 million (plus interest, less fees and expenses) will be paid to the Company, Hollinger Inc. and/or other claimants under their directors' and officers' insurance policies (the "Insurance Settlement Proceeds"). Payment of the Insurance Settlement Proceeds is subject to the approval of various United States and Canadian courts. Under the terms of the Revised Settlement, Hollinger Inc. and the Company will cooperate to maximize the recoverable portion of the Insurance Settlement Proceeds payable to them collectively (as opposed to other claimants) and they have agreed that the Company will receive 85% and Hollinger Inc. will receive 15% of the amounts to be received collectively by Hollinger Inc. and the Company (as opposed to amounts received by other claimants) from such proceeds. Also, the collective recoveries, if any, of Hollinger Inc. and the Company on account of their claims against Hollinger Inc.'s controlling parent company, Ravelston, which is in insolvency proceedings in Ontario, Canada, will be divided equally between Hollinger Inc. and the Company.

The Revised Settlement provided that the Company would be reimbursed by Hollinger Inc. for up to $2.0 million of the Company's legal fees that were incurred in connection with Hollinger Inc.'s CCAA proceedings. The Company received payment of $2.0 million in June 2008.

Pursuant to the Revised Settlement, on June 23, 2008, the Company announced that the six directors of the Company appointed by Hollinger Inc. on July 31, 2007 resigned from the Board of Directors. Thereafter, Peter J. Dey and Robert B. Poile were elected as directors. The two events had the effect of reducing the size of the Board of Directors from eleven to seven.

Under the terms of the Revised Settlement, certain of the Company's claims against Hollinger Inc. were allowed as unsecured claims, in agreed amounts ("Allowed Claims"). The Company's total recovery in respect of the Allowed Claims is capped at $15.0 million. After the Company receives the first $7.5 million in respect of the Allowed Claims, 50% of any further recovery received by the Company in respect of the Allowed Claims (subject to the $15.0 million cap) will be assigned to Hollinger Inc. Under the terms of the Revised Settlement, the amounts so assigned are intended to be available to fund litigation claims of Hollinger Inc. against third parties. All of the Company's claims against Hollinger Inc. other than the Allowed Claims were released as part of the general mutual release that, among other things, discontinued any and all pending litigation between the Company and Hollinger Inc., including all of the litigation pending in the United States District Court for the Northern District of Illinois.

Director Independence

The Board of Directors has made no determination as to the independence of each director.

Certain Business Relationships

One of the Company's directors, Michael E. Katzenstein, has served as a Senior Managing Director of FTI Consulting Inc., a global consulting firm, since January 1, 2009. From January 1, 2008 through March 31, 2009, the

Company paid FTI Consulting $1,006,000 for litigation support, and advisory services related to cash management planning and forecasting and bankruptcy preparation. $888,000 of this amount has been paid since Mr. Katzenstein was elected to the Company's Board of Directors. In addition, Mr. Katzenstein's compensation and expenses as a member of the Company's Board of Directors since his election on January 16, 2009 totaling $54,769, have, at Mr. Katzenstein's request, been paid by the Company to FTI Consulting.

Item 14. ***Principal Accountant Fees and Services***

The Audit Committee has responsibility for appointing, setting fees and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm, subject to de minimis exceptions for non-audit services that are approved by the Audit Committee prior to the completion of the audit.

The Audit Committee engaged the firm KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2008.

On an ongoing basis, management defines and communicates specific projects for which the advance approval of the Audit Committee is requested. The Audit Committee reviews these requests and advises management if it approves the engagement of KPMG LLP. The categories of service that the Audit Committee pre-approves are as follows:

Audit Services. Audit services include work performed in connection with the audit of the consolidated financial statements, as well as work that is normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

Audit Related Services. These services are for assurance and related services that are traditionally performed by the independent registered public accounting firm and that are reasonably related to the work performed in connection with the audit including due diligence related to mergers and acquisitions, employee benefit plan audits and audits of subsidiaries and affiliates.

Tax Services. These services are related to tax compliance, tax advice and tax planning. These services may be provided in relation to Company strategies as a whole or be transaction specific.

Other Services. These services include all other permissible non-audit services provided by the independent registered public accounting firm and are pre-approved on an engagement-by-engagement basis.

The Audit Committee has delegated pre-approval authority to the chairman of the Audit Committee. The chairman must report any pre-approval decisions to the Audit Committee at its next scheduled meeting for approval by the Audit Committee as a whole. The following table presents fees for professional audit services rendered by KPMG LLP for the audit of the Company's consolidated financial statements for 2008 and 2007, and fees billed for other services rendered during 2008 and 2007 by KPMG LLP.

	2008	2007
	(In thousands)	
Audit fees(1)	$3,200	$5,500
Audit-related fees(2)	5	—
Total audit and audit related fees	3,205	5,500
Tax fees(3)	345	587
All other fees	—	—
Total fees	$3,550	$6,087

(1) Audit fees for 2008 and 2007 include fees for the annual audit and quarterly reviews.

(2) Audit-related fees for 2008 include fees for assistance with SEC comment letters.

(3) Tax fees consist of fees for assistance with tax compliance matters, assistance with federal, state and international tax planning matters and assistance with examinations by taxing authorities.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) *Documents filed as part of this report*

(1) *Consolidated Financial Statements and Supplemental Schedules.*

(2) *List of Exhibits*

The consolidated financial statements filed as part of this report appear beginning at page 65.

Exhibit No.	Description of Exhibit	Prior Filing
3.1	Restated Certificate of Incorporation.	Incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K for the year ended December 31, 2003 filed on January 18, 2005.
3.1.2	Certificate of Amendment to Restated Certificate of Incorporation.	Incorporated by reference to Exhibit 3.1.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 filed on August 9, 2006.
3.2	Amended and Restated Bylaws of Sun-Times Media Group, Inc.	Incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 filed on May 9, 2008.
4.1	Rights Agreement between Hollinger International Inc. and Mellon Investor Services LLC as Rights Agent, dated as of January 25, 2004.	Incorporated by reference to Exhibit 4.1 to Item 5 of the Current Report on Form 8-K dated January 26, 2004.
4.2	Amendment No. 1 to the Rights Agreement between Hollinger International Inc. and Mellon Investor Services LLC as Rights Agent, dated May 10, 2005.	Incorporated by reference to Exhibit 4.1 to Item 1.01 of the Current Report on Form 8-K dated May 11, 2005.
4.3	Amendment No. 2 to the Rights Agreement between Sun-Times Media Group, Inc. (f/k/a Hollinger International Inc.) and Mellon Investor Services LLC as Rights Agent, dated July 23, 2007.	Incorporated by reference to Exhibit 4.1 to Item 1.01 of the Current Report on Form 8-K dated July 26, 2007.
4.4	Amendment No. 3 to Rights Agreement between Sun-Times Media Group, Inc. (f/k/a Hollinger International Inc.) and Mellon Investor Services LLC as Rights Agent, dated March 25, 2008.	Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on March 27, 2008.
4.5	Amendment No. 4 to Rights Agreement between Sun-Times Media Group, Inc. (f/k/a Hollinger International Inc.) and Mellon Investor Services LLC as the Rights Agent, dated May 14, 2008.	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated May 14, 2008.
4.6	Registration Rights Agreement among Sun-Times Media Group, Inc. (f/k/a Hollinger International Inc.) and the stockholders named therein, dated June 17, 2008.	Incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 filed on August 8, 2008.
10.1	Facilitation Agreement by and between Hollinger International Inc., Hollinger Canadian Newspapers, Limited Partnership, 3815668 Canada Inc., Hollinger Canadian Publishing Holdings Co., HCN Publications Company and CanWest Global Communications Corp. dated as of October 7, 2004.	Incorporated by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 2003 filed on January 18, 2005.

Exhibit No.	Description of Exhibit	Prior Filing
10.2	Agreement dated November 15, 2003 between Conrad M. Black and Hollinger International Inc.	Incorporated by reference to Exhibit 99.1 to Item 5 of the Current Report on Form 8-K dated January 6, 2004.
10.3	Business Opportunities Agreement between Hollinger Inc. and Hollinger International Inc., as amended and restated as of February 7, 1996.	Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K for the year ended December 31, 2003 filed on January 18, 2005.
10.4	Agreement, dated as of May 12, 2005, by and between Hollinger International Inc. and RSM Richter Inc., in its capacity as court appointed receiver and monitor of Ravelston Corporation Limited and Ravelston Management, Inc.	Incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 31, 2006.
10.5	Amended Agreement of Compromise and Release of Outside Director Defendants Conditioned on Entry of Appropriate Order dated June 27, 2005.	Incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 31, 2006.
10.6	Amended and Restated Employment Agreement by and between Gordon A. Paris and Hollinger International Inc. dated as of January 31, 2006.	Incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 31, 2006.
10.7	Amended and Restated Deferred Stock Unit Agreement between Gordon A. Paris and Hollinger International Inc. dated as of January 31, 2006.	Incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 31, 2006.
10.8	Form of Hollinger International Inc. Deferred Stock Unit Agreement.	Incorporated by reference to Exhibit 99.1 to Item 8.01 of the Current Report on Form 8-K dated February 22, 2005.
10.9	Amended Form of Hollinger International Inc. Deferred Stock Unit Agreement.	Incorporated by reference to Exhibit 99.2 to Item 1.01 of the Current Report on Form 8-K dated January 25, 2006.
10.10	Summaries of Principal Terms of 2004 Key Employee Retention Plan and Key Employee Severance Program.	Incorporated by reference to Exhibit 10.25 to the Annual Report on Form 10-K for the year ended December 31, 2003 filed on January 18, 2005.
10.11	Hollinger International Inc. 1999 Stock Incentive Plan.	Incorporated by reference to Annex A to the Report on Form DEF 14A dated March 24, 1999.
10.12	Hollinger International Inc. 1997 Stock Incentive Plan.	Incorporated by reference to Annex A to the Report on Form DEF 14A dated March 28, 1997.
10.13	American Publishing Company 1994 Stock Option Plan.	Incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 (No. 33-74980).
10.14	Agreement of Compromise and Release among Cardinal Value Equity Partners, L.P., Hollinger International Inc., Dwayne O. Andreas, Richard R. Burt, Raymond G. Chambers, Henry A. Kissinger, Marie-Josee Kravis, Shmuel Meitar, Robert S. Strauss, A. Alfred Taubman, James R. Thompson, Lord Weidenfeld of Chelsea, Leslie H. Wexner, Gordon A. Paris, Graham W. Savage and Raymond G.H. Seitz dated May 4, 2005.	Incorporated by reference to Exhibit 10.1 to Item 1.01 of the Current Report on Form 8-K dated May 5, 2005.
10.15	Hollinger International Inc. 2006 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 99.1 to Item 1.01 of the Current Report on Form 8-K dated January 25, 2006.

Exhibit No.	Description of Exhibit	Prior Filing
10.16	Separation Agreement between Sun-Times Media Group, Inc. and Gordon A. Paris dated September 13, 2006.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed on November 9, 2006.
10.17	Amendment, dated November 14, 2006, to Separation Agreement between Sun-Times Media Group, Inc. and Gordon A. Paris dated September 13, 2006.	Incorporated by reference to Exhibit 99.2 to Item 5.02 of the Current Report on Form 8-K dated November 15, 2006.
10.18	Separation Agreement between Sun-Times Media Group, Inc. and James Van Horn dated September 13, 2006.	Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed on November 9, 2006.
10.19	Separation Agreement between Sun-Times Media Group, Inc. and Robert T. Smith dated September 13, 2006.	Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed on November 9, 2006.
10.20	Description of Material Terms of Compensation of Cyrus F. Freidheim, Jr. dated November 14, 2006.	Incorporated by reference to Exhibit 99.1 to Item 5.02 of the Current Report on Form 8-K dated November 15, 2006.
10.21	Description of Material Terms of Compensation of William Barker III dated February 28, 2007.	Incorporated by reference to Exhibit 10.35 of the Annual Report on Form 10-K for the year ended December 31, 2006.
10.22	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and William G. Barker III dated April 10, 2007.	Incorporated by reference to Exhibit 10.5 to the Quarterly Report for the quarter ended March 31, 2007.
10.23	Release and Settlement Agreement between F. David Radler and Sun-Times Media Group, Inc., dated March 16, 2007.	Incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed on March 22, 2007.
10.24	Release and Settlement Agreement between North America Newspapers Ltd. f/k/a FD Radler Ltd. and Sun-Times Media Group, Inc., dated March 16, 2007.	Incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed on March 22, 2007.
10.25	Release and Settlement Agreement between Bradford Publishing Company and Sun-Times Media Group, Inc., dated March 16, 2007.	Incorporated by reference to Exhibit 99.3 of the Current Report on Form 8-K filed on March 22, 2007.
10.26	Release and Settlement Agreement between Horizon Publications Inc., et al. and Sun-Times Media Group, Inc., dated March 16, 2007.	Incorporated by reference to Exhibit 99.4 of the Current Report on Form 8-K filed on March 22, 2007.
10.27	Employment Agreement between Sun-Times Media Group, Inc. and James D. McDonough, dated December 14, 2006.	Incorporated by reference to Exhibit 10.36 of the Annual Report on Form 10-K for the year ended December 31, 2006.
10.28	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and Thomas L. Kram, dated October 20, 2006.	Incorporated by reference to Exhibit 10.37 of the Annual Report on Form 10-K for the year ended December 31, 2006.
10.29	Distribution Agreement between The Sun-Times Company and Chicago Tribune Company, dated August 8, 2007.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report for the quarter ended September 30, 2007.
10.30	Sun-Times Media Group, Inc Amended and Restated 1999 Stock Incentive Plan.	Incorporated by reference to Appendix A to the Report on Form DEF 14A dated May 14, 2007.

Exhibit No.	Description of Exhibit	Prior Filing
10.31	Offer Letter from Sun-Times Media Group, Inc. to William Barker III, dated February 28, 2007.	Incorporated by reference to Exhibit 10.31 of the Annual Report on Form 10-K/A for the year ended December 31, 2007 filed on April 29, 2008.
10.32	Offer Letter from Sun-Times Media Group, Inc. to Rick Surkamer, dated January 12, 2007.	Incorporated by reference to Exhibit 10.32 of the Annual Report on Form 10-K/A for the year ended December 31, 2007 filed on April 29, 2008.
10.33	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and Rick Surkamer dated January 2007.	Incorporated by reference to Exhibit 10.33 of the Annual Report on Form 10-K/A for the year ended December 31, 2007 filed on April 29, 2008.
10.34	Offer Letter from Sun-Times Media group, Inc. to John J. Martin, dated January 22, 2007.	Incorporated by reference to Exhibit 10.34 of the Annual Report on Form 10-K/A for the year ended December 31, 2007 filed on April 29, 2008.
10.35	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and John J. Martin dated January 22, 2007.	Incorporated by reference to Exhibit 10.35 of the Annual Report on Form 10-K/A for the year ended December 31, 2007 filed on April 29, 2008.
10.36	Master Services Agreement, among the Sun-Times Company, individually and on behalf of Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing, Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC, and Affinity Express, Inc., dated February 14, 2008.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report for the quarter ended March 31, 2008 filed May 9, 2008.
10.37	CCAA Plan Term Sheet, among Sun-Times Media Group, Inc., Hollinger Inc., Sugra Limited and 4322525 Canada Inc. dated March 25, 2008.	Incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed on March 31, 2008.
10.38	Multi-Party Settlement Term Sheet between Sun-Times Media Group, Inc., Hollinger Inc., Sugra Limited, 4322525 Canada Inc. , Davidson Kempner Capital Management LLC and its affiliates, dated May 14, 2008.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report for the quarter ended June 30, 2008 filed August 8, 2008.
10.39	Master Service Agreement, dated February 26, 2008, between The Sun-Times Company and Classifieds Plus, Inc.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report for the quarter ended September 30, 2008 filed November 7, 2008.
10.40	Addendum, dated August 11, 2008, to the Master Service Agreement, dated February 26, 2008, between The Sun-Times Company and Classifieds Plus, Inc.	Incorporated by reference to Exhibit 10.2 to the Quarterly Report for the quarter ended September 30, 2008 filed November 7, 2008.

Exhibit No.	Description of Exhibit	Prior Filing
10.41	Indenture Trust between Hollinger Canadian Holdings Co. and ARB Limited dated August 19, 2008.	Incorporated by reference to Exhibit 10.3 to the Quarterly Report for the quarter ended September 30, 2008 filed November 7, 2008.
10.42	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and Blair Richard Surkamer, dated December 23, 2008.	
10.43	Key Employee Severance Program Participation Agreement between Sun-Times Media Group, Inc. and David C. Martin, dated December 23, 2008.	
21.1	Significant Subsidiaries of Sun-Times Media Group, Inc.	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).	
32.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.	
32.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

SUN-TIMES MEDIA GROUP, INC.
(Registrant)

By: /s/ JEREMY L. HALBREICH
Jeremy L. Halbreich
Chairman of the Board and
Interim Chief Executive Officer

Date: April 14, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the dates indicated.

Signature	Title	Date
/s/ JEREMY L. HALBREICH Jeremy L. Halbreich	Chairman of the Board, Interim Chief Executive Officer (Principal Executive Officer)	April 14, 2009
/s/ THOMAS L. KRAM Thomas L. Kram	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	April 14, 2009
/s/ ALAN J. DENNEY Alan J. Denney	Corporate Controller	April 14, 2009
/s/ ROBERT B. POILE Robert B. Poile	Director	April 14, 2009
/s/ GRAHAM W. SAVAGE Graham W. Savage	Director	April 14, 2009
/s/ MICHAEL KATZENSTEIN Michael Katzenstein	Director	April 14, 2009
/s/ ROBERT A. SCHMITZ Robert A. Schmitz	Director	April 14, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Sun-Times Media Group, Inc.:

We have audited the accompanying consolidated balance sheets of Sun-Times Media Group, Inc. and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sun-Times Media Group, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 16 to the accompanying consolidated financial statements, effective December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pensions and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106, and 132(R).*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Notes 1 and 24 to the consolidated financial statements, on March 31, 2009, the Company voluntarily filed petitions for relief under Chapter 11 of the United States Bankruptcy Code. This matter raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KPMG LLP

Chicago, Illinois
April 14, 2009

SUN-TIMES MEDIA GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2008 and 2007

	2008	2007
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 79,235	$ 142,533
Accounts receivable, net of allowance for doubtful accounts of $10,635 in 2008 and $12,276 in 2007	58,824	73,031
Inventories	7,504	7,937
Escrow deposits and restricted cash	37,936	35,641
Recoverable income taxes	—	16,509
Other current assets	20,055	7,034
Total current assets	203,554	282,685
Investments	7,807	42,249
Property, plant and equipment, net of accumulated depreciation	63,095	163,355
Intangible assets, net of accumulated amortization	—	88,235
Goodwill	—	124,301
Prepaid pension asset	33,323	89,512
Other assets	1,960	1,249
Total assets	$ 309,739	$ 791,586
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current installments of long-term debt	$ —	$ 35
Accounts payable and accrued expenses	93,115	112,621
Amounts due to related parties	9,181	8,852
Income taxes payable and other tax liabilities	448	1,027
Deferred revenue	9,611	10,060
Total current liabilities	112,355	132,595
Long-term debt, less current installments	—	3
Deferred income tax liabilities	9,569	58,343
Other tax liabilities	607,960	597,206
Other liabilities	78,574	78,448
Total liabilities	808,458	866,595
Stockholders' equity (deficit):		
Class A common stock, $0.01 par value. Authorized 250,000,000 shares; 104,497,022 and 83,064,567 shares issued and outstanding, respectively, at December 2008 and 88,008,022 and 65,308,636 shares issued and outstanding, respectively, at December 31, 2007	1,045	880
Class B common stock, $0.01 par value. Authorized 50,000,000 shares; nil and 14,990,000 shares issued and outstanding, respectively, at December 31, 2008 and 2007	—	150
Additional paid-in capital	501,424	501,138
Accumulated other comprehensive income (loss):		
Cumulative foreign currency translation adjustments	(19,491)	3,878
Unrealized gain (loss) on marketable securities	(366)	141
Pension adjustment	(78,801)	(29,718)
Accumulated deficit	(689,097)	(325,451)
	(285,286)	151,018
Class A common stock in treasury, at cost — 21,432,455 shares at December 31, 2008 and 22,699,386 shares at December 31, 2007	(213,433)	(226,027)
Total stockholders' equity (deficit)	(498,719)	(75,009)
Total liabilities and stockholders' equity (deficit)	$ 309,739	$ 791,586

See accompanying notes to these consolidated financial statements.

SUN-TIMES MEDIA GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2008, 2007 and 2006

	2008	2007	2006
	(In thousands, except per share data)		
Operating revenue:			
Advertising	$ 242,628	$ 287,198	$324,607
Circulation	74,831	77,629	85,235
Job printing	3,033	4,785	8,260
Other	3,358	2,646	2,277
Total operating revenue	323,850	372,258	420,379
Operating costs and expenses:			
Cost of sales:			
Wages and benefits	95,560	108,569	110,329
Newsprint and ink	47,530	50,619	67,196
Other	72,720	81,092	80,883
Total cost of sales	215,810	240,280	258,408
Selling, general and administrative:			
Sales and marketing	72,499	70,378	66,499
Other operating costs	63,737	82,282	66,244
Impairment of goodwill, intangible and other long-lived assets	281,135	—	—
Corporate expenses	33,734	79,658	51,707
Indemnification, investigation and litigation costs, net of recoveries	11,571	7,807	(17,407)
Total selling, general and administrative	462,676	240,125	167,043
Depreciation	23,398	20,407	21,992
Amortization	3,267	11,667	11,886
Total operating costs and expenses	705,151	512,479	459,329
Operating loss	(381,301)	(140,221)	(38,950)
Other income (expense):			
Interest expense	(302)	(603)	(704)
Interest and dividend income	4,936	17,811	16,813
Other income (expense), net	10,039	(27,844)	2,642
Total other income (expense)	14,673	(10,636)	18,751
Loss from continuing operations before income taxes	(366,628)	(150,857)	(20,199)
Income tax expense (benefit)	(13,129)	(420,888)	57,431
Income (loss) from continuing operations	(353,499)	270,031	(77,630)
Discontinued operations, net of income taxes:			
Income from operations of business segments disposed of	—	—	199
Gain from disposal of business segments	—	1,599	20,758
Income from discontinued operations	—	1,599	20,957
Net income (loss)	$(353,499)	$ 271,630	$ (56,673)
Basic earnings (loss) per share:			
Earnings (loss) from continuing operations	$ (4.31)	$ 3.36	$ (0.91)
Earnings from discontinued operations	—	0.02	0.25
Net earnings (loss)	$ (4.31)	$ 3.38	$ (0.66)
Diluted earnings (loss) per share:			
Earnings (loss) from continuing operations	$ (4.31)	$ 3.35	$ (0.91)
Earnings from discontinued operations	—	0.02	0.25
Net earnings (loss)	$ (4.31)	$ 3.37	$ (0.66)
Weighted average shares outstanding:			
Basic	82,010	80,446	85,681
Diluted	82,010	80,661	85,681

See accompanying notes to these consolidated financial statements.

SUN-TIMES MEDIA GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2008, 2007 and 2006

	2008	2007	2006
		(In thousands)	
Net income (loss)	$(353,499)	$271,630	$(56,673)
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of related tax provision of $1 (2007 — net of related tax provision of $106; 2006 — net of related tax provision of $4)	(23,369)	(2,698)	(1,948)
Reclassification adjustment for realized foreign exchange (gains) losses upon the substantial reduction of net investment in foreign operations	—	—	(11,571)
	(23,369)	(2,698)	(13,519)
Unrealized gains (losses) on marketable securities arising during the year, net of a related tax benefit of $nil (2007 — net of related tax provision of $2; 2006 — net of related tax provision of $4)	(507)	75	16
Reclassification adjustment for realized gains reclassified out of accumulated other comprehensive income (loss), net of related taxes of $nil (2007 — net of related tax provision of $nil; 2006 — net of related tax provision of $661)	—	—	870
	(507)	75	886
Pension adjustment, net of related tax benefit of $10,713 (2007 — net of related tax provision of $8,166; 2006 — net of related tax provision of $3,117)	(49,083)	13,694	4,675
	(72,959)	11,071	(7,958)
Comprehensive income (loss)	$(426,458)	$282,701	$(64,631)

See accompanying notes to these consolidated financial statements.

SUN-TIMES MEDIA GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2008, 2007 and 2006

	Common Stock Class A & B	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total
			(In thousands)			
Balance at January 1, 2006	$1,030	$500,659	$ 498	$(523,229)	$(148,809)	$(169,851)
Stock-based compensation	—	2,580	—	—	—	2,580
Dividends payable in cash — Class A and Class B, $0.15 per share	—	—	—	(12,678)	—	(12,678)
Pension adjustment related to the adoption of SFAS No. 158	—	—	(29,310)	—	—	(29,310)
Minimum pension liability adjustment	—	—	4,675	—	—	4,675
Change in cumulative foreign currency translation adjustments	—	—	(13,519)	—	—	(13,519)
Change in unrealized gain on securities, net	—	—	886	—	—	886
Repurchase of common stock	—	—	—	—	(95,744)	(95,744)
Issuance of treasury stock in respect of stock options exercised and deferred stock units	—	(1,112)	—	(4,470)	15,433	9,851
Net loss	—	—	—	(56,673)	—	(56,673)
Balance at December 31, 2006	1,030	502,127	(36,770)	(597,050)	(229,120)	(359,783)
Stock-based compensation	—	2,432	—	—	—	2,432
Issuance of treasury stock in respect of deferred stock units	—	(3,421)	—	(31)	3,093	(359)
Minimum pension liability adjustment	—	—	13,694	—	—	13,694
Change in cumulative foreign currency translation adjustments	—	—	(2,698)	—	—	(2,698)
Change in unrealized gain on securities, net	—	—	75	—	—	75
Net income	—	—	—	271,630	—	271,630
Balance at December 31, 2007	1,030	501,138	(25,699)	(325,451)	(226,027)	(75,009)
Stock-based compensation	—	2,179	—	—	—	2,179
Issuance of treasury stock in respect of deferred stock units	—	(2,568)	—	(10,147)	12,594	(121)
Class A common stock issued	15	675	—	—	—	690
Minimum pension liability adjustment	—	—	(49,083)	—	—	(49,083)
Change in cumulative foreign currency translation adjustments	—	—	(23,369)	—	—	(23,369)
Change in unrealized gain (loss) on securities, net	—	—	(507)	—	—	(507)
Net loss	—	—	—	(353,499)	—	(353,499)
Balance at December 31, 2008	$1,045	$501,424	$(98,658)	$(689,097)	$(213,433)	$(498,719)

See accompanying notes to these consolidated financial statements.

SUN-TIMES MEDIA GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2008, 2007 and 2006

	2008	2007	2006
		(In thousands)	
Cash Flows From Continuing Operating Activities:			
Net income (loss)	$(353,499)	$ 271,630	$ (56,673)
Income from discontinued operations	—	(1,599)	(20,957)
Income (loss) from continuing operations	(353,499)	270,031	(77,630)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) continuing operating activities:			
Depreciation and amortization	26,665	32,074	33,878
Deferred income taxes	17,387	147,454	9,777
Collection of proceeds from directors and officers insurance settlement	—	50,000	—
Write-off of goodwill, intangible and other long-lived assets	281,135	—	—
Loss on sale of newspaper operations	10,538	13,603	—
Write-off of capitalized direct response advertising costs	—	15,191	—
Reduction of tax liabilities	(34,732)	(586,686)	—
Bad debt expense related to loan to subsidiary of Hollinger Inc.	1,732	33,685	—
Equity in losses of affiliates	74	184	259
Loss (gain) on sales of investments	(1,819)	(1,019)	76
Gain on sales of property, plant and equipment	(268)	(269)	(80)
Write-down of investments	10,200	12,200	—
Write-down of property, plant and equipment	4,211	1,487	882
Other	(12,684)	11,997	(1,497)
Changes in current assets and liabilities, net of dispositions:			
Accounts receivable	9,547	3,715	18,338
Inventories	433	1,706	2,957
Other current assets	1,790	240	(47,890)
Recoverable income taxes	16,509	18,163	(34,672)
Accounts payable and accrued expenses	(21,182)	(18,892)	(18,680)
Income taxes payable and other tax liabilities	(255)	11,724	61,390
Deferred revenue and other	(19,894)	(12,113)	(7,776)
Cash provided by (used in) continuing operating activities	(64,112)	4,475	(60,668)
Cash Flows From Investing Activities:			
Purchase of property, plant and equipment	(16,475)	(11,645)	(9,134)
Proceeds from sale of property, plant and equipment	3,522	4,808	231
Investments, intangibles and other non-current assets	(67)	(6,523)	(7,592)
Collection of notes receivable pursuant to settlement with a former officer	—	8,460	—
Sale of short-term investments, net	—	—	57,650
Purchase of investments	—	(48,200)	—
Proceeds on disposal of investments and other assets	25,341	2,039	18,237
Proceeds from the sale of newspaper operations, net of cash disposed	—	2,664	86,609
Other	138	370	(266)
Cash provided by (used in) investing activities	12,459	(48,027)	145,735
Cash Flows From Financing Activities:			
Repayment of debt and premium on debt extinguishment	(38)	(6,976)	(1,193)
Escrow deposits and restricted cash	(8,113)	(5,366)	3,678
Net proceeds from issuance of equity securities	—	—	9,851
Repurchase of common stock	—	—	(95,744)
Dividends paid	—	—	(17,212)
Other	(121)	3,046	(1,528)
Cash used in financing activities	(8,272)	(9,296)	(102,148)
Net cash provided by (used in) discontinued operations:			
Operating cash flows	—	—	(387)
Investing cash flows	—	—	—
Financing cash flows	—	—	7,143
Net cash provided by discontinued operations	—	—	6,756
Effect of exchange rate changes on cash	(3,373)	9,063	(1,745)
Net decrease in cash and cash equivalents	(63,298)	(43,785)	(12,070)
Cash and cash equivalents at beginning of year	142,533	186,318	198,388
Cash and cash equivalents at end of year	$ 79,235	$ 142,533	$ 186,318

See accompanying notes to these consolidated financial statements.

(1) Bankruptcy and Insolvency Filings

The impact of the negative ruling by an arbitrator in the dispute between the Sun-Times Media Group, Inc. and subsidiaries (the "Company") and CanWest Global Communications Corp. ("CanWest") (see Note 17 and 22(a)), and the substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with continued negative operating results and cash flow for the Company, the negative outlook for the economy, and the general negative outlook for newspaper advertising and circulation in the near and long-term, as well as the Company's substantial tax liabilities, create substantial doubt as to the Company's ability to continue as a going concern. Therefore, on March 31, 2009, the Sun-Times Media Group, Inc. and its domestic subsidiaries (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court (the "Bankruptcy Court") for the District of Delaware (Case No. 09-11092 or the "Filings"). During the pendency of the bankruptcy proceedings, the Debtors remain in possession of their properties and assets and the management of the Company continues to operate the businesses of the Debtors as debtors-in-possession. As a debtor-in-possession, the Company is authorized to operate the business of the Debtors, but may not engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court. Since the Filings, the Company has continued to honor subscriptions and provide advertising services to its customers. In addition, the Company's Canadian subsidiaries will likely apply for court-supervised reorganization under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). The Company's Canadian subsidiaries have limited activities generally related to legacy pension and post-employment liabilities and certain litigation related contingent liabilities. At December 31, 2008, the Canadian subsidiaries had $29.9 million in cash and cash equivalents which is generally unavailable to fund U.S. operations.

Subject to certain exceptions under the Bankruptcy Code, the Debtors' Filings automatically enjoined the continuation of any judicial or administrative proceedings against the Debtors. Any creditor actions to obtain possession of property from the Debtors or to create, perfect or enforce any lien against property of the Debtors are also enjoined. As a result, creditors of the Debtors are precluded from collecting pre-petition liabilities without the approval of the Bankruptcy Court. Certain pre-petition liabilities have been paid after obtaining the approval of the Bankruptcy Court, including certain wages and benefits of employees.

Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts. An executory contract is one in which the parties have mutual obligations to perform (e.g., real property leases and service agreements). Unless otherwise agreed, the assumption of a contract will require the Company to cure all prior defaults under the related contract, including all pre-petition liabilities. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding the Filing, giving the other party to the contract a right to assert a general unsecured claim for damages.

The Debtors have not as yet notified its known or potential creditors of the Filing in an effort to identify pre-petition claims against the Debtors. The Bankruptcy Court has not yet set the bar date, which is the last date for most parties to file proofs of claim with respect to non-governmental pre-petition obligations. Payment terms for these amounts will be established in connection with the Chapter 11 cases. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the Company's creditors. Litigation may be required to resolve any such disputes.

Currently, it is not possible to accurately predict the length of time the Company will operate under Chapter 11 and the supervision of the Bankruptcy Court, when or if the Company will file a plan or plans of reorganization or liquidation with the Bankruptcy Court, the outcome of the Chapter 11 including the impact on the Company's financial condition, or the ultimate effect on the interests of the Company's creditors and stakeholders. However, under the priority schedule established by the Bankruptcy Code and based on the amount and nature of the Company's assets and liabilities, it is highly unlikely the Company's common stock will retain any value or that stockholders will receive any distribution or consideration.

Unless otherwise indicated, the discussion of the Company and its business is presented in the consolidated financial statements and related notes to the consolidated financial statements under the assumption that the Company will continue to realize its assets and settle its liabilities in the normal course of business. The outcome of the proceedings under the Bankruptcy Code will likely result in changes that materially affect the Company's operations and financial condition.

(2) Significant Accounting Policies

(a) Description of Business

The Company operates principally as a publisher, printer and distributor of newspapers and other publications through subsidiaries and affiliates in the greater Chicago, Illinois, metropolitan area. The Company's operating subsidiaries and affiliates in Canada were sold in 2005 and early 2006 (the sold Canadian businesses are referred to collectively as the "Canadian Newspaper Operations"). See Note 3. In addition, the Company has developed Internet Web sites related to its publications. The Company's raw materials, principally newsprint and ink, are not dependent on a single or limited number of suppliers. Customers primarily consist of purchasers of the Company's publications and advertisers in those publications and Internet Web sites.

(b) Principles of Presentation and Consolidation

Prior to May 2008, the Company was a subsidiary of Hollinger Inc., a Canadian corporation. At December 31, 2007, Hollinger Inc. owned approximately 19.6% of the combined equity and approximately 70.0% of the combined voting power of the outstanding common stock of the Company. See Note 23(g) and 23(i) for a description of events resulting in the exchange of stock and related relinquishment of voting control by Hollinger Inc.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries and other controlled entities. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company's newspaper operations are on a 52 week/53 week accounting cycle. This generally results in the reporting of 52 weeks in each annual period. However, the year ended December 31, 2006 contains 53 weeks.

(c) Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates including those related to matters that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. These matters include bad debts, investments, other long-lived assets, goodwill and intangibles, income taxes, pensions and other postretirement benefits, contingencies and litigation. The Company bases its estimates on historical experience, observance of trends, information available from outside sources and various other assumptions that are believed to be reasonable under the circumstances. Information from these sources form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

(d) Cash Equivalents

Cash equivalents consist of certain highly liquid investments with original maturities of three months or less.

(e) Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts receivable are stated net of the related allowance for doubtful accounts. The following table reflects the activity in the allowance for doubtful accounts for the years ended December 31:

	2008	2007	2006
		(In thousands)	
Balance at beginning of year	$12,276	$10,267	$11,756
Provision	2,617	4,448	3,820
Write-offs	(4,352)	(3,113)	(6,419)
Recoveries and other	94	674	1,110
Balance at end of year	$10,635	$12,276	$10,267

(f) Inventories

Inventories consist principally of newsprint that is valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

(g) Long-Lived Assets

Property, plant and equipment are recorded at cost. Routine maintenance and repairs are expensed as incurred. Depreciation is calculated under the straight-line method over the estimated useful lives of the assets, principally 25 to 40 years for buildings and improvements, 3 to 10 years for machinery and equipment and 20 years for printing press equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. Property, plant and equipment categorized as construction in progress is not depreciated until the items are in use.

The Company assesses the recoverability of the carrying value of all long-lived assets including property, plant and equipment whenever events or changes in business circumstances indicate the carrying value of the assets, or related group of assets, may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets including estimated sales proceeds at fair value when appropriate. If the assessment indicates that the undiscounted operating cash flows do not exceed the carrying value of the long-lived assets, then the difference between the carrying value of the long-lived assets and the fair value of such assets is recorded as an impairment charge in the Consolidated Statements of Operations. Recognition of an impairment charge established a new cost basis.

Primary indicators of impairment include significant permanent declines in circulation and readership; the loss of specific sources of advertising revenue, whether or not to other forms of media; and an expectation that a long-lived asset may be disposed of before the end of its useful life. Impairment is generally assessed at the reporting unit level (being the lowest level at which identifiable cash flows are largely independent of the cash flows of other assets). The substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy, the general negative outlook for newspaper advertising and circulation in the near and long-term, and the continued decline in the Company's market capitalization, were considered by the Company to be indicators of potential impairment of its goodwill, intangible and long-lived assets. The impairment test resulted in a non-cash impairment charge of $71.9 million related to property, plant and equipment. See Note 7.

(h) Derivative Financial Instruments

The Company is a limited user of derivative financial instruments to manage risks generally associated with interest rate and foreign currency exchange rate market volatility. The Company does not hold or issue derivative financial instruments for trading purposes. All derivative instruments are recorded on the Consolidated Balance

Sheets at fair value. Derivatives that are not classified as hedges are adjusted to fair value through earnings. Changes in the fair value of derivatives that are designated and qualify as effective hedges are recorded either in "Accumulated other comprehensive income (loss)" or through earnings, as appropriate. The ineffective portion of derivatives that are classified as hedges is immediately recognized in net earnings (loss). See Note 13(b) for a discussion of the Company's use of derivative instruments.

(i) Investments

Investments largely consist of commercial paper and equity securities and at times may include other debt securities. Marketable securities which are classified as available-for-sale are recorded at fair value. Unrealized holding gains and losses, net of the related tax effects, on available-for-sale securities are excluded from earnings and are reported as a separate component of "Accumulated other comprehensive income (loss)" until realized. Realized gains and losses from the sale of available-for-sale securities are determined on specific investments and recognized in the Consolidated Statements of Operations under the caption of "Other income (expense), net." Other corporate debt and equity securities are recorded at cost less declines in market value that are other than temporary (other than those investments accounted for under the equity method as discussed below).

A decline in the market value of any security below cost that is deemed to be other than temporary, results in a reduction in the carrying amount to fair value. Any such impairment is charged to earnings and a new cost basis for the security is established.

Dividend and interest income is recognized when earned.

Investments in the common stock of entities, for which the Company has significant influence over the investee's operating and financial policies, but less than a controlling voting interest, are accounted for under the equity method. Significant influence is generally presumed to exist when the Company owns between 20% and 50% of the investee's voting stock.

Under the equity method, the Company's investment in an investee is included in the Consolidated Balance Sheets (under the caption "Investments") and the Company's share of the investee's earnings or loss is included in the Consolidated Statements of Operations under the caption "Other income (expense), net."

(j) Goodwill and Other Intangible Assets

Goodwill represents the excess of acquisition costs over the estimated fair value of net assets acquired in business combinations.

Intangible assets with finite useful lives include subscriber and advertiser relationships, which are amortized on a straight-line basis over 30 years.

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). The standard requires that goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. The standard also specifies criteria that intangible assets must meet in order to be recognized and reported apart from goodwill. In addition, SFAS No. 142 requires that intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The Company is required to test goodwill for impairment on an annual basis. The Company would also evaluate goodwill for impairment between annual tests and intangible assets if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Certain indicators of potential impairment that could impact the Company include, but are not limited to, the following: (i) a significant long-term adverse change in the business climate that is expected to cause a substantial decline in advertising revenue, (ii) a permanent significant decline in newspaper readership, (iii) a significant adverse long-

term negative change in the demographics of newspaper readership and (iv) a significant technological change that results in a substantially more cost effective method of advertising than newspapers. The substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy, the general negative outlook for newspaper advertising and circulation in the near and long-term, and the continued decline in the Company's market capitalization, were considered by the Company to be indicators of potential impairment of its goodwill and intangible assets. The impairment test resulted in a non-cash impairment charge of $209.3 million related to the write-off of goodwill and intangible assets of the newspaper reporting unit. See Note 8.

(k) Pension Plans and Other Postretirement Benefits

General

The Company provides defined benefit pension, defined contribution pension, postretirement and postemployment health care and life insurance benefits to eligible employees or former employees under a variety of plans. See Note 16.

Pension costs for defined contribution plans are recognized as the obligation for contribution arises and at expected or actual contribution rates for discretionary plans.

In general, benefits under the defined benefit plans (the "Plans") are based on years of service and the employee's compensation during the last few years of employment.

Health care benefits are available to eligible employees meeting certain age and service requirements upon termination of employment. Postretirement and postemployment benefits are accrued in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" ("SFAS No. 106"), and SFAS No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS No. 112").

The annual pension expense is based on a number of actuarial assumptions, including expected long-term return on assets and discount rate. The Company's methodology in selecting these actuarial assumptions is discussed below.

Long-Term Rate of Return on Assets

In determining the expected long-term rate of return on assets, the Company evaluates input from various sources which may include its investment consultants, actuaries and investment management firms including their review of asset class return expectations, as well as long-term historical asset class returns. Returns projected by such consultants are generally based on broad equity and bond indices.

The Company regularly reviews its actual asset allocation and periodically rebalances its investments to its targeted allocation when considered appropriate.

The Company's determination of net pension expense is based on market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation of assets recognizes investment gains or losses over a three-year period from when they occur. Investment gains or losses for this purpose reflect the difference between the expected return calculated using the market-related value of assets and recognized gains or losses over a three-year period. The future value of assets will be affected as previously deferred gains or losses are recorded.

Discount Rate

The discount rate for determining future pension obligations is determined by the Company using various input including the indices of AA-rated corporate bonds that reflect the weighted average period of expected benefit payments.

The Company will continue to evaluate its actuarial assumptions, generally on an annual basis, including the expected long-term rate of return on assets and discount rate, and will adjust them as appropriate. Actual pension expense will depend on future investment performance, changes in future discount rates, the level of contributions by the Company and various other factors related to the populations participating in the pension plans.

(l) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for the tax effects attributable to the carryforward of net operating losses. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Operations in the period that includes the enactment date. The Company considers future taxable income and ongoing tax strategies in assessing the need for a valuation allowance in relation to deferred tax assets. The Company records a valuation allowance to reduce deferred tax assets to a level where they are more likely than not to be realized based upon the above mentioned considerations.

During the course of examinations by various taxing authorities, adjustments or proposed adjustments may be asserted. The Company evaluates such items on a case by case basis and adjusts the accrual for contingent tax liabilities as deemed necessary.

(m) Revenue Recognition

The Company's principal sources of revenue are comprised of advertising, circulation and job printing. As a general principle, revenue is recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred and services have been rendered, (iii) the price to the buyer is fixed or determinable and, (iv) collectibility is reasonably assured or is probable. Advertising revenue, being amounts charged for space purchased in the Company's newspapers, Internet Web sites or for inserts distributed with the newspapers, is recognized upon publication. Circulation revenue from subscribers, billed to customers at the beginning of a subscription period, is recognized on a straight-line basis over the term of the related subscription. Deferred revenue represents subscription receipts that have not been earned. Circulation revenue from single copy sales is recognized at the time of distribution. Circulation revenue is recorded net of an allowance for returned copies. Fees and commissions paid to distributors are recorded as a component of costs of sales. Job printing revenue, being charges for printing services provided to third parties, is recognized upon delivery.

(n) Foreign Currency Translation

Foreign operations of the Company have been translated into U.S. dollars in accordance with the principles prescribed in SFAS No. 52, "Foreign Currency Translation." All assets and liabilities are translated at period end exchange rates, stockholders' equity is translated at historical rates, and revenue and expense are translated at the average rate of exchange prevailing throughout the period. Translation adjustments are included in the "Accumulated Other Comprehensive Income (Loss)" component of stockholders' equity. Translation adjustments are not included in earnings unless they are actually realized through a sale or upon complete or substantially complete liquidation of the Company's net investment in the foreign operation. Gains and losses arising from the Company's foreign currency transactions are reflected in the Consolidated Statements of Operations.

(o) Earnings (Loss) per Share

Earnings (loss) per share is computed in accordance with SFAS No. 128, "Earnings per Share." See Note 21 for a reconciliation of the numerator and denominator for the calculation of basic and diluted earnings (loss) per share.

(p) Stock-based Compensation

Effective January 1, 2006, the Company adopted SFAS No. 123R "Share-Based Payment" ("SFAS No. 123R"), requiring that stock-based compensation payments, including grants of employee stock options, be recognized in the consolidated financial statements over the service period (generally the vesting period) based on their fair value. The Company elected to use the modified prospective transition method. Therefore, prior results were not restated. Under the modified prospective method, stock-based compensation is recognized for new awards, the modification, repurchase or cancellation of awards and the remaining portion of service under previously granted, unvested awards outstanding as of adoption. The Company treats all stock-based awards as individual awards for recognition and valuation purposes and recognizes compensation cost on a straight-line basis over the requisite service period. See Note 15.

As a result of the adoption of SFAS No. 123R, the Company recognized pre-tax stock-based option compensation of $0.5 million expense, or $0.01 per basic and diluted share for the year ended December 31, 2006 for the unvested portion of previously issued stock options that were outstanding at January 1, 2006, adjusted for the impact of estimated forfeitures.

A summary of information with respect to stock-based compensation was as follows:

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Total stock-based compensation expense included in income (loss) from continuing operations	$2,179	$2,432	$2,580

(3) Dispositions and Discontinued Operations

In November 2003, the Board of Directors retained Lazard Frères & Co. LLC and Lazard & Co., Limited as financial advisor to explore alternative strategic transactions on the Company's behalf, including a possible sale of the Company as a whole, the sale of one or more of its individual businesses, or other transactions.

On February 6, 2006, the Company completed the sale of substantially all of its remaining Canadian operating assets, consisting of, among other things, approximately 87% of the outstanding equity units of Hollinger Canadian Newspapers, Limited Partnership and all of the shares of Hollinger Canadian Newspapers GP Inc., Eco Log Environmental Risk Information Services Ltd. and KCN Capital News Company, for an aggregate sale price of $106.0 million, of which approximately $17.5 million was placed in escrow ($18.1 million including interest and currency translation adjustments as of December 31, 2008). A majority of the escrow may be held up to seven years, and will be released to either the Company, Glacier Ventures International Corp. ("Glacier") (the purchaser) or CanWest upon a final award, judgment or settlement being made in respect of certain pending arbitration proceedings involving the Company, its related entities and CanWest. See Note 22(a) for an update on the CanWest arbitration. In addition, the Company received $4.3 million in the second quarter of 2006, and received an additional $2.8 million in July 2006, related to working capital and other adjustments. The Company recognized a gain on sale of approximately $20.3 million, net of taxes of $34.9 million, which is included in "Gain from disposal of business segment" in the Consolidated Statements of Operations for the year ended December 31, 2006.

On August 31, 2007, the final transfer of pension assets from the Hollinger Canadian Publishing Holdings Co. ("HCPH Co.") Pension Trust Account to the Glacier Pension Trust Account was completed. The transfer of the pension assets triggered certain additional contingent consideration based on the excess funding status of the

pension plans. As a result, the Company recognized a gain of $1.6 million, net of taxes of $1.1 million, which is included in "Income from discontinued operations" in the Consolidated Statements of Operations for the year ended December 31, 2007.

In 2006, the Company recorded an additional gain of $0.5 million, net of taxes of $0.3 million, on the 2004 sale of substantially all of its U.K. operations largely related to additional tax losses surrendered to the purchaser.

In 2006, the Company received approximately $10.2 million from the sale of Hollinger Digital LLC and certain other investments. The Company also may receive up to an additional $0.9 million in the future if certain conditions are satisfied. The Hollinger Digital LLC transaction resulted in a pre-tax loss of $0.1 million for the year ended December 31, 2006, which is included in "Other income (expense)" in the Consolidated Statements of Operations.

The following table presents information about the operating results of the Canadian Newspaper Operations for the period from January 1 through February 6, 2006:

	Year Ended December 31, 2006 (In thousands)
Operating revenue:	
Advertising	$4,101
Circulation	972
Job printing and other	569
Total operating revenue	5,642
Operating costs and expenses:	
Newsprint	383
Compensation	2,896
Other operating costs	2,041
Depreciation and amortization	159
Total operating costs and expenses	5,479
Operating income	$ 163

Assets of the Canadian Newspaper Operations included $57.3 million of goodwill as of December 31, 2005. For the period from January 1, 2006 through February 6, 2006, income (loss) before taxes for the Canadian Newspaper Operations was income of $0.2 million.

(4) Reorganization Activities

In December 2007, the Board of Directors adopted a plan to reduce annual operating costs by $50 million. The plan, which was implemented during the first half of 2008, included savings previously announced in connection with the Company's distribution agreement with Chicago Tribune Company and the consolidation of two of the Company's suburban newspapers. The plan also included a reduction in full-time staffing levels. Certain of the costs directly associated with the reorganization include involuntary termination benefits amounting to approximately $6.4 million (including costs related to the suburban newspapers) for the year ended December 31, 2007, are included in "Other operating costs" in the Consolidated Statement of Operations. In 2008, $2.7 million of severance expense related to the reorganization was incurred and is included in "Other operating costs." An additional $0.5 million in severance not related directly to the reorganization was incurred in 2007, of which $0.7 million and a reduction of costs of $0.2 million, respectively, are included in "Other operating costs" and "Corporate expenses," respectively, in the Consolidated Statements of Operations. These estimated costs have been recognized in

accordance with SFAS No. 88 (as amended) "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" related to incremental voluntary termination severance benefits and SFAS No. 112 for the involuntary, or base, portion of termination benefits under the Company's established termination plan and practices.

The involuntary termination benefits consisting of certain involuntary terminations of full-time employees and the continuation of certain benefit coverage under the Company's termination plan and practices were largely paid by December 31, 2008.

In addition, the Company recorded severance costs of $4.7 million in 2008 not directly related to the reorganization described above which is included in "Other operating costs." See Note 17.

(5) Other Current Assets

At December 31, 2008, the balance of $20.1 million in "Other current assets" on the Consolidated Balance Sheet consisted primarily of assets held for sale (largely underutilized real estate) of $15.4 million, $1.2 million of prepaid insurance costs, and other items including prepaid software maintenance, non-trade receivables, postage and rent.

At December 31, 2007, the balance of $7.0 million in "Other current assets" on the Consolidated Balance Sheet consisted primarily of assets held for sale of $1.7 million, $2.2 million of prepaid insurance costs and deposits of $1.1 million.

(6) Investments and Fair Value

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The adoption of this statement did not have a material impact on the Company's results of operations or financial condition.

The Company also adopted Financial Accounting Standards Board ("FASB") Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157," which defers for one year the effective date of SFAS No. 157 for non-financial assets and liabilities measured at fair value on a nonrecurring basis, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The purpose of this deferral is to allow the FASB and constituents additional time to consider the effect of various implementation issues that have arisen, or may arise, for the application of SFAS No. 157. The assets and liabilities included in the Consolidated Balance Sheet for which the adoption of SFAS No. 157 has been deferred are largely comprised of long-lived assets.

SFAS No. 157 describes three levels of inputs used to measure and categorize fair value. The following is a brief description of those three levels:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs may reflect management's own assumptions about the assumptions a market participant would use in valuing the asset or liability.

When available, the Company uses quoted market prices to determine fair value and classify such items in Level 1. When necessary, Level 2 valuations are performed based on quoted market prices for similar instruments in active markets and/or model-derived valuations with inputs that are observable in active markets. Level 3 valuations are undertaken in the absence of reliable Level 1 or Level 2 information.

The following table presents certain information for the Company's non-pension financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008 (in thousands):

	Total	Level 1	Level 2	Level 3
Assets:				
Investment in Canadian commercial paper, net	$7,400	$ —	$—	$7,400
Investment in other securities	407	168	—	239
Liabilities:	—	—	—	—

Investments in Canadian commercial paper and investments in other securities are included in "Investments" on the Company's Consolidated Balance Sheets.

The following table reflects the activity for the major classes of the Company's assets and liabilities measured at fair value using level 3 inputs (in thousands):

	Total	Canadian Commercial Paper	Other Securities
Balance as of December 31, 2007	$ 37,259	$ 36,000	$1,259
Realized gains/(losses) included in earnings(a)	783	1,108	(325)
Unrealized gains/(losses), net(b)	(8,700)	(8,700)	—
Purchases, (sales), issuances and settlements, net	(21,695)	(21,000)	(695)
Foreign exchange	(8)	(8)	—
Balance as of December 31, 2008	$ 7,639	$ 7,400	$ 239

(a) Realized gains and losses on securities are recorded as "Other income (expense), net" in the Consolidated Statements of Operations.

(b) Declines in values determined to be other than temporary on available-for-sale securities are recorded in "Other income (expense), net" in the Consolidated Statements of Operations.

The following table reflects unrealized holding gains (losses) on the Company's available-for-sale securities (in thousands):

	December 31,	
	2008	2007
	(In thousands)	
Gross unrealized holding gains (losses) on available-for-sale securities:		
Equity securities	$(366)	$158
Less — deferred tax expense	—	(17)
Unrealized gains on available-for-sale securities included in stockholders' equity (deficit)	$(366)	$141

All of the Company's investments, excluding equity accounted companies, are classified as available-for-sale securities, at fair value.

On August 21, 2007, $25.0 million of the Company's investments in Canadian asset-backed commercial paper ("Canadian CP") held through a Canadian subsidiary matured but were not redeemed and on August 24, 2007, $23.0 million of similar investments matured but were not redeemed. As of December 31, 2007, the Company held $48.2 million of Canadian CP, including accrued interest through original maturity. The Canadian CP held by the Company was issued by two special purpose entities sponsored by non-bank entities. The Canadian CP was not redeemed at maturity due to the combination of a collapse in demand for Canadian CP and the refusal of the back-up lenders to fund the redemption on the grounds that these events did not constitute events that would trigger a redemption obligation. On May 9, 2008, the Company sold $28.0 million (face amount, plus accrued interest) of its Canadian CP investments that were issued by one of the special purpose entities for $21.0 million and at December 31, 2008, the Company held $20.2 million (face amount, plus accrued interest) of Canadian CP with a carrying value, following impairment charges, of $7.4 million. Due to uncertainties in the timing as to when these investments will be sold or otherwise liquidated, the Canadian CP is classified as a noncurrent asset included in "Investments" on the Consolidated Balance Sheets at December 31, 2008 and December 31, 2007.

Efforts to restructure the Canadian CP that remained unredeemed were undertaken by a largely Canadian investor committee. On December 23, 2007, the investor committee announced that an agreement in principle had been reached to restructure the Canadian CP, whereby the Canadian CP would be exchanged for medium term notes ("MTN's"), backed by the assets underlying the Canadian CP, having a maturity that will generally match the maturity of the underlying assets. The agreement in principle called for $11.1 million of the MTN's the Company would receive to be backed by a pool of assets that are generally similar to those backing the Canadian CP held by the Company and which were originally held by a number of special purpose entities, while the remaining $9.1 million of the MTN's the Company would receive would be backed by assets held by the specific special purpose entity that originally issued the Canadian CP. The agreement in principle was finalized and the investor committee filed a proposed restructuring plan (the "Plan") under the CCAA with the Ontario Superior Court of Justice (the "Court") on March 17, 2008. Under the Plan, the allocation of the MTN's was modified to $9.6 million (later modified to $9.8 million) backed by a pool of assets and $10.6 million (later modified to $10.4 million) backed by specific assets. The Plan was approved by the holders of the Canadian CP on April 25, 2008, and sanctioned by the Court on June 5, 2008. On January 12, 2009, the Court approved the Plan, which was fully implemented on January 21, 2009. In December 2008, the Company recognized $1.0 million of interest due through December 31, 2008 and received cash of $0.8 million, representing interest through August 2008 in January 2009.

The Canadian CP has not traded in an active market since mid-August 2007 and there are currently no market quotations available. On March 19, 2008, Dominion Bond Rating Service withdrew its ratings of the Canadian CP. The Company has employed a valuation model to estimate the fair value for the $9.8 million of MTN's backed by the pool of assets. The valuation model used by the Company to estimate the fair value for this portion of the MTN's incorporates discounted cash flows, the best available information regarding market conditions and other factors that a market participant would consider for such investments. The fair value (and carrying value at December 31, 2008) of the $7.4 million of Canadian CP (and replacement MTN's backed by specific assets) was estimated through the use of a model relying on market data and inputs derived from securities similar to the MTN's. This model was also used during prior periods to estimate the fair value of the $28.0 million of Canadian CP that the Company sold on May 9, 2008. The Company believes the valuation model provides a better estimate of fair value than the thinly traded, distressed market for the MTN's issued to replace the Canadian CP in January 2009.

During 2007, the Company's valuation resulted in an impairment charge and reduction of $12.2 million to the estimated fair value of the $48.2 million (face amount plus accrued interest) in Canadian CP. During 2008, the Company's valuation resulted in an additional impairment charge of $8.7 million on $20.2 million (face amount plus accrued interest) of the Canadian CP. The Company recorded a gain on sale of $1.1 million during 2008 related to the Canadian CP sold on May 9, 2008 for $21.0 million. Continuing uncertainties regarding the value of the assets which underlie the MTN's, the amount and timing of cash flows, the actual yield of the MTN's, whether an active market will develop for the MTN's and other factors could give rise to a further change in the value of the Company's investment, which could materially impact the Company's financial condition and results of operations.

As part of the CanWest settlement, the Company transferred certain asset-backed commercial paper, making up approximately $5.6 million in face value (of the Company's $20.2 million) of Canadian CP, to a third party. The asset-backed commercial paper that was transferred had a carrying value of $nil at December 31, 2008. See Note 17.

(7) Property, Plant and Equipment

	December 31,	
	2008	2007
	(In thousands)	
Land	$ 6,897	$ 9,053
Building and leasehold interests	29,973	93,681
Machinery and equipment	25,632	204,192
Construction in progress	593	2,599
Less: accumulated depreciation	—	(146,170)
	$63,095	$ 163,355

During 2008, the Company recognized a loss amounting to $2.2 million relating to largely fully depreciated items of property, plant and equipment that were no longer in use due to completed and pending location closures and consolidations and certain assets sold or otherwise disposed of in prior years. These fixed assets were largely comprised of machinery and equipment, including printing equipment and computer hardware and software. The Consolidated Balance Sheet classification "Property, plant and equipment, net" was reduced by approximately $47.9 million and accumulated depreciation was reduced by $45.7 million related to this write-down. The Company has $15.4 million of assets held for sale (net of a $1.9 million write-down), largely related to underutilized facilities at December 31, 2008, which are included in "Other current assets" on the Consolidated Balance Sheet.

Depreciation of property, plant and equipment totaled $23.4 million, $20.4 million and $22.0 million in 2008, 2007 and 2006, respectively.

The Company also evaluates long-lived assets, consisting of property, plant and equipment, for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy, the general negative outlook for newspaper advertising and circulation in the near and long-term, and the continued decline in the Company's market capitalization, were considered by the Company to be indicators of potential impairment of its goodwill, intangible and long-lived assets. The impairment test resulted in a non-cash impairment charge of $71.9 million related to the write-down of its property, plant and equipment summarized in the table below:

Description	Net Book Value at December 31, 2008 Before Write-Down	Write-Down	Adjusted Cost at December 31, 2008
Land	$ 7,341	$ (444)	$ 6,897
Building and leasehold interests	49,130	(21,081)	28,049
Machinery and equipment	76,716	(49,203)	27,513
Construction in progress	1,774	(1,138)	636
	$134,961	$(71,866)	$63,095

The impairment charge is included in "Impairment of goodwill, intangible and long-lived assets" in the Consolidated Statements of Operations.

The computation of the fair value of the Company's property, plant and equipment was completed as of December 31, 2008. Due to the Company's inability to reliably forecast operating cash flows, the Company

estimated the fair value of its property, plant and equipment based on a fair value in exchange basis which generally equates to expected proceeds from an orderly sale. In determining the fair value of its property, plant and equipment, the Company considered how the economic obsolescence occurring in the newspaper and printing industry may affect the fair value of these long-lived assets.

(8) Goodwill and Intangible Assets

Goodwill represents the excess of acquisition costs over the estimated fair value of net assets acquired in business combinations. Goodwill is tested for impairment by comparing the carrying value of the newspaper reporting unit to the Company's fair value based on market capitalization.

Intangible assets with finite useful lives include subscriber and advertiser relationships, which are amortized on a straight-line basis over 30 years. When an indicator of potential impairment is identified, the Company tests its subscriber and advertiser relationship intangibles for recoverability by comparing the carrying amount of the asset to the undiscounted future net cash flows expected to be generated.

The changes in the carrying amount of goodwill for the years ended December 31, 2008 and 2007 are as follows:

	Total
	(In thousands)
Balance as of January 1, 2007 and December 31, 2007	$ 124,301
Impairment charge	(124,301)
Balance as of December 31, 2008	$ —

The components of amortizable intangible assets at December 31, 2008 and 2007 are as follows:

	December 31,	
	2008	2007
	(In thousands)	
Subscriber and advertiser relationships:		
Gross carrying amount	$—	$135,880
Accumulated amortization	—	(47,645)
Net book value	$—	$ 88,235

The Company follows the provisions of SFAS No. 142. The standard requires that goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. The standard also specifies criteria that intangible assets must meet in order to be recognized and reported apart from goodwill. In addition, SFAS No. 142 requires that intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The Company also evaluates goodwill for impairment between annual tests and intangible assets if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The substantial acceleration in revenue declines in 2008, both in the industry and for the Company, in combination with the negative outlook for the economy, the general negative outlook for newspaper advertising and circulation in the near and long-term, and the continued decline in the Company's market capitalization, were considered by the Company to be indicators of potential impairment of its goodwill and intangible assets. The impairment test resulted in a non-cash impairment charge of $209.3 million related to the

write-off of goodwill and intangible assets of the newspaper reporting unit and which are summarized in the table below:

	Gross Amount	Accumulated Amortization	Impairment Charge	Net Amount
		(In millions)		
Goodwill	$149.6	$(25.3)	$(124.3)	$—
Subscriber and advertiser relationships	135.9	(50.9)	(85.0)	—
Total	$285.5	$(76.2)	$(209.3)	$—

The impairment charges are included in "Impairment of goodwill, intangible and other long-lived assets" in the Consolidated Statements of Operations.

The computation of the fair value of the newspaper reporting unit requires significant estimation and judgment. The impairment of the subscriber and advertiser relationship intangible assets resulted primarily from declines in current cash flows and the inability of the Company to reliably project cash flows beyond the near term due to the previously mentioned negative outlook and industry and economic declines experienced in the three months ended September 30, 2008. The impairment of the Company's goodwill reflects the decline in market capitalization (fair value) allocated to the newspaper reporting unit such that the fair value no longer exceeds the carrying value of that unit. The impairment of the Company's goodwill was driven by the decline in the Company's market capitalization of approximately $163.0 million, or 92%, between December 31, 2007 and September 30, 2008, in combination with the negative industry and economic factors mentioned above and the inability of the Company to reliably project cash flow to substantiate or estimate alternative measures of fair value.

Amortization of intangible assets for the years ended December 31, 2008, 2007 and 2006 was $3.3 million, $4.4 million and $4.4 million, respectively.

(9) Other Assets

	December 31,	
	2008	2007
	(In thousands)	
Security deposits	$1,679	$ 683
Other	281	566
	$1,960	$1,249

(10) Accounts Payable and Accrued Expenses

	December 31,	
	2008	2007
	(In thousands)	
Accounts payable	$24,364	$ 34,067
Accrued expenses:		
Labor and benefits	23,456	28,665
Professional fees and legal settlements(1)	28,206	25,028
Current pension and postretirement liability	3,915	6,478
Other	13,174	18,383
	$93,115	$112,621

(1) See Note 17 "Items included in 'Corporate Expenses' " (b).

(11) Long-Term Debt

	December 31,	
	2008	2007
	(In thousands)	
Non-competition agreements	$—	$38
	—	38
Less:		
Current portion included in current liabilities	—	35
	$—	$ 3

On October 1, 2007, the Company repurchased the remaining $6.0 million of the Company's 9% Senior Notes due 2010 (the "9% Senior Notes") at 101% of face value plus accrued and unpaid interest. The total amount paid was $6.2 million. The Company was required to offer to repurchase the remaining $6.0 million of the Company's 9% Senior Notes due to the actions taken by Hollinger Inc. as described in Note 23.

Interest paid in 2008, 2007 and 2006 was $nil, $0.5 million and $0.7 million, respectively.

(12) Leases

The Company leases various facilities and equipment under non-cancelable operating lease arrangements. Rental expense under all operating leases was approximately $4.8 million, $5.6 million and $5.9 million in 2008, 2007 and 2006, respectively.

Minimum lease commitments at December 31, 2008 are as follows:

	(In thousands)
2009	$ 5,221
2010	4,086
2011	3,917
2012	4,016
2013	4,118
Thereafter	25,156
	$46,514

(13) Financial Instruments

(a) Fair Values

The Company has entered into various types of financial instruments in the normal course of business.

For certain of these instruments, fair value estimates are made at a specific point in time, based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk and the country of origin. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, may not represent actual values of the financial instruments that could be realized in the future.

The carrying values of all financial instruments at December 31, 2008 and 2007 approximate their estimated fair values.

(b) Derivative Financial Instruments

The Company may enter into various swap, option and forward contracts from time to time when management believes conditions warrant. Such contracts are limited to those that relate to the Company's actual exposure to commodity prices, interest rates and foreign currency risks. If, in management's view, the conditions that made such arrangements worthwhile no longer exist, the contracts may be closed. The Company currently has no derivative financial instruments in place.

(14) Stockholders' Equity

Preferred Stock

The Company is authorized to issue 20,000,000 shares of preferred stock in one or more series and to designate the rights, preferences, limitations and restrictions of and upon shares of each series, including voting, redemption and conversion rights.

Class A and Class B Common Stock

Class A Common Stock and Class B Common Stock have identical rights with respect to cash dividends and in any sale or liquidation, but different voting rights. Each share of Class A Common Stock is entitled to one vote per share and each share of Class B Common Stock is entitled to ten votes per share on all matters, where the two classes vote together as a single class, including the election of directors. Class B Common Stock is convertible at any time into Class A Common Stock on a share-for-share basis and is transferable under certain conditions.

On May 14, 2008, the Company announced it had agreed to revised terms of the Settlement (the "Revised Settlement") with Hollinger Inc. The Revised Settlement included a complete release of claims between the parties and the elimination of the voting control by Hollinger Inc. of the Company through conversion on a one-for-one basis of the shares of Class B Common Stock to shares of Class A Common Stock. The Revised Settlement also required the Company to deliver 1.499 million additional shares of Class A Common Stock to Hollinger Inc. The terms of the Revised Settlement were carried out at a closing on June 18, 2008. The Company granted demand registration rights with respect to the shares of Class A Common Stock that resulted from the conversion of the shares of Class B Common Stock, as well as with respect to the additional 1.499 million shares of Class A Common Stock issued to Hollinger Inc. pursuant to the Revised Settlement. See Note 23(i).

Shareholder Rights Plan ("SRP")

On February 27, 2004, the Company paid a dividend of one preferred share purchase right (a "Right") for each share of Class A Common Stock and Class B Common Stock held of record at the close of business on February 5, 2004. Each Right, if and when exercisable, entitles its holder to purchase from the Company one one-thousandth of a share of a new series of preferred stock at an exercise price of $50.00. Unless earlier redeemed, exercised or exchanged, the Rights will expire on January 25, 2014.

The SRP provides that the Rights will separate from the Class A Common Stock and Class B Common Stock and become exercisable only if a person or group beneficially acquires, directly or indirectly, 20% or more of the outstanding stockholder voting power of the Company without the approval of the Company's directors, or if a person or group announces a tender offer which if consummated would result in such person or group beneficially owning 20% or more of such voting power. The Company may redeem the Rights at $0.001 per Right or amend the terms of the plan at any time prior to the separation of the Rights from the Class A Common Stock and Class B Common Stock.

Under most circumstances involving an acquisition by a person or group of 20% or more of the stockholder voting power of the Company, each Right will entitle its holder (other than such person or group), in lieu of purchasing preferred stock, to purchase shares of Class A Common Stock of the Company at a 50% discount to the

current per share market price. In addition, in the event of certain business combinations following such an acquisition, each Right will entitle its holder to purchase the common stock of an acquirer of the Company at a 50% discount from the market value of the acquirer's stock.

Conrad M. Black ("Black") and each of his controlled affiliates and Hollinger Inc., are considered "exempt stockholders" under the terms of the plan. This means that so long as Black and his controlled affiliates do not collectively, directly or indirectly, increase the number of shares of Class A and Class B Common Stock above the level owned by them when the plan was adopted, their ownership will not cause the Rights to separate from the Common Stock. This exclusion would not apply to any person or group to whom Black or one of his affiliates transfers ownership, whether directly or indirectly, of any of the Company's shares. Consequently, the Rights may become exercisable if Black transfers sufficient voting power to an unaffiliated third party through a sale of interests in the Company, Hollinger Inc., Ravelston Corporation Limited ("Ravelston") or another affiliate. As a result of the filing on April 22, 2005 by Ravelston and Ravelston Management, Inc. ("RMI"), seeking court protection under Canadian insolvency laws, and the appointment of a court-appointed receiver for Ravelston and RMI, on May 10, 2005, the Board's Corporate Review Committee amended the SRP to include RSM Richter Inc. ("Richter"), which was appointed by the Court as the receiver of Ravelston's assets as an "exempt stockholder" for purposes of the SRP. The SRP was also subsequently amended in connection with the Revised Settlement.

Common Stock Repurchases and Issuance of Treasury Stock

On March 15, 2006, the Company announced that its Board of Directors authorized the repurchase of an aggregate value of $50.0 million of its common stock to begin following the filing of the 2005 Form 10-K. The Company completed the repurchase of common stock on May 5, 2006, aggregating approximately 6.2 million shares for approximately $50.0 million, including related transaction fees.

On May 17, 2006, the Company announced that its Board of Directors authorized the repurchase of common stock utilizing approximately $8.2 million of proceeds from the sale of Hollinger Digital LLC (see Note 3) and $9.6 million of proceeds from stock options exercised in 2006. In addition, on June 13, 2006, the Company announced that its Board of Directors had authorized an additional $50.0 million for the repurchase of common stock. Through December 31, 2006, the Company repurchased approximately 6.0 million shares for approximately $45.7 million, including related transaction fees, out of the $67.8 million authorized subsequent to the program announced on March 15, 2006. The Company has not purchased any treasury shares in 2007 or 2008 and has no active program in place to acquire shares for treasury.

The Company issued approximately 1.5 million shares of its treasury stock in respect of options exercised or shares issued in respect of deferred stock units ("DSU's") vesting through December 31, 2006. Proceeds received from the exercise of options were then used to repurchase treasury stock as discussed above. During 2007, the Company issued approximately 0.3 million shares of treasury stock in respect of DSU's vesting through December 31, 2007 and issued approximately 0.1 million shares in January 2008 in respect of DSU's vesting through December 31, 2007. During 2008, the Company issued approximately 1.3 million shares of treasury stock in respect of DSU's vesting in 2008.

Dividends and Dividends Payable

The Company is a holding company and its assets consist primarily of investments in its wholly-owned direct and indirect subsidiaries. As a result, the Company's ability to meet its future financial obligations and its ability to pay dividends is dependent on the availability of cash flows from its subsidiaries through dividends, intercompany advances and other payments.

On December 13, 2006, the Company announced that its Board of Directors voted to suspend the Company's quarterly dividend of five cents ($0.05) per share and no dividends have been declared or paid since that time.

(15) Stock-Based Compensation

Stock Options

In 1999, the Company adopted the Hollinger International Inc. 1999 Stock Incentive Plan ("1999 Stock Plan") which provides for awards of up to 8,500,000 shares of Class A Common Stock. The 1999 Stock Plan authorizes the grant of incentive stock options and nonqualified stock options. The exercise price for stock options must be at least equal to 100% of the fair market value of the Class A Common Stock on the date of grant of such option. The maximum term of the options granted under the 1999 Stock Plan is 10 years and the options vest ratably, over two or four years.

The Company has not granted any new stock options since 2003.

On May 1, 2004, the Company suspended option exercises under its stock option plans until such time that the Company's Securities and Exchange Commission ("SEC") registration statement with respect to these shares would again become effective (the "Suspension Period"). The suspension did not affect the vesting schedule with respect to previously granted options. In addition, the terms of the option plans generally provide that participants have 30 days following the date of termination of employment with the Company to exercise options that are exercisable on the date of termination. Participants in the stock incentive plans whose employment had been terminated were provided with 30 days following the lifting of the Suspension Period to exercise options that were vested at the termination of their employment. The extension of the exercise period constituted a modification of the awards, but did not affect, or extend, the contractual life of the options.

As a result of the Company's inability to issue common stock upon the exercise of stock options during the Suspension Period, the exercise period with respect to those stock options which would have been forfeited during the Suspension Period had been extended to a date that is 30 days following the Suspension Period. These extensions constitute amendments to the life of the stock options, for those employees expected to benefit from the extension, as contemplated by FIN 44. Under FIN 44, the Company is required to recognize compensation expense for the modification of the option grants. The additional compensation charge for the affected options, calculated as the difference between the intrinsic value on the award date and the intrinsic value on the modification date, amounted to $0.5 million for 2005.

On April 27, 2006, the Company filed with the SEC a Form S-8 registering shares to be issued under the 1999 Stock Plan and the registration statements for the Company's stock incentive plans were effective as of that date. The Company notified option grantees that the Suspension Period would end on May 1, 2006 related to vested options under the Company's stock incentive plans.

In connection with the deregistration of the Company's Class A Common Stock, on March 6, 2009, the Company filed a post-effective amendment to each of its previously filed Forms S-8 to terminate the registration of any unissued shares thereunder.

Stock option activity with respect to the Company's stock option plans was as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Term (Months)	Aggregate Intrinsic Value (In thousands)
Options outstanding at December 31, 2007	395,725	$ 8.19		
Options granted	—	$ —		
Options exercised	—	$ —		$—
Options forfeited	(79,670)	$ (8.71)		
Options expired	(18,372)	$(10.66)		
Options outstanding at December 31, 2008	297,683	$ 7.90	33	$—
Options exercisable at December 31, 2008	297,683	$ 7.90	33	$—

The following table summarizes information about the stock options outstanding as of December 31, 2008:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2008	Weighted-Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2008	Weighted-Average Exercise Price
$ 6.69 - $ 8.67	248,753	2.88 years	$ 7.44	248,753	$ 7.44
$10.17 - $10.57	48,930	1.89 years	$10.25	48,930	$10.25
$ 6.69 - $10.57	297,683	2.72 years	$ 7.90	297,683	$ 7.90

Other information pertaining to stock option activity was as follows:

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Total intrinsic value of stock options exercised	$—	$—	$1,047

The fair value of stock options was estimated using the Black-Scholes option-pricing model and compensation expense is recognized on a straight-line basis over the remaining vesting period of such awards. As the Company has not granted any new stock options after 2003, the expense recognized for 2006 largely represents the service expense related to previously granted, unvested awards. The remaining cost related to the unvested options was recognized in January 2007. The Company had no unrecognized cost related to non-vested options at December 31, 2008.

SFAS No. 123R requires the recognition of stock-based compensation for the number of awards that are ultimately expected to vest. Upon the adoption of SFAS No. 123R, the Company recognized an immaterial one-time gain based on SFAS No. 123R's requirement to apply an estimated forfeiture rate to unvested awards. As a result, stock compensation expense was reduced for estimated forfeitures expected prior to vesting. Estimated forfeitures are based on historical forfeiture rates and approximated 8%. Estimated forfeitures will be reassessed in subsequent periods and the estimate may change based on new facts and circumstances. Prior to January 1, 2006, actual forfeitures were included in pro forma stock compensation disclosures as they occurred.

Prior to the adoption of SFAS No. 123R, the Company accounted for stock options and DSU's granted to employees and directors using the intrinsic value-based method of accounting.

Deferred Stock Units

Pursuant to the 1999 Stock Plan, the Company issues DSU's, each of which are convertible into one share of Class A Common Stock. The value of the DSU's on the date of issuance is recognized as employee compensation expense over the vesting period or through the grantee's eligible retirement date, if shorter. The DSU's are reflected in the basic earnings per share computation upon vesting. As of December 31, 2008, 2,777,335 DSU's are fully vested, in respect of which 498,918 shares of stock have not been delivered and the Company has approximately $1.0 million of unrecognized compensation cost related to non-vested DSU's. Due to the reconstruction of the Board of Directors in January 2009, all 819,252 unvested DSU's vested and the Company will record $1.0 million in compensation expense.

On December 16, 2004, from the proceeds of the sale of the Company's U.K. operations, the Board of Directors declared a special dividend of $2.50 per share on the Company's Class A and Class B Common Stock paid on January 18, 2005 to holders of record of such shares on January 3, 2005, in an aggregate amount of approximately $226.7 million. On January 27, 2005, the Board of Directors declared a second special dividend of $3.00 per share on the Company's Class A and Class B Common Stock paid on March 1, 2005 to holders of record of such shares on February 14, 2005, in an aggregate amount of approximately $272.0 million. Following the special dividends paid in 2005, pursuant to the underlying stock option plans, the outstanding grants under the Company's stock incentive plans, including DSU's, have been adjusted to take into account this return of cash to existing stockholders and its effect on the per share price of the Company's Class A Common Stock. As a result, DSU's increased from 262,488 to 355,543 units and the number of shares potentially issuable pursuant to outstanding options increased from approximately 3.2 million shares before the adjustment to approximately 4.6 million shares after the adjustment.

The Company recognized $2.2 million, $2.4 million and $2.3 million in stock-based compensation in 2008, 2007 and 2006, respectively, related to DSU's. On August 1, 2007, the Company announced it received notice from Hollinger Inc., the Company's former controlling stockholder, that certain corporate actions with respect to the Company had been taken by written consent. These actions included increasing the size of the Board of Directors with vacancies being filled by stockholders having a majority interest. As a result of the change in control, approximately 165,000 outstanding DSU's that were not yet vested became vested, which resulted in stock compensation expense of $1.0 million in 2007.

Non-vested DSU activity was as follows:

	Number of Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Term (Months)	Aggregate Intrinsic Value (In thousands)
Unvested at December 31, 2007 . .	2,316,275	$ 1.34		
DSU's granted	441,092	$ 0.59		
DSU's vested	(1,756,507)	$(1.17)		$581
DSU's forfeited	(181,608)	$(1.30)		
Unvested at December 31, 2008 . .	819,252	$ 1.31	22	$ 41

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Total fair value of DSU's granted	$259	$3,938	$ 975
Intrinsic value of DSU's vested	$581	$1,551	$1,481

(16) Employee Benefit Plans

Defined Contribution Plans

The Company sponsors three domestic defined contribution plans, all of which have provisions for Company contributions. For the years ended December 31, 2008, 2007 and 2006, the Company contributed $1.3 million, $2.2 million and $2.6 million, respectively.

Defined Benefit Plans

During 2006, the FASB issued SFAS No. 158 that required implementation in fiscal years ending after December 15, 2006. SFAS No. 158 amended SFAS Nos. 87, 88, 106 and 132R but retained most of the measurement and disclosure requirements and did not change the amounts recognized in the income statement as net periodic benefit cost. The Company adopted the SFAS No. 158 requirements for the December 31, 2006 financial statements and disclosures.

SFAS No. 158 required the Company to 1) recognize the funded status of Pension and Other Postretirement Plans in its Consolidated Balance Sheets, measured as the difference between the plan assets at fair value and the projected benefit obligation, 2) classify, as a current liability, the amount by which the benefits included in the benefit obligation payable in the next twelve months exceeds the fair value of plan assets 3) recognize as a component of "Other comprehensive income (loss)," net of tax, the unrecognized actuarial gains and losses, prior service costs and transition obligations that arise during the period but are not recognized as components of net periodic benefit cost, 4) measure the plan assets as of the date of the Company's fiscal year end and 5) disclose additional information as to the effect on net periodic benefit cost for the next fiscal year that arise from delayed recognition of gains and losses, prior service costs and transition obligations.

As a result of adopting SFAS No. 158 as of December 31, 2006, the Company recorded a reduction in stockholders' equity via a charge to the "Pension adjustment" component of accumulated other comprehensive income (loss) of $29.3 million, net of deferred income taxes of $17.0 million, to recognize the unfunded portion of its defined benefit pension plans and other postretirement benefit plans liabilities.

The Company has seven domestic and six Canadian single-employer defined benefit pension plans and four domestic and two Canadian supplemental retirement arrangements. The Company's contributions to these plans for the years ended December 31, 2008, 2007 and 2006 were approximately $10.4 million, $7.2 million and $3.3 million, respectively, and it expects to contribute approximately $6.8 million to these plans in 2009.

The benefits under subsidiary companies' single-employer pension plans are based primarily on years of service and compensation levels. The Company funds the annual provision deductible for income tax purposes. The plans' assets consist principally of marketable equity securities and corporate and government debt securities. The pension plans' obligations and assets are measured as of December 31 for all years presented.

The components of net periodic benefit cost (credit) for the years ended December 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
		(In thousands)	
Service cost	$ 1,252	$ 1,305	$ 1,526
Interest cost	18,508	18,456	18,653
Expected return on plan assets	(24,589)	(26,158)	(25,609)
Amortization of losses	1,079	2,666	2,825
Settlement and curtailment (gain) loss	239	458	(67)
Amortization of transitional obligation	112	112	112
Amortization of prior service costs	144	183	198
Net periodic benefit cost (credit)	$ (3,255)	$ (2,978)	$ (2,362)

The table below sets forth the reconciliation of the benefit obligation as of December 31, 2008 and 2007:

	December 31,	
	2008	2007
	(In thousands)	
Benefit obligation at the beginning of the year	$363,372	$348,179
Service cost	1,252	1,305
Interest cost	18,508	18,456
Participant contributions	2	5
Currency translation differences	(47,944)	43,770
Settlements and transfers	(1,319)	(1,380)
Actuarial (gain) loss	(24,541)	(16,029)
Benefits paid	(35,738)	(30,934)
Benefit obligation at the end of the year	273,592	363,372
Fair value of plan assets at the beginning of the year	412,455	351,624
Actual return on plan assets	(74,799)	34,628
Currency translation differences	(55,390)	51,271
Settlements and transfers	(1,754)	(1,388)
Employer contributions	10,443	7,249
Participant contributions	2	5
Benefits paid	(35,738)	(30,934)
Fair value of plan assets at the end of the year	255,219	412,455
Funded status	$ (18,373)	$ 49,083

Amounts recognized in the Consolidated Balance Sheets consist of:

	December 31,	
	2008	2007
	(In thousands)	
Prepaid pension asset	$ 33,323	$ 89,512
Pension liability included in current liabilities	$ (1,845)	$ (3,993)
Pension liability included in noncurrent liabilities	$(49,852)	$(36,436)
Accumulated other comprehensive loss, before income taxes	$118,432	$ 59,070

Amounts recognized in "Accumulated other comprehensive loss," before income taxes consist of:

	December 31,	
	2008	2007
	(In thousands)	
Net actuarial losses	$116,744	$56,907
Prior service costs	876	1,240
Net transition obligation	812	923
	$118,432	$59,070

Accumulated other comprehensive loss, before taxes in 2008 included net actuarial losses of $74.8 million, foreign currency translation gains of $14.4 million, settlement and curtailment losses recognized of $0.2 million and amortization of net actuarial losses, prior service costs and net transition obligation of $1.1 million, $0.1 million and $0.1 million, respectively.

The estimated net actuarial losses, prior service costs and net transition obligation for the defined benefit pension plans that will be amortized from Accumulated other comprehensive loss into net periodic benefit costs over the next fiscal year are $6.3 million, $0.1 million and $0.1 million, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets as of December 31:

	December 31,	
	2008	2007
	(In thousands)	
Projected benefit obligation	$99,380	$111,084
Accumulated benefit obligation	$95,996	$107,841
Fair value of plan assets	$47,684	$ 70,655

Information for pension plans with plan assets in excess of the accumulated benefit obligation as of December 31:

	December 31,	
	2008	2007
	(In thousands)	
Projected benefit obligation	$174,212	$252,288
Accumulated benefit obligation	$174,212	$252,288
Fair value of plan assets	$207,535	$341,800

Assumptions

The ranges of assumptions are as follows:

	December 31,		
	2008	2007	2006
Discount rate	6.25% - 7.20%	5.50% - 6.25%	5.00% - 5.75%
Expected return on plan assets	3.75% - 8.00%	5.50% - 8.00%	5.50% - 8.25%
Compensation increase	3.0%	3.0%	3.0%

Weighted-average assumptions used to determine plan benefit obligations at December 31:

	Pension Benefits	
	2008	2007
Discount rate	6.90%	5.67%
Rate of compensation increase	2.39%	2.53%

Weighted-average assumptions used to determine plan net periodic benefit cost for the years ended December 31:

	Pension Benefits		
	2008	2007	2006
Discount rate	6.90%	5.67%	5.18%
Expected long-term return on plan assets	4.55%	6.53%	7.22%
Rate of compensation increase	2.39%	2.53%	2.47%

The discount rate is based on yield curves derived from AA corporate bond yields with terms similar to the projected benefit payment duration of the benefit plans. The Company used a building block approach to determine its current assumption of the long-term expected rate of return on pension plan assets. Based on historical market studies, the Company's long-term expected returns range from 3.75% to 8.00%. The Company's current target asset allocation varies by pension plan. The weighted average target allocation is approximately 25% in equity securities and 75% in debt and other securities.

Pension Plan Assets

The Company's pension plan weighted-average asset allocations at December 31, 2008 and 2007, by asset category are as follows:

	Plan Assets at December 31,	
Asset Category	2008	2007
Equity securities	25.7%	55.9%
Debt securities	47.0%	38.2%
Other	27.3%	5.9%
Total	100.0%	100.0%

The Plans' pension investment objectives have been designed to provide a long-term investment return greater than the actuarial assumption and maximize investment return commensurate with appropriate levels of risk.

The Plans' strategies are predicated on the Plans' investment objectives noted above. Risk is intended to be minimized through the use of diverse asset classes, which will stabilize the portfolio and thereby reduce the level of volatility for each level of expected return.

Investment funds are selected on the basis of:

- Historically competitive investment returns and risks;
- Stability and financial soundness of companies offering funds;
- Desirability of offering funds run by different managers; and
- Manager's investment philosophy and style.

The Plans' fund managers review the investment funds quarterly for consistency of style and competitive investment performance.

Postretirement and Postemployment Benefits

The Company sponsors three foreign postretirement plans that provide postretirement benefits to certain former employees. These and other benefits are accrued in accordance with SFAS No. 106 and SFAS No. 112. The Company has no domestic postretirement benefit plan. The postretirement obligations and assets are measured as of December 31 for all years presented.

During 2006, the Company has adopted the requirements of SFAS No. 158. SFAS No. 158 amends SFAS No. 106 but retains most of the measurement and disclosure requirements and does not change the amounts recognized in the income statement as net periodic benefit cost. SFAS No. 158 does not amend SFAS No. 112.

The components of net periodic postretirement benefit cost for the years ended December 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
		(In thousands)	
Service cost	$ 10	$ 10	$ 27
Interest cost	1,108	1,103	1,357
Settlement gain	(3,225)	—	—
Amortization of gains	(287)	(1,782)	(788)
Net periodic postretirement benefit cost (credit)	$(2,394)	$ (669)	$ 596

The table below sets forth the reconciliation of the accumulated postretirement benefit obligation:

	December 31,	
	2008	2007
	(In thousands)	
Accumulated postretirement benefit obligation at the beginning of the year	$30,925	$29,476
Service cost	10	10
Interest cost	1,108	1,103
Settlement gains	(3,248)	—
Actuarial gains	(2,575)	(2,495)
Benefits paid	(2,107)	(2,146)
Currency translation differences	(5,086)	4,977
Accumulated postretirement benefit obligation at the end of the year	19,027	30,925
Fair value of plan assets at the end of the year	1,390	2,008
Unfunded status	$17,637	$28,917

As a result of the Company adopting the requirements of SFAS No. 158 in 2006, unrecognized gains and losses are recognized as a component of other comprehensive income, net of tax. The unrecognized gains and losses were previously included as a component of the postretirement liability. In addition, the amount of benefits included in the postretirement benefit obligation that are payable in the next twelve months are classified as a current liability. The Company previously included these obligations in other liabilities.

	December 31,	
	2008	2007
	(In thousands)	
Unfunded status, included in current liabilities	$ 2,000	$ 2,400
Unfunded status, included in other liabilities	$15,637	$26,517
Unrecognized net gain, included in accumulated other comprehensive income, net of tax	$11,080	$11,515

Unrecognized net gain, before taxes in accumulated other comprehensive income in 2008 included net actuarial gains of $2.8 million, foreign currency translation losses of $2.5 million, settlement gain recognized of $0.1 million and amortization of net actuarial gains of $0.6 million.

The estimated net actuarial gain for the postretirement benefits plans that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is $0.7 million.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.30% and 5.50% as of December 31, 2008 and 2007, respectively. The weighted average discount rate used in determining the postretirement net periodic benefit cost was 5.50% and 5.00% for 2008 and 2007, respectively. The discount rate is based on yield curves derived from AA corporate bond yields with terms similar to the projected benefit payment duration of the benefit plans. The weighted average discount rate used in determining the accumulated postemployment benefit obligation and postemployment net periodic benefit cost was 2.10% and 5.25% for 2008 and 2007, respectively. The discount rate is based on AAA Government of Canada bond yields with maturities matching the duration of the benefit plans' obligation. Generally, benefits under the plans are paid for by the Company's contributions to the plan and the Company expects the contributions in 2009 to approximate those in 2008.

	2008	2007
Healthcare cost trend assumed next year	8.0%	7.4%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.5%	5.0%
Year that rate reaches ultimate trend rate	2028	2012

Assumed health care cost trend rates have a significant effect on the amounts reported for heath care plans. If the health care cost trend rate was increased 1%, the accumulated postretirement benefit obligation as of December 31, 2008 would have increased $1.0 million (2007 — $1.3 million) and the effect of this change on the aggregate of service and interest cost for 2008 would have been an increase of $0.1 million (2007 — $0.1 million). If the health care cost trend rate was decreased 1%, the accumulated postretirement benefit obligation as of December 31, 2008 would have decreased by $0.9 million (2007 — $1.2 million) and the effect of this change on the aggregate of service and interest cost for 2008 would have been a decrease of $0.1 million (2007 — $0.1 million).

Pension and Other Benefit Payments

The following table presents the expected future benefit payments to be paid by the pension and postretirement plans during the ensuing five years and five years thereafter:

Year	Pension Benefits	Postretirement Benefits
	(In thousands)	
2009	$ 26,212	$ 2,000
2010	$ 25,535	$ 2,062
2011	$ 25,088	$ 2,122
2012	$ 24,730	$ 2,178
2013	$ 24,292	$ 2,225
2014-2018	$114,657	$11,562

(17) Other Operating Costs and Corporate Expenses

Items Included in "Other Operating Costs"

Included in "Other operating costs" are the following amounts that the Company believes may make meaningful comparison of results between periods difficult based on their nature, magnitude and infrequency.

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Reorganization costs (Note 4)	$2,674	$ 6,352	$9,201
Severance expense	4,692	405	2,642
Write-off of capitalized direct response advertising costs(a)	—	15,191	—
Write-off of capitalized software(b)	—	1,487	882
Costs related to outsourcing of certain newspaper distribution activities, including severance	(163)	1,770	—
Loss on disposal or write-down of assets, net (see Note 7)	3,943	—	—
Costs related to printing plant relocation	1,235	—	—
Restitution and settlement costs — circulation matters	(584)	—	—

(a) *Write-off of Capitalized Direct Response Advertising Costs*

The Company follows the accounting methodology set forth in Statement of Position 93-7 "Reporting on Advertising Costs" ("SOP 93-7"). Changes in the Company's business practices and the Company's expectations as to the effect of economic trends and consumer demand for the Company's products, as indicated by declines in circulation and related advertising revenue, indicate that the benefit period of these direct response advertising costs can best be described as indeterminate and such costs are expensed as incurred.

The Company therefore determined that its direct response advertising costs were impaired as the subscription life can not be assumed to exceed the initial subscription period (reflective of an indeterminate subscription life in the current environment). As a result, the Company can no longer conclude that direct response advertising costs result in probable future economic benefits as contemplated in SOP 93-7 and the impaired capitalized costs were written off in 2007.

(b) *Write-off of Capitalized Software*

Relates to software development projects that were halted and cancelled.

Items Included in "Corporate Expenses"

Included in "Corporate expenses" are the following amounts that the Company believes may make meaningful comparison of results between periods difficult based on their nature, magnitude and infrequency.

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Bad debt expense related to loan to subsidiary of Hollinger Inc.(a)	$ —	$33,685	$ —
Loss on sale of newspaper operations(b)	10,538	13,603	—
Settlement of claims with Hollinger Inc.(c)	2,490	—	—
Severance expense	—	(176)	6,954
Unclaimed property costs	(456)	—	2,000

(a) *Bad Debt Expense Related to Loan to Subsidiary of Hollinger Inc.*

Represents bad debt expense related to a loan to a subsidiary of Hollinger Inc. discussed in detail in Note 23(b). The Company's collateral for the loan is subordinated to certain obligations of Hollinger Inc. which initiated a court-supervised restructuring under the CCAA and a companion proceeding in the U.S. pursuant to Chapter 15 of the U.S. Bankruptcy Code.

(b) *Loss on Sale of Newspaper Operations*

At December 31, 2007, the Company had a reserve established under "Accounts payable and accrued expenses" on its Consolidated Balance Sheet in respect of an arbitration arising from a dispute with CanWest in the amount of Cdn.$15.0 million (USD$15.2 million). The Company had also previously established an escrow account containing approximately Cdn.$21.6 million (USD$21.8 million) available to pay any final arbitration award. The escrowed funds are included on the Consolidated Balance Sheet at December 31, 2007 under "Escrow deposits and restricted cash."

On January 29, 2009, the Company received the decision of an arbitrator in the dispute between the Company and CanWest. The arbitrator's decision includes an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award was exclusive of interest and costs, which are estimated to aggregate Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released fully from any and all liability related to the arbitration award and the underlying transactions that led to the award. In addition to the items recorded at December 31, 2007, in 2008 the Company recorded Cdn.$13.0 million ($USD 10.5 million) related to this settlement, which is included under "Accounts payable and accrued expenses." See Note 22(a).

(c) *Settlement of Claims with Hollinger Inc.*

Represents effect of settlement and complete release of claims between the Company and Hollinger Inc., including approximately $1.7 million for write-off of amounts due from Hollinger Inc. and related parties and approximately $0.8 million related to additional common stock issued (including legal fees). See Note 23(i).

(18) Indemnification, Investigation and Litigation Costs, Net of Recoveries

The Company is involved in a series of disputes, investigations and legal proceedings relating to transactions between the Company and certain former executive officers and certain former directors of the Company and their affiliates. The potential impact of these disputes, investigations and legal proceedings on the Company's financial

condition and results of operations cannot currently be estimated. See Note 22(a). These costs primarily consist of legal and other professional fees as summarized in the following table. Such costs are accrued as services are rendered.

On March 18, 2007, the Company announced settlements, negotiated and approved by a special committee of independent directors (the "Special Committee"), with former President and Chief Operating Officer, F. David Radler ("Radler"), (including his wholly-owned company, North American Newspapers Ltd. f/k/a F.D. Radler Ltd.) and the publishing companies Horizon Publishing Company ("Horizon") and Bradford Publishing Company ("Bradford"). The Company received $63.4 million in cash to settle the following: (i) claims by the Company against Radler, Horizon and Bradford, (ii) potential additional claims against Radler related to the Special Committee's findings regarding incorrectly dated stock options and (iii) amounts due from Horizon and Bradford. The Company has recorded $47.7 million of the settlement, as a recovery, within "Indemnification, investigation and litigation costs, net of recoveries" and $7.2 million in "Interest and dividend income" in the Consolidated Statement of Operations for the year ended December 31, 2007. The remaining $8.5 million represents the collection of certain notes receivable.

	Year Ended December 31,			Incurred Since Inception through December 31, 2008(6)
	2008	2007	2006	
			(In thousands)	
Special Committee investigation costs(1)	$ 3,462	$ 6,216	$ 4,743	$ 67,142
Litigation costs(2)	713	1,533	6,376	29,191
Indemnification fees and costs(3)	9,396	47,776	18,949	119,110
Recoveries(4)	(2,000)	(47,718)	(47,475)	(129,568)
	$11,571	$ 7,807	$(17,407)	85,875
				(33,265)(5)
				$ 52,610(7)

(1) Costs and expenses arising from the Special Committee investigation. These amounts include the fees and costs of the Special Committee's members, counsel, advisors and experts. The Special Committee was dissolved in November 2008, and the Special Committee's related legal matters were turned over to the Company's Board of Directors and management.

(2) Largely represents legal and other professional fees to defend the Company in litigation that has arisen as a result of the issues the Special Committee has investigated, including costs to defend the counterclaims of Hollinger Inc. and Black in *Hollinger International Inc. v. Conrad M. Black, Hollinger Inc., and 504468 N.B. Inc.* described in the Company's previous filings.

(3) Represents amounts the Company has been required to advance in fees and costs to indemnified parties, including former officers and directors and their affiliates and associates who are defendants in the litigation brought by the Company or in the criminal proceedings. See *"Black v. Hollinger International Inc."* described in the Company's previous filings.

(4) Represents recoveries including $2.0 million related to the settlement with Hollinger Inc. for legal fees incurred in connection with Hollinger Inc.'s CCAA proceedings, $47.7 million related to a settlement with Radler described above, $47.5 million in a settlement with certain of the Company's directors and officers insurance carriers in 2006, $30.3 million in a settlement with Torys LLP in 2005 and $2.1 million in recoveries of indemnification payments from Black in 2005. Excludes settlements with former directors and officers, pursuant to a restitution agreement reached in November 2003, of $1.7 million and $31.5 million recognized in 2004 and 2003, respectively, which were recorded in "Other income (expense), net," and interest related to various recoveries and settlements of $15.8 million which was recorded in "Interest and dividend income." Total recoveries, including interest, aggregate $176.6 million. In addition, the Radler settlement resulted in the collection of $8.5 million of notes receivable.

(5) Represents amounts received pursuant to the restitution agreement described in (4) above.

(6) The Special Committee was formed on June 17, 2003. These amounts represent the cumulative net costs from that date.

(7) Including the $7.2 million and $8.5 million received from Radler in interest and payment of notes receivable, respectively (see (4) above), and the Company's potential share of insurance proceeds held in escrow (see Note 22(a) *"Stockholder Class Actions"*) of $20.8 million, the amounts collected by the Special Committee aggregate $199.3 million and total expenses aggregate $215.4 million.

(19) Other Income (Expense), Net

	December 31,		
	2008	2007	2006
		(In thousands)	
Loss on extinguishment of debt(a)	$ —	$ (60)	$ —
Expenses related to FDR Collection(b)	(1,500)	—	—
Write-down of investments(c)	(8,700)	(12,200)	—
Foreign currency gains (losses), net	18,437	(16,569)	2,943
Gain (loss) on sale of investments	1,108	1,019	(76)
Equity in losses of affiliates	(74)	(184)	(259)
Other	768	150	34
	$10,039	$(27,844)	$2,642

(a) In 2007, the Company retired $6.0 million of its 9% Senior Notes and recognized a premium for early redemption. See Note 11.

(b) The Company has made several acquisitions of papers and other memorabilia of President Franklin Delano Roosevelt (the "FDR Collection"). The Company has recorded an impairment for the remaining carrying value of the FDR Collection of $1.5 million during 2008 and has fully reserved the initial purchase price. The U.S. National Archives has asserted an ownership claim to a portion of the collection known as the Grace Tully Collection.

(c) In 2008 and 2007, the Company recorded $8.7 million and $12.2 million of impairment charges, respectively, related to the valuation of its Canadian CP. See Note 6.

(20) Income Taxes

Total income taxes for the years ended December 31, 2008, 2007 and 2006 were allocated as follows:

	2008	2007	2006
		(In thousands)	
Income tax expense (benefit) allocated to:			
Loss from continuing operations before income taxes	$(13,129)	$(420,888)	$57,431
Income from discontinued operations	—	1,066	35,173
Other comprehensive income (loss) — foreign currency translation adjustments	1	106	4
Other comprehensive income (loss) — unrealized holding gain (loss) on marketable securities	—	2	(665)
Other comprehensive income (loss) — pension adjustment	(10,713)	8,166	3,117
	$(23,841)	$(411,548)	$95,060

Income tax expense (benefit) allocated to loss from continuing operations before income taxes for the years shown below consists of:

	Current	Deferred	Total
		(In thousands)	
Year ended December 31, 2008:			
U.S. federal	$ —	$ 13,619	$ 13,619
Foreign	(30,831)	1,822	(29,009)
State and local	315	1,946	2,261
	$ (30,516)	$ 17,387	$ (13,129)
Year ended December 31, 2007:			
U.S. federal	$ (11,509)	$116,590	$ 105,081
Foreign	(556,833)	460	(556,373)
State and local	—	30,404	30,404
	$(568,342)	$147,454	$(420,888)
Year ended December 31, 2006:			
U.S. federal	$ 3,910	$ 12,091	$ 16,001
Foreign	43,138	(5,222)	37,916
State and local	606	2,908	3,514
	$ 47,654	$ 9,777	$ 57,431

U.S. and foreign components of loss from continuing operations before income taxes are presented below:

	2008	2007	2006
		(In thousands)	
U.S.	$(382,240)	$(121,511)	$(29,351)
Foreign	15,612	(29,346)	9,152
	$(366,628)	$(150,857)	$(20,199)

Total income taxes paid during the years ended December 31, 2008, 2007 and 2006 amounted to $3.4 million, $33.3 million and $23.3 million, respectively.

Income tax expense (benefit) allocated to loss from continuing operations differed from the amounts computed by applying the U.S. federal income tax rate of 35% for 2008, 2007 and 2006 as a result of the following:

	2008	2007	2006
		(In thousands)	
Income tax benefit at federal statutory rate	$(128,320)	$ (52,800)	$ (7,070)
Impact of taxation at different foreign rates	2,209	4,191	(1,725)
U.S. state and local income tax benefit, net of federal tax impact	(18,724)	(8,298)	(1,462)
Tax impacts of the disposition and liquidation of Canadian operations, including book and tax basis differences, foreign exchange differences and related items(a)	—	—	(10,551)
Provision for tax contingencies	—	—	29,042
Reduction of tax contingency accruals due to the resolution of uncertainties(b)(e)	(34,650)	(578,530)	(39,297)
Reversal of U.S. deferred tax benefits related to disposition and liquidation of Canadian operations(c)	—	157,344	—
Interest on tax contingency accruals	49,601	47,967	81,523
Items non-deductible or non-includible for income tax purposes	397	4,228	831
Income tax expense (benefit) on intercompany and other transactions involving non-U.S. operations(b)	17,582	(28,797)	2,241
Increase in valuation allowance, net(d)	99,810	35,374	5,366
Other, net	(1,034)	(1,567)	(1,467)
Income tax expense (benefit) allocated to loss from continuing operations	$ (13,129)	$(420,888)	$ 57,431

(a) During 2008, the Company recognized the effects of the CanWest arbitration decision. The pre-tax charge of $10.5 million represents an adjustment related to the gain/loss on sale of newspaper operations. The related tax year had previously been closed with the Canada Revenue Agency ("CRA") and the Company will receive no tax benefit for the loss. See Note 17.

(b) During 2007, the Company reached an agreement with the CRA settling certain tax issues largely related to the disposition of certain Canadian operations in 2000. As a result of the settlement, the Company reduced its tax contingency accruals by $571.8 million and recorded a U.S. tax benefit of $14.9 million related to the deduction arising from the settlement.

(c) The Company had recorded deferred tax assets for the U.S. tax benefits that were related to the 2000 disposition and liquidation of Canadian operations. Upon the settlement of the Canadian tax issues with the CRA, the Company reversed the U.S. deferred tax asset of $157.3 million and the corresponding valuation allowance.

(d) The net increase in the valuation allowance in 2007 includes the effects of the following significant transactions. The Company recorded $193.5 million of increases in the valuation allowance to conform with its accounting policy that requires deferred tax assets be reduced to a level where they are more likely than not to be realized. The Company recorded a reduction of the valuation allowance in the amount of $157.3 million as described in (c) above.

(e) In September 2008, the Company received a favorable ruling from the CRA that it completed an audit of the Company's 2000 tax year, which resulted in no changes to the tax return. As a result, the Company has recorded a tax benefit, including interest through the quarter ended June 30, 2008, of $34.7 million reflecting the reversal of certain contingent tax liabilities no longer deemed necessary.

"Deferred income tax liabilities" presented as non-current liabilities in the Consolidated Balance Sheets are summarized as follows:

	December 31,	
	2008	2007
	(In thousands)	
Deferred tax liabilities	$ 20,006	$106,907
Deferred tax assets, net of valuation allowance	(10,437)	(48,564)
	$ 9,569	$ 58,343

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2008	2007
	(In thousands)	
Deferred tax assets attributable to:		
Accounts receivable, principally due to allowance for doubtful accounts	$ 1,454	$ 2,087
Bad debt allowance on loan to subsidiary of Hollinger Inc.	—	13,474
Accrued expenses	5,124	20,502
Pension assets	1,349	—
Postretirement obligations	9,484	15,365
Intangible assets(a)	30,514	—
Investments	21,211	20,796
Net operating loss carryforwards	90,976	38,508
Claims for restitution	43,964	43,964
U.S. tax benefit related to disposition and liquidation of Canadian operations	—	10,849
Accrued interest and state income tax effects related to income tax contingent liabilities included in "Other tax liabilities"	109,535	93,000
Property, plant and equipment, principally due to differences in depreciation and deferred gain on exchange of assets(b)	14,170	—
Capital loss carryovers	7,355	6,745
Other	14,388	20,898
Deferred tax assets	349,524	286,188
Less valuation allowance	(339,087)	(237,624)
Net deferred tax assets	$ 10,437	$ 48,564
Deferred tax liabilities attributable to:		
Property, plant and equipment, goodwill and intangible assets, principally due to differences in depreciation, amortization and deferred gain on exchange of assets(a)(b)	$ —	$ 59,649
Pension assets	—	23,502
Deferred gain on disposition of Canadian Newspaper Operations	17,408	21,146
Other	2,598	2,610
Deferred tax liabilities	$ 20,006	$ 106,907

(a) The Company recognized an impairment charge for the entirety of its goodwill and intangible assets in 2008. See Note 8. The charge resulted in the reversal of $49.4 million in deferred tax liabilities and the establishment of $30.5 million in deferred tax assets for which a valuation allowance, in the same amount, has been established.

(b) The Company recognized an impairment charge of $71.9 million for property, plant and equipment in 2008. See Note 8. The charge resulted in the reversal of $14.5 million in deferred tax liabilities and the establishment of $14.2 million in deferred tax assets for which a valuation allowance, in the same amount, has been established.

At December 31, 2008, the Company had approximately $200.6 million of U.S. net operating loss carryforwards, which expire in varying amounts on December 31, 2027 and December 31, 2028.

At December 31, 2008, the Company had approximately $10.7 million of Canadian net operating loss carryforwards, which will expire in varying amounts from December 31, 2009 through December 31, 2027. A further $41.7 million of excess capital losses are available in Canada for carryforward. There is no expiration for the capital loss carryforward.

The valuation allowance relates to tax benefits of future deductible temporary differences and net operating and capital loss carryforwards. Management believes that it is more likely than not that the tax benefits will not be fully realized, due to the inability to depend on the generation of taxable income from future operations to realize such benefits.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") on January 1, 2007. The adoption of FIN 48 did not have a material impact on the Company's financial position or results of operations. As part of its adoption, the Company performed an item by item evaluation and considered the state of its ongoing audits by, and discussions with, various taxing authorities. Although the Company has made significant progress in resolving or settling certain tax issues, the remaining items under the caption "Other tax liabilities" in the accompanying Consolidated Balance Sheet at December 31, 2008 have not sufficiently advanced to the degree or with the level of finality that would cause the Company to adjust its accruals for income tax liabilities under the "more likely than not" criteria pursuant to FIN 48.

FIN 48 addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

A reconciliation of the Company's beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at January 1, 2008	$368,262
Reduction due to ruling from the CRA on tax year 2000	(19,280)
Other	(2,601)
Balance at December 31, 2008	$346,381

Substantially all of the unrecognized tax benefits at December 31, 2008 would affect the Company's effective tax rate if recognized. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of January 1, 2008 and December 31, 2008, the Company had accruals of approximately $228.9 million and $261.5 million, respectively, in interest and penalties related to uncertain tax positions.

The Company files income tax returns with federal, state and foreign jurisdictions. The Company is under examination by the Internal Revenue Service ("IRS") for federal tax years 2004 to 2006. The Company's 2002 through 2007 New York State tax returns are currently scheduled to be examined in May of 2009. The Company's Indiana tax returns are currently being audited for years 2004 through 2007.

In January 2008, the Company received an examination report from the IRS setting forth proposed adjustments to the Company's U.S. income tax returns from 1996 through 2003. The Company has disputed certain of the proposed adjustments. The process for resolving disputes between the Company and the IRS is likely to entail various administrative and judicial proceedings, the timing and duration of which involve substantial uncertainties. As the disputes are resolved, it is possible that the Company will record adjustments to its financial statements that could be material to its financial position and results of operations and it may be required to make material cash payments. The timing and amounts of any payments the Company may be required to make are uncertain, but the Company does not anticipate that it will make any material cash payments to settle any of the disputed items during 2009.

(21) Earnings (Loss) per Share

The following tables reconcile the numerator and denominator for the calculation of basic and diluted income (loss) per share from continuing operations:

	Year Ended December 31, 2008		
	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
	(In thousands, except per share amounts)		
Basic EPS			
Loss from continuing operations	$(353,499)	82,010	$(4.31)
Effect of dilutive securities	—	—	—
Diluted EPS			
Loss from continuing operations	$(353,499)	82,010	$(4.31)

The effect of stock options has been excluded from the calculations for 2008 because they are anti-dilutive as a result of the loss from continuing operations. The number of potentially dilutive securities, comprised of shares issuable in respect of DSU's and stock options, at December 31, 2008 was 1,116,935.

	Year Ended December 31, 2007		
	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
	(In thousands, except per share amounts)		
Basic EPS			
Income from continuing operations	$270,031	80,446	$3.36
Effect of dilutive securities	—	215	—
Diluted EPS			
Income from continuing operations	$270,031	80,661	$3.35

The number of potentially dilutive securities, comprised of shares issuable in respect of DSU's and stock options, at December 31, 2007 was 2,712,000.

	Year Ended December 31, 2006		
	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
	(In thousands, except per share amounts)		
Basic EPS			
Loss from continuing operations	$(77,630)	85,681	$(0.91)
Effect of dilutive securities	—	—	—
Diluted EPS			
Loss from continuing operations	$(77,630)	85,681	$(0.91)

The effect of stock options has been excluded from the calculations for 2006 because they are anti-dilutive as a result of the loss from continuing operations. The number of potentially dilutive securities, comprised of shares issuable in respect of DSU's and stock options, at December 31, 2006 was 913,795.

(22) Commitments and Contingencies

(a) Litigation

Litigation Involving Controlling Stockholder, Senior Management and Directors

As previously reported in the Company's SEC filings, on January 28, 2004, the Company, through the Special Committee, filed a civil complaint in the United States District Court for the Northern District of Illinois asserting breach of fiduciary duty and other claims against Hollinger Inc., Ravelston, RMI, and certain former executive officers of the Company, which complaint was amended on May 7, 2004 and again on October 29, 2004. The action is entitled *Hollinger International Inc. v. Hollinger Inc., et al.*, Case No. 04C-0698. The second amended complaint sought to recover approximately $542.0 million in damages, including prejudgment interest of approximately $117.0 million, and punitive damages. The second amended complaint asserted claims for breach of fiduciary duty, unjust enrichment, conversion, fraud and civil conspiracy in connection with transactions described in the Report, including, among other Transactions, unauthorized "non-competition" payments, excessive management fees, sham broker fees and investments and divestitures of Company assets.

On October 8, 2008, the Company filed a Third Amended Complaint against Ravelston, Black, John A. Boultbee ("Boultbee"), Daniel W. Colson ("Colson") and Barbara Amiel Black ("Amiel Black"). The Third Amended Complaint updates the factual allegations and removes defendants Richard N. Perle, Radler and Hollinger Inc., the latter two having entered into settlement agreements with the Company, as previously discussed. See Note 18. The Third Amended Complaint also narrows the asserted claims, in part to reflect these settlements, removing previously-asserted claims totaling approximately $105.0 million. Colson, Black, Boultbee and Amiel Black have answered the Third Amended Complaint, while Ravelston has not. Although, as previously reported, Black and Ravelston had asserted counterclaims against the Company in response to the Second Amended Complaint, their counterclaims have not been reasserted in response to the Third Amended Complaint.

Stockholder Class Actions

As previously disclosed, in 2004 certain stockholders of the Company initiated securities class action claims asserted against the Company, a number of its former directors and officers, certain affiliated companies, and the Company's auditor, KPMG LLP, in a consolidated class action in the United States District Court for the Northern District of Illinois entitled *In re Hollinger International Inc. Securities Litigation, No. 04C-0834*, and in similar actions that have been initiated in Saskatchewan, Ontario, and Quebec, Canada. Those actions assert, among other things, that from 1999 to 2003 the defendants breached U.S. federal, state, and/or Canadian law by allegedly making misleading disclosures and omissions regarding certain "non-competition" payments and the payment of allegedly excessive management fees. On July 31, 2007, the Company entered into agreements to settle these suits and

litigation over its directors and officers insurance coverage. The Company's settlement of the securities class action lawsuits will be funded entirely by $30.0 million in proceeds from the Company's insurance policies. The settlement includes no admission of liability by the Company or any of the settling defendants and the Company continues to deny any such liability or damages. In addition, the Company's insurers have deposited $24.5 million in insurance proceeds into an escrow account in return for a release from any other claims for the July 1, 2002 to July 1, 2003 policy period. If the securities class action settlement is approved, there will then be a court proceeding to determine how the $24.5 million in the insurance escrow account should be distributed. The insurance settlement agreement is conditioned upon approval of the class action settlement. The parties are in the process of seeking these approvals in the appropriate courts in the United States and Canada. Due to the contingent and conditional nature of the settlement and insurance proceeds, the Company's financial statements do not reflect any amounts related to the agreements described above.

Sun-Times Media Group, Inc. v. Black

On February 1, 2008, the Company brought an action in the Court of Chancery of the State of Delaware against Black, Boultbee, Mark S. Kipnis and Peter Y. Atkinson ("Atkinson"). In the action, entitled Sun-Times Media Group, Inc. v. Black, C.A. No. 3518-VCS, the Company sought a declaration that it has no obligation to advance any of the defendants' attorneys fees and other expenses incurred in connection with the appeals of their respective criminal convictions and sentences, and that it is entitled to repayment or setoff of legal fees and expenses that it previously advanced to each defendant in connection with the criminal counts on which they were convicted. On July 30, 2008, the Delaware Court of Chancery granted summary judgment to the defendants and denied the Company's motion for summary judgment. On September 29, 2008, the Court entered an order implementing its rulings, which stated that the Company "shall continue to advance reasonable attorneys' fees and other expenses to the defendants until the final disposition of *United States v. Black, et al.*, 05 CR 727 (N.D. Ill.), that is, until all direct appeals in that proceeding and any remands therefrom, together with any additional direct appeals are resolved or the time for filing any direct appeals shall have expired."

Black v. Breeden, et al.

As previously reported, six defamation actions have been brought by Black in the Ontario Superior Court of Justice against Richard C. Breeden, Gordon A. Paris, Graham W. Savage, Raymond Seitz and other former officers and directors of the Company. The defendants named in the six defamation actions have indemnity claims against the Company for all reasonable costs and expenses they incur in connection with these actions, including judgments, fines and settlement amounts. In addition, the Company is required to advance legal and other fees that the defendants may incur for the defense of those actions. The matter is pending.

United States Securities and Exchange Commission v. Conrad M. Black, et al.

As previously reported, on November 15, 2004, the SEC filed an action in the United States District Court for the Northern District of Illinois against Black seeking injunctive, monetary and other equitable relief. In the action, the SEC alleges that Black violated federal securities laws by engaging in a fraudulent and deceptive scheme to divert cash and assets from the Company and to conceal his self-dealing from the Company's public stockholders from at least 1999 through at least 2003. The SEC also alleges that Black was liable for the Company's violations of certain federal securities laws during at least this period.

The SEC alleges that the scheme used by Black included the misuse of so-called "non-competition" payments to divert $85.0 million from the Company to defendants and others; the sale of certain publications owned by the Company at below-market prices to a privately-held company controlled by Black and Radler; the investment of $2.5 million of the Company's funds in a venture capital fund with which Black and two other former directors of the Company were affiliated; and Black's approval of a press release by the Company in November 2003 in which Black allegedly misled the investing public about his intention to devote his time to an effort to sell Company assets

for the benefit of all of the Company's stockholders and not to undermine that process by engaging in transactions for the benefit of himself and Hollinger Inc. The SEC further alleges that Black misrepresented and omitted to state material facts regarding related party transactions to the Company's Audit Committee of the Board of Directors and Board of Directors and in the Company's SEC filings and at the Company's stockholder meetings.

The SEC's complaint seeks: (i) disgorgement of ill-gotten gains by Black and unspecified civil penalties against each of them; (ii) an order enjoining Black from serving as an officer or director of any issuer required to file reports with the SEC; (iii) a voting trust upon the shares of the Company held directly or indirectly by Black and Hollinger Inc.; and (iv) an order enjoining Black from further violations of the federal securities laws.

On January 16, 2008, the SEC moved for summary judgment on certain of its claims against Black. Black filed his response to the motion on February 20, 2008. On September 24, 2008, the Court granted in part the SEC's motion for partial summary judgment against Black, finding him liable for securities fraud for, among other things, statements in the Company's 2001 Form 10-K, 2002 Form 10-K, and 2002 Proxy Statement. On October 22, 2008, the Court entered an order enjoining Black from violating provisions of the Securities Exchange Act of 1934 and from serving as an officer or director of a public company.

On November 19, 2008, the SEC moved for monetary relief based on the Court's summary judgment ruling. The motion seeks an award of approximately $30.0 million in disgorgement, interest, and penalties, with the entire judgment to be paid to the Company as the victim of the fraud. On December 10, 2008, Black filed his opposition to the motion, and on December 23, 2008, the SEC filed its reply. The motion is pending.

CanWest Arbitration

As previously reported, on December 19, 2003, CanWest commenced notices of arbitration against the Company and others with respect to disputes arising from CanWest's purchase of certain newspaper assets from the Company in 2000. CanWest and the Company had competing claims relating to this transaction. CanWest claimed the Company and certain of its direct subsidiaries owed CanWest approximately Cdn.$84.0 million. The Company was contesting this claim, and had asserted a claim against CanWest in the aggregate amount of approximately Cdn.$80.5 million.

On January 29, 2009, the Company received the arbitrator's decision. The arbitrator's decision included an award in favor of CanWest in the amount of approximately Cdn.$50.7 million. The award is exclusive of interest and costs, which are estimated to aggregate Cdn.$18.2 million. On March 12, 2009, the Company entered into a settlement agreement with CanWest that resolved all claims with respect to the arbitration award against the Company. Under the terms of the settlement agreement, CanWest received Cdn.$34.0 million, including approximately Cdn.$22.0 million from an escrow account funded by the Company, and an additional Cdn.$6.0 million paid by the Company in March 2009. The escrowed funds are included on the Consolidated Balance Sheet under "Escrow deposits and restricted cash." The remainder due to CanWest was paid by an unaffiliated third party. As a result of the settlement, the Company and all of its affiliates and subsidiaries have been released from any and all liability related to the arbitration award and the underlying transactions that led to the award.

CanWest and The National Post Company v. Hollinger Inc., Hollinger International Inc., the Ravelston Corporation Limited and Ravelston Management, Inc.

As previously reported, on December 17, 2003, CanWest and The National Post Company brought an action in the Court against the Company and others for approximately Cdn.$25.7 million plus interest in respect of issues arising from a letter agreement dated August 23, 2001 to transfer the Company's remaining 50% interest in the *National Post* to CanWest. On November 30, 2004, the Company settled all but two of the matters in this action by paying The National Post Company the amount of Cdn.$26.5 million. The two remaining matters were discontinued and transferred to the CanWest Arbitration on consent of the parties.

RMI brought a third party claim in this action against HCPH Co. for indemnification from HCPH Co. in the event CanWest and The National Post Company were successful in their motion for partial summary judgment as against RMI in the main action. CanWest's motion against RMI was unsuccessful and CanWest's claim against RMI was dismissed on consent of the parties. RMI's third party action against HCPH Co. remains outstanding. The Company is seeking a discontinuance of the third party claim and an acknowledgment and release from RMI that HCPH Co. and the Company are not liable on a promissory note issued in connection with the sale of NP Holdings Company.

Other Matters

The Company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business, including such matters as libel, defamation and privacy actions. In addition, the Company is involved from time to time in various governmental and administrative proceedings with respect to employee terminations and other labor matters, environmental compliance, tax and other matters.

Management believes that the outcome of any pending claims or proceedings described under *"Other Matters"* will not have a material adverse effect on the Company taken as a whole.

(b) Guarantees or Indemnifications

(i) Dispositions

In connection with certain dispositions of assets and/or businesses, the Company has provided customary representations and warranties whose terms range in duration and may not be explicitly defined. The Company has also retained certain liabilities for events occurring prior to sale, relating to tax, environmental, litigation and other matters. Generally, the Company has indemnified the purchasers in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification guarantees typically extend for a number of years.

The Company is unable to estimate the maximum potential liability for these indemnifications as the underlying agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future events, the nature and likelihood of which cannot be determined at this time.

Historically, the Company has not made any significant indemnification payments under such agreements and does not expect to in the future; accordingly no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification guarantees. The Company continues to monitor the conditions that are subject to guarantees and indemnifications to identify whether it is probable that a loss has occurred, and would recognize any such losses under any guarantees or indemnifications if and when those losses become probable and estimable. See section (c) following.

(ii) Letters of Credit

In connection with the Company's insurance program, letters of credit are required to support certain projected workers' compensation obligations. At December 31, 2008, letters of credit in the amount of $10.1 million ($12.2 million at December 31, 2007) were outstanding and the Company maintained compensating deposits with the issuer of $10.3 million ($12.1 million at December 31, 2007).

(iii) Other

The Company licenses some of the content it publishes for use by third parties. In doing so, the Company warrants that it is entitled to license that content and indemnifies the licensee against claims against improper use. The number or potential magnitude of such claims cannot be reasonably estimated. Historically, claims of this nature have not been significant.

(c) Canadian Ownership Matters

The Company has indemnified the buyer of the Canadian Newspaper Operations against any losses related to the following or similar Canadian ownership issues as discussed below.

Under the Canadian Income Tax Act ("ITA"), there are limits on the deductibility by advertisers of the cost of advertising in newspapers that are not considered Canadian-owned under the ITA. The status of certain of the newspapers within the Canadian Newspaper Operations as Canadian-owned was affected by Black's renunciation of his Canadian citizenship in June 2001. Although the Company believes that it had a structure in place that meets the ITA Canadian ownership rules for at least a portion of the period since June 2001, that structure may be challenged by the Canadian income tax authorities. Should any challenge be successful, advertisers in Canada might seek compensation for any advertising costs disallowed as a deduction. The amount of exposure, if any, cannot presently be determined. Additionally, one or more of the entities within the Canadian Newspaper Operations has received funding under a Canadian governmental program that is intended to benefit entities that are Canadian owned or controlled. It is possible that the Canadian government could seek the return of these funds as a result of Black's renunciation of his Canadian citizenship. The total amount received under such grants from January 1, 2001 through January 31, 2006 was approximately Cdn.$4.0 million.

On October 27, 2005, a claim (which was subsequently amended) was filed in the Court of Queens Bench of Alberta by the operator of a weekly magazine in Edmonton, Alberta, Canada against the Company, certain of its subsidiaries and affiliates, the Attorney General of Canada (as liable for the Minister of National Revenue for Canada), and others, one of whom has been indemnified by the Company as described in the first paragraph above. The plaintiff alleges that one title within the Canadian Newspaper Operations made certain misrepresentations to customers regarding the title's ownership, resulting in damage to the plaintiff. This action is in a preliminary stage, and it is not yet possible to determine its ultimate outcome.

(d) Commitments

The Company is party to a distribution agreement through August 31, 2017, which is terminable by either party upon three years notice. Base annual minimum fees payable by the Company pursuant to the agreement amount to $9.1 million.

(23) Related-party Transactions

The following is a description of certain relationships and related-party transactions for the three years ended December 31, 2008. Most of the findings of the Special Committee set forth in the Report are the subject of ongoing litigation and are being disputed by the former executive officers and certain of the former directors of the Company who are the subject of the Report.

(a) The Company was party to management services agreements with Ravelston, pursuant to which Ravelston provided advisory, consultative, procurement and administrative services to the Company. These services agreements were assigned on July 5, 2002 to RMI. The Company and its subsidiaries have not recorded fees allegedly payable to Ravelston and RMI, after 2004 pursuant to these agreements. Moffat Management Inc. ("Moffat") and Black-Amiel Management Inc. ("Black-Amiel") had separate services agreements with the Company. A restructuring agreement with Hollinger Inc., Black, Radler, Boultbee and Atkinson, among other things provided for the termination of these agreements in accordance with their terms, effective June 1, 2004, and the negotiation of the management fee payable thereunder for the period from January 1, 2004 until June 1, 2004. In November 2003, in accordance with the terms of the restructuring agreement mentioned above, the Company notified RMI, Moffat and Black-Amiel of the termination of the services agreements effective June 1, 2004 and subsequently proposed, and recorded a charge for, a reduced aggregate management fee of $100,000 per month for the period from January 1, 2004 through June 1, 2004. RMI did not accept the Company's offer and demanded a management fee of approximately $2.0 million per month, which the Company did not accept. RMI seeks damages from the Company

for alleged breaches of the services agreements in legal actions pending before the courts. See *"— Hollinger International Inc. v. Ravelston, RMI and Hollinger Inc."* in the Company's previous filings.

Amounts due to related parties amounted to $9.2 million and $8.9 million at December 31, 2008 and 2007, respectively, largely representing amounts payable in respect of management fees which are no longer being accrued (since June 2004).

(b) On July 11, 2000, the Company loaned $36.8 million to a subsidiary of Hollinger Inc. to fund the cash purchase by Hollinger Inc. of HCPH Special Shares. The loan was originally payable on demand but on March 10, 2003, the due date for repayment was extended to no earlier than March 1, 2011. Effective January 1, 2002, the interest rate was changed from 13.0% per annum to LIBOR plus 3.0% per annum, without review by or approval of the Company's independent directors. As of December 31, 2002, the balance, including accrued interest at the new unapproved rate, was $45.8 million. On March 10, 2003, the Company repurchased for cancellation, from a wholly owned subsidiary of Hollinger Inc., 2,000,000 shares of the Company's Class A Common Stock at $8.25 per share for a total of $16.5 million. The Company also redeemed, from the same subsidiary of Hollinger Inc., pursuant to a redemption request, all of the 93,206 outstanding shares of Series E Redeemable Convertible Preferred Stock of the Company at the fixed redemption price of Cdn.$146.63 per share or approximately $9.3 million. Payments for the March 10, 2003 repurchase and redemption were applied against this debt due from the Hollinger Inc. subsidiary resulting in a calculation of net outstanding debt due to the Company of approximately $20.4 million as of March 10, 2003, the date of the repayment. The debt, since the date of the partial repayment, bears interest at 14.25%. Following the receipt of an independent fairness opinion and a review of all aspects of the transaction relating to the changes in the debt arrangements with Hollinger Inc., including the subordination of this remaining debt, by a committee of the Board of Directors of the Company, composed entirely of independent directors, the committee approved the new debt arrangements.

The Company previously reported that the committee of independent directors referred to above had agreed to a partial offset to the $20.4 million debt against amounts owed by the Company to RMI, a subsidiary of Ravelston, and further stated that the offset was effected April 30, 2003. Although the former management of the Company maintained that it believed final approval had been given to the offset by the committee of independent directors, according to the Report, the committee had not given such approval. The committee of independent directors later agreed to approve the requested partial offset on certain terms and conditions, but these terms and conditions were not acceptable to Hollinger Inc. and Ravelston, and the offset was not completed.

The Company's collateral for the loan is subordinated to certain obligations of Hollinger Inc., which initiated a Court-supervised restructuring under the CCAA and a companion proceeding in the U.S. pursuant to Chapter 15 of the U.S. Bankruptcy Code in August 2007. The Company recorded a bad debt expense of $33.7 million related to this loan which is included in "Corporate expenses" in the Consolidated Statement of Operations for the year ended December 31, 2007. See Note 17. Pursuant to a settlement with Hollinger Inc. in May 2008, the Company wrote-off the fully reserved promissory note of approximately $33.7 million. See Note 23(i).

(c) The Company has recorded $9.4 million, $47.8 million and $18.9 million of expenses on behalf of current and former executive officers and directors of the Company during the years ended December 31, 2008, 2007 and 2006, respectively. The majority of these expenses relate to payments of fees for legal counsel representing former executive officers and directors of the Company in their dealings with the Special Committee, while conducting its investigations or with respect to criminal proceedings and litigation as described in Note 22(a). Payments of such fees were made pursuant to indemnification provisions of the Company's Certificate of Incorporation and the Company's by-laws. See Note 18.

(d) Bradford, a company controlled by Black and Radler, granted a non-interest bearing note receivable to the Company in connection with a "non-competition" agreement entered into on the sale of certain operations to Bradford during 2000. This note was non-interest bearing, and accordingly, the Company established the amount receivable at the net present value at the time of the agreement. The remaining balance represented that net present

value less any payments received. The note receivable was unsecured and due over the period to 2010. This loan, aggregating $3.4 million, was fully repaid in 2007 as part of a settlement with Radler, Horizon and Bradford announced by the Company on March 18, 2007. See Note 18.

(e) Horizon granted a loan receivable to the Company in connection with the sale of certain operations to Horizon during 1999. The loan receivable was unsecured and was scheduled to mature in 2007. This loan was fully repaid in 2007 as part of a settlement with Radler, Horizon and Bradford announced by the Company on March 18, 2007. See Note 18.

(f) On March 18, 2007, the Company announced settlements, negotiated and approved by the Special Committee, with former President and Chief Operating Officer, Radler, (including his wholly-owned company, North American Newspapers Ltd. f/k/a F.D. Radler Ltd.) and the publishing companies Horizon and Bradford, including certain notes receivable. See Note 18.

(g) On August 1, 2007 the Company announced that it received notice from Hollinger Inc., the Company's former controlling stockholder, that certain corporate actions with respect to the Company had been taken by written consent adopted by Hollinger Inc. and its affiliate, 4322525 Canada Inc., which collectively hold a majority in voting interest in the Company. These corporate actions included (i) amending the Company's By-Laws to increase the size of the Company's Board of Directors from eight members to eleven members and to provide that vacancies occurring in the Board of Directors may be filled by stockholders having a majority in voting interest; (ii) removing John F. Bard, John M. O'Brien and Raymond S. Troubh as directors of the Company; and (iii) electing William E. Aziz, Brent D. Baird, Albrecht Bellstedt, Peter Dey, Edward C. Hannah and G. Wesley Voorheis as directors of the Company.

(h) On November 28, 2007, the receiver for Ravelston and on behalf of Ravelston, appeared for a sentencing hearing before a U.S. court in certain criminal proceedings. Counsel for Richter advised the court that Richter and the United States Attorneys' Office had entered into an agreement in respect of the amount of restitution to be paid by Ravelston. In accordance with that agreement, the court ordered Ravelston to pay a fine of $7.0 million and restitution in the net amount of $6.0 million to the Company.

(i) On March 25, 2008, the Company announced that it had agreed to the terms of a settlement (the "Settlement") that resolved the various disputes and litigation between the Company and Hollinger Inc. At the time of the Settlement, Hollinger Inc. was the owner of all of the outstanding shares of the Company's Class B Common Stock, which had ten votes per share, and 782,923 shares of Class A Common Stock, which has one vote per share. These holdings represented 19.6% of the outstanding equity of the Company and 70.0% of the voting power of the Company's outstanding common stock at the time of the Settlement.

On March 24 and 25, 2008, respectively, the Special Committee and the Company's full Board of Directors approved the Settlement. The Settlement was also approved by the Hollinger Inc. Board of Directors.

On May 14, 2008, the Company announced it had agreed to the Revised Settlement. The Revised Settlement was approved by the Company's full Board of Directors and the Hollinger Inc. Board of Directors. The Company amended its SRP to ensure that the execution and delivery of the Company's agreement to the Revised Settlement and the consummation of the Revised Settlement did not cause the Rights to become exercisable or otherwise trigger the provisions of the SRP. On May 26, 2008, the Revised Settlement was approved in Ontario, Canada, under the CCAA.

The Revised Settlement included a complete release of claims between the parties and the elimination of the voting control by Hollinger Inc. of the Company through conversion on a one-for-one basis of the shares of Class B Common Stock to shares of Class A Common Stock. The Revised Settlement also required the Company to deliver 1.499 million additional shares of Class A Common Stock to Hollinger Inc. The terms of the Revised Settlement were carried out at a closing on June 18, 2008. The Company granted demand registration rights with respect to the shares of Class A Common Stock that resulted from the conversion of the shares of Class B Common Stock, as well

as with respect to the additional 1.499 million shares of Class A Common Stock issued to Hollinger Inc. pursuant to the Revised Settlement. The Company recorded $0.8 million in expense (including fees) related to the issuance of the 1.499 million shares of Class A Common Stock and $1.7 million related to the write-off of a receivable from Hollinger Inc. and its subsidiaries in addition to the previously mentioned write-off of the fully reserved loan of $33.7 million due from a subsidiary of Hollinger Inc.

Under the Revised Settlement, all shares of Class A Common Stock issued to Hollinger Inc. will be voted by the indenture trustees for certain notes issued by Hollinger Inc., but such trustees together will only be able to vote shares of common stock not exceeding 19.999% of the outstanding common stock of the Company at any given time.

Pursuant to a stipulation and agreement of settlement of U.S. and Canadian class actions against the Company and Hollinger Inc. and an insurance settlement agreement dated June 27, 2007, up to $24.5 million (plus interest, less fees and expenses) will be paid to the Company, Hollinger Inc. and/or other claimants under their directors' and officers' insurance policies (the "Insurance Settlement Proceeds"). Payment of the Insurance Settlement Proceeds is subject to the approval of various United States and Canadian courts. Under the terms of the Revised Settlement, Hollinger Inc. and the Company will cooperate to maximize the recoverable portion of the Insurance Settlement Proceeds payable to them collectively (as opposed to other claimants) and they have agreed that the Company will receive 85% and Hollinger Inc. will receive 15% of the amounts to be received collectively by Hollinger Inc. and the Company (as opposed to amounts received by other claimants) from such proceeds. Also, the collective recoveries, if any, of Hollinger Inc. and the Company on account of their claims against Hollinger Inc.'s controlling parent company, Ravelston, which is in insolvency proceedings in Ontario, Canada, will be divided equally between Hollinger Inc. and the Company.

The Revised Settlement provided that the Company would be reimbursed by Hollinger Inc. for up to $2.0 million of the Company's legal fees that were incurred in connection with Hollinger Inc.'s CCAA proceedings. The Company received payment of $2.0 million in June 2008. See Note 18.

Pursuant to the Revised Settlement, on June 23, 2008, the Company announced that the six directors of the Company appointed by Hollinger Inc. on July 31, 2007 resigned from the Board of Directors. Thereafter, Peter J. Dey and Robert B. Poile were elected as directors. The two events had the effect of reducing the size of the Board of Directors from eleven to seven.

Under the terms of the Revised Settlement, certain of the Company's claims against Hollinger Inc. were allowed as unsecured claims, in agreed amounts ("Allowed Claims"). The Company's total recovery in respect of the Allowed Claims is capped at $15.0 million. After the Company receives the first $7.5 million in respect of the Allowed Claims, 50% of any further recovery received by the Company in respect of the Allowed Claims (subject to the $15.0 million cap) will be assigned to Hollinger Inc. Under the terms of the Revised Settlement, the amounts so assigned are intended to be available to fund litigation claims of Hollinger Inc. against third parties. All of the Company's claims against Hollinger Inc. other than the Allowed Claims were released as part of the general mutual release that, among other things, discontinued any and all pending litigation between the Company and Hollinger Inc., including all of the litigation pending in the United States District Court for the Northern District of Illinois.

(24) Liquidity Considerations

Bankruptcy and Insolvency Filings

The outcome of the proceedings under the Bankruptcy Code may result in material changes to the Company's operations and financial condition. The following discussion on liquidity and capital resources does not reflect the affects the Filings will have on the timing and/or extent of settling liabilities in existence at or prior to the Filings. See Note 1.

Cash and Cash Equivalents

Cash and cash equivalents amounted to $79.2 million at December 31, 2008 as compared to $142.5 million at December 31, 2007, a decrease of $63.3 million. Canadian subsidiaries held $29.9 million in cash at December 31, 2008 which, due to funding requirements in Canada, is unavailable to fund U.S. operations. Cash and cash equivalents at December 31, 2008 and December 31, 2007 exclude $20.2 million and $48.2 million, respectively of Canadian CP that was initially purchased under the Company's cash management program. However, because the Canadian CP was not redeemed at maturity in August 2007 due to the combination of a collapse in demand for Canadian CP and the refusal of the back-up lenders to fund the redemption due to their assertion that these events did not constitute events that would trigger a redemption obligation, the Company's investments in Canadian CP have instead been recorded as investments and classified as non-current assets in the Consolidated Balance Sheet at December 31, 2008. See "Investments" below.

Investments

Investments include $7.4 million in Canadian CP ($20.2 million including accrued interest less a $12.8 million write-down). The Canadian CP was issued by certain special purpose entities sponsored by non-bank entities. See "Significant Transactions in 2008."

Corporate Structure

Sun-Times Media Group, Inc. is a holding company and its assets consist primarily of investments in its subsidiaries and affiliated companies. As a result, the Company's ability to meet its future financial obligations is dependent upon the availability of cash flows from its subsidiaries through dividends, intercompany advances and other payments. Similarly, the Company's ability to pay any future dividends on its common stock may be limited as a result of its dependence upon the distribution of earnings of its subsidiaries and affiliated companies. The Company's subsidiaries and affiliated companies are under no obligation to pay dividends and may be subject to or become subject to statutory restrictions and restrictions in debt agreements that limit their ability to pay dividends or repatriate funds to the United States.

Factors That Are Expected to Affect Liquidity in the Future

Potential Cash Outlays Related to Accruals for Income Tax Contingent Liabilities

The Company has the following income tax liabilities recorded in its Consolidated Balance Sheet at December 31, 2008:

	(In thousands)
Income taxes payable	$ 448
Deferred income tax liabilities	9,569
Other tax liabilities	607,960
	$617,977

The Company has recorded accruals to cover contingent liabilities related to additional taxes, interest, and penalties it may be required to pay in various tax jurisdictions. Such accruals are included in "Other tax liabilities" listed above.

Significant cash outflows are expected to occur in the future regarding the income tax contingent liabilities. Efforts to resolve or settle certain tax issues are ongoing and may place substantial demands on the Company's cash, cash equivalents, investments and other resources to fund any such resolution or settlement. The timing and amounts of any payments the Company may be required to make are uncertain, but the Company does not anticipate that it will make any material cash payments to settle any of the disputed items during 2009. See Note 20.

Potential Cash Outflows Related to Operations

The Company's cash flow is expected to continue to be cyclical, reflecting changes in economic conditions. The Company is dependent upon the Sun-Times News Group for operating cash flow. That cash flow in turn is dependent to a significant extent on the Sun-Times News Group's ability to sell advertising in its Chicago area market. Advertising revenue for the Sun-Times News Group declined 16% during 2008 compared to 2007. Based on the Company's assessment of market conditions in the Chicago area and the potential of these negative trends continuing, the Company has considered and may continue to consider a range of options to address the resulting significant shortfall in performance and cash flow and has suspended its dividend payments since the fourth quarter of 2006. As a result of continued declines in revenue, the deteriorating economic climate and the significant, pending tax liabilities, the Company has instituted the bankruptcy proceedings as discussed above.

(25) Quarterly Financial Data (Unaudited)

Quarterly financial data for the years ended December 31, 2008 and 2007 are as follows:

	2008			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)
	(In thousands, except per share data)			
Total operating revenue	$ 81,004	$ 82,971	$ 78,826	$ 81,049
Operating loss	$(25,768)	$(24,013)	$(227,775)	$(103,745)
Net loss	$(35,843)	$(37,751)	$(168,751)	$(111,154)
Net loss per basic share(a)	$ (0.44)	$ (0.46)	$ (2.04)	$ (1.34)
Net loss per diluted share	$ (0.44)	$ (0.46)	$ (2.04)	$ (1.34)

(1) The Company completed the valuation of its property, plant and equipment pursuant to an impairment test undertaken in the third quarter. As a result of the valuation, the Company recognized an impairment charge of $71.9 million (before and after tax) of $0.87 per share.

	2007			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Total operating revenue	$91,717	$ 94,744	$ 92,539	$ 93,258
Operating income (loss)	$ 5,679	$ (80,639)	$ (23,227)	$(42,034)
Income (loss) from continuing operations	$ (4,823)	$527,980	$(193,991)	$(59,135)
Net income (loss)	$ (4,823)	$527,980	$(192,392)	$(59,135)
Earnings (loss) from continuing operations per basic share	$ (0.06)	$ 6.57	$ (2.41)	$ (0.73)
Earnings (loss) from continuing operations per diluted share	$ (0.06)	$ 6.56	$ (2.41)	$ (0.73)
Net earnings (loss) per basic share(a)	$ (0.06)	$ 6.57	$ (2.39)	$ (0.73)
Net earnings (loss) per diluted share	$ (0.06)	$ 6.56	$ (2.39)	$ (0.73)

(a) Earnings (loss) per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings (loss) per share does not necessarily equal the total for the year.

Sun-Times Media Group, Inc.
Summary of Operations
June 30, 2009

Dennis Byrd
Tammy Chase
Alan Denney
Jeremy Halbreich
Jill Heady
Tom Kram
Brian Linscott (Huron)
David Martin
Jim McDonough
Brad Roegner (KPMG)
Dean Stieber (KPMG)
Rick Surkamer

Sun-Times Media Group Inc. Balance Sheet	June 30, 2009	May 31, 2009	December 31, 2008
Cash	$23,822,902	$28,097,402	$39,182,466
Short Term Investments	3,899	3,899	10,132,430
Cash and Cash Equivalent - U.S.	23,826,801	28,101,301	49,314,897
Cash and Cash Equivalent - Canada	23,642,269	25,401,509	29,919,849
Cash and Cash Equivalent - Total	**47,469,070**	**53,502,810**	**79,234,745**
Short Term Investments 90-365 Days	**0**	**0**	**0**
Accounts Receivable	58,793,787	60,299,183	69,459,677
Intercompany AR Discp	1	2	2
Bad Debt Reserve	(9,435,283)	(9,690,838)	(10,635,042)
Net Accounts Receivable	**49,358,505**	**50,608,347**	**58,824,636**
Inventory	**5,376,574**	**5,593,615**	**7,503,708**
Prepaid Expenses & Other Current Asset	**5,814,232**	**7,468,317**	**4,623,579**
Total Deferred Tax Assets - Current	**0**	**0**	**0**
Restricted Cash	11,381,653	11,687,221	11,570,923
Escrow Deposits	8,716,280	9,131,397	26,364,957
Escrow Deposits and Restricted Cash	**20,097,933**	**20,818,618**	**37,935,880**
Assets Available for Sale	**15,431,260**	**15,431,260**	**15,431,260**
Current Assets	**143,547,574**	**153,422,966**	**203,553,809**
Total Other Investments at Cost	7,068,924	7,088,683	7,806,580
Intercompany Investments	0	0	0
Investments	**7,068,924**	**7,088,683**	**7,806,580**
Loan to Affiliates	**0**	**0**	**0**
Long Term Notes Receivable	**24,650**	**24,476**	**48,277**
F/A - Land	6,896,743	6,896,743	6,896,743
F/A - Total Buildings	29,973,616	29,973,616	66,253,264
Total Machinery and Equipment	27,724,329	29,761,304	174,631,653
F/A - Capital Leases	0	0	0
F/A - Other	0	0	0
F/A - 2000 - 0000	0	0	0
Ending Balance Fixed Assets	64,594,688	66,631,663	247,781,659
A/D - Total Buildings	(949,141)	(790,951)	(36,279,648)
Total Machinery and Equipment	(3,704,209)	(3,726,347)	(148,401,987)
A/D - Capital Leases	0	0	0
A/D - Other	(6,028)	(5,916)	(5,358)
A/D - 2100 - 0000	0	0	0
End Balance Accum Depr	(4,659,378)	(4,523,214)	(184,686,992)
Net Fixed Assets	**59,935,310**	**62,108,449**	**63,094,667**
Ending Balance Intangible Assets	0	0	0
Ending Balance Amortization	0	0	0
Net Intangible Assets	**0**	**0**	**0**
Total Goodwill and Other	0	0	0
Total GW and Other Amortization	0	0	0
Net Goodwill and Other Intangibles	**0**	**0**	**0**
Prepaid Pension Benefits	**33,123,205**	**35,076,979**	**33,323,257**
Total Other Assets	**3,488,912**	**3,059,060**	**1,912,816**
Non Current Assets	103,641,000	107,357,648	106,185,597
Total Assets	**$247,188,573**	**$260,780,614**	**$309,739,406**

Sun-Times Media Group Inc. Balance Sheet	June 30, 2009	May 31, 2009	December 31, 2008
Accounts Payable	$11,609,046	$14,667,136	$4,833,903
Amounts Due Related Companies, net	9,556,068	9,855,583	9,180,951
Total Accrued	64,628,395	63,984,187	88,281,644
Dividends Payable	0	0	0
Total Current Tax Liabilities	309,297	312,749	447,587
Deferred Revenue	9,551,047	9,516,120	9,610,741
Current portion - Long Term Debt	0	0	0
Total Current Liabilities	95,653,853	98,335,776	112,354,827
Total LT Debt Less Current Installments	0	0	0
Other Tax Liabs Non-Current	623,046,830	613,461,008	607,960,876
Total Def'd Tax Liab Non-Current	9,519,737	10,531,920	9,568,454
Pension and Other LT Employee Benefits	66,503,943	68,011,831	65,489,453
Other Long-term Liabilities	12,810,195	12,939,529	13,084,824
Total Non Current Liabilities	711,880,705	704,944,287	696,103,606
Total Liabilities	807,534,558	803,280,063	808,458,433
Minority Interest	0	0	0
Total Common Stock Class A	1,044,970	1,044,970	1,044,970
Captial Stock Series B	0	0	0
Capital Stock Series C	0	0	0
Total Preferred Stock	0	0	0
Total Capital Stock	1,044,970	1,044,970	1,044,970
Total Paid in Capital	501,014,072	501,014,072	501,423,552
Convertible Instruments	0	0	0
Total Foreign Currency Translation	(14,041,513)	(9,432,315)	(19,490,797)
Other Comprehensive Income	(303,131)	(283,372)	(365,474)
Subtotal Retained Earnings	(764,140,343)	(748,659,537)	(689,097,065)
Pre-Acquisition Retained Earnings	(2)	(2)	(2)
Total Retained Earnings	(764,140,345)	(748,659,539)	(689,097,067)
Total Equity Before Treasury Stock	(356,105,771)	(338,260,236)	(285,285,424)
Revaluation Reserve	1	1	1
Total Equity	(560,345,984)	(542,499,449)	(498,719,027)
Total Liabilities And Equity	$247,188,573	$260,780,614	$309,739,406

Sun-Times Media Group
Summary of Results - External format (in thousands)
June 30, 2009

	1 Month Ended			Year To Date		
	Actual	Budget	Prior	Actual	Budget	Prior
Operating Revenue:						
Advertising	$ 13,151	$ 15,840	$ 18,552	$ 87,666	$ 105,549	$ 123,866
Circulation	5,929	6,063	5,821	37,697	38,107	37,161
Job printing	219	227	157	1,551	1,478	1,727
Other	164	189	186	980	1,134	1,220
Total operating revenue	19,463	22,319	24,716	127,895	146,268	163,975
Cost of Sales:						
Wages and benefits	6,025	6,175	7,275	44,378	41,759	48,546
Newsprint and ink	2,212	2,790	3,814	19,450	18,479	21,955
Other	4,751	5,125	5,716	31,869	33,937	36,144
Total Cost of Sales	12,988	14,090	16,805	95,697	94,176	106,644
Selling, General and Administrative						
Sales and marketing	3,950	4,696	4,705	30,144	30,598	34,143
Other operating costs	4,909	4,098	5,779	28,158	26,343	33,348
Corporate expenses	5,015	930	3,049	20,475	6,661	18,086
Indemnification, investigation and litigation, net	276	-	735	461	-	8,920
Total Selling, General and Administrative	14,150	9,724	14,267	79,237	63,601	94,497
Depreciation	690	-	1,829	4,713	-	10,436
Amortization	-	-	363	-	-	2,178
Total expenses	27,827	23,814	33,264	179,647	157,777	213,756
Operating income (loss)	(8,365)	(1,495)	(8,549)	(51,752)	(11,509)	(49,781)
Other income (expense)						
Interest expense	(0)	-	(61)	(2)	-	(185)
Interest and dividend income	13	-	303	609	-	2,371
Other income(expense), net	1,568	-	1,631	(3,354)	-	3,050
Total other income (expense)	1,580	-	1,873	(2,747)	-	5,235
Earnings (loss) before income taxes	(6,784)	(1,495)	(6,676)	(54,499)	(11,509)	(44,546)
Income tax expense (benefit)	8,697	-	13,461	12,703	-	29,048
Net income (loss)	$ (15,481)	$ (1,495)	$ (20,137)	$ (67,202)	$ (11,509)	$ (73,594)

		Better (Worse)			Better (Worse)	
	Actual	Budget	Prior	Actual	Budget	Prior
Total operating revenue	$ 19,463	$ (2,856)	$ (5,253)	$ 127,895	$ (18,373)	$ (36,080)
Cost of Sales	$ 12,988	$ 1,102	$ 3,817	$ 95,697	$ (1,522)	$ 10,947
Sales and Marketing	$ 3,950	$ 746	$ 755	$ 30,144	$ 454	$ 3,999
Other operating costs	$ 4,909	$ (811)	$ 870	$ 28,158	$ (1,815)	$ 5,190
Corporate expenses	$ 5,015	$ (4,084)	$ (1,966)	$ 20,475	$ (13,814)	$ (2,389)
Indemnification, investigation and litigation, net	$ 276	$ (276)	$ 458	$ 461	$ (461)	$ 8,459
Total Selling, General and Administrative	$ 14,150	$ (4,426)	$ 117	$ 79,237	$ (15,636)	$ 15,260
Operating income (loss)	$ (8,365)	$ (6,870)	$ 184	$ (51,752)	$ (40,243)	$ (1,971)
Total other income (expense)	$ 1,580	$ 1,580	$ (292)	$ (2,747)	$ (2,747)	$ (7,982)
Pretax income (loss)	$ (6,784)	$ (5,290)	$ (108)	$ (54,499)	$ (42,990)	$ (9,953)
Net income (loss)	$ (15,481)	$ (13,986)	$ 4,656	$ (67,202)	$ (55,693)	$ 6,392
STNG EBITDA	$ (2,384)	$ (1,819)	$ 190	$ (26,104)	$ (21,255)	$ (15,943)

	Current month			Year to date		
	Actual	Budget	Prior	Actual	Budget	Prior
STMG EBITDA - TOTAL	$ (7,675)	$ (1,495)	$ (6,357)	$ (47,040)	$ (11,509)	$ (37,167)
Severance expense	-	-	(302)	1,598	-	2,418
Infrequent items (U.S.)	1,301	-	2,258	1,170	-	3,951
Special Committee costs	276	-	735	461	-	8,920
Canada	1,015	(292)	408	6,275	(1,901)	2,700
Bankruptcy costs	2,992	-	-	5,963	-	-
STMG EBITDA - ADJUSTED	$ (2,090)	$ (1,786)	$ (3,258)	$ (31,573)	$ (13,410)	$ (19,178)

Sun-Times Media Group
Summary of Results - Department (in thousands)
June 30, 2009

	1 Month Ended			Year To Date		
	Actual	Budget	Prior	Actual	Budget	Prior
Operating Revenue:						
Advertising	$ 13,151	$ 15,840	$ 18,552	$ 87,666	$ 105,549	$ 123,866
Circulation	5,929	6,063	5,821	37,697	38,107	37,161
Job printing	219	227	157	1,551	1,478	1,727
Other	164	189	186	980	1,134	1,220
Total operating revenue	19,463	22,319	24,716	127,895	146,268	163,975
Cost of Sales:						
Newsprint and ink	2,212	2,790	3,814	19,450	18,479	21,955
Editorial	3,675	3,823	4,560	25,376	25,181	29,803
Production	2,901	2,959	3,564	22,249	20,707	23,016
Distribution	4,201	4,518	4,868	28,622	29,809	31,870
Total Cost of Sales	12,988	14,090	16,805	95,697	94,176	106,644
Selling, General and Administrative						
Circulation sales	861	1,137	685	7,377	7,155	7,293
Advertising	2,593	2,939	3,508	19,138	19,617	23,170
Marketing	496	620	511	3,629	3,825	3,680
Sales and marketing	3,950	4,696	4,705	30,144	30,598	34,143
New Media	453	548	606	3,778	3,470	3,802
Information Technology	881	851	867	5,646	5,291	5,673
Accounting and Finance	655	708	811	4,541	5,004	5,347
HR	160	145	161	1,023	941	1,003
Properties and facilities	887	1,025	1,006	6,467	6,383	6,565
Other general and administrative	1,873	821	2,327	6,702	5,255	10,958
Other operating costs	4,909	4,098	5,779	28,158	26,343	33,348
Corporate expenses	5,015	930	3,049	20,475	6,661	18,086
Indemnification, investigation and litigation, net	276	-	735	461	-	8,920
Total Selling, General and Administrative	14,150	9,724	14,267	79,237	63,601	94,497
Depreciation	690	-	1,829	4,713	-	10,436
Amortization	-	-	363	-	-	2,178
Total expenses	27,827	23,814	33,264	179,647	157,777	213,756
Operating income (loss)	(8,365)	(1,495)	(8,549)	(51,752)	(11,509)	(49,781)
Other income (expense)						
Interest expense	(0)	-	(61)	(2)	-	(185)
Interest and dividend income	13	-	303	609	-	2,371
Other income(expense), net	1,568	-	1,631	(3,354)	-	3,050
Total other income (expense)	1,580	-	1,873	(2,747)	-	5,235
Earnings (loss) before income taxes	(6,784)	(1,495)	(6,676)	(54,499)	(11,509)	(44,546)
Income tax expense (benefit)	8,697	-	13,461	12,703	-	29,048
Net earnings (loss)	$ (15,481)	$ (1,495)	$ (20,137)	$ (67,202)	$ (11,509)	$ (73,594)
Full-Time Head Count	1,869	1,862	2,263			
Part-Time Head Count	74	126	187			

Sun-Times News Group
Summary of Results (in thousands)
June 30, 2009

	1 Month Ended			Year To Date		
	Actual	Budget	Prior	Actual	Budget	Prior
Operating Revenue:						
Advertising	$ 13,151	$ 15,840	$ 18,552	$ 87,666	$ 105,549	$ 123,866
Circulation	5,929	6,063	5,821	37,697	38,107	37,161
Job printing	219	227	157	1,551	1,478	1,727
Other	164	189	186	980	1,134	1,220
Total operating revenue	19,463	22,319	24,716	127,895	146,268	163,975
Cost of Sales:						
Newsprint and ink	2,212	2,790	3,814	19,450	18,479	21,955
Editorial	3,675	3,823	4,560	25,376	25,181	29,803
Production	2,901	2,959	3,564	22,249	20,707	23,016
Distribution	4,201	4,518	4,868	28,622	29,809	31,870
Total Cost of Sales	12,988	14,090	16,805	95,697	94,176	106,644
Selling, General and Administrative						
Circulation sales	861	1,137	685	7,377	7,155	7,293
Advertising	2,593	2,939	3,508	19,138	19,617	23,170
Marketing	496	620	511	3,629	3,825	3,680
Sales and marketing	3,950	4,696	4,705	30,144	30,598	34,143
New Media	453	548	606	3,778	3,470	3,802
Information Technology	881	851	867	5,646	5,291	5,673
Accounting and Finance	655	708	811	4,541	5,004	5,347
HR	160	145	161	1,023	941	1,003
Properties and facilities	887	1,025	1,006	6,467	6,383	6,565
Other general and administrative	1,873	821	2,327	6,702	5,255	10,958
Other operating costs	4,909	4,098	5,779	28,158	26,343	33,348
Total Selling, General and Administrative	8,859	8,794	10,484	58,301	56,940	67,491
EBITDA	**(2,384)**	**(564)**	**(2,573)**	**(26,104)**	**(4,848)**	**(10,161)**
Depreciation	689	-	1,827	4,708	-	10,413
Amortization	-	-	363	-	-	2,178
Total expenses	22,536	22,884	29,479	158,707	151,116	186,726
Operating income (loss)	(3,073)	(564)	(4,763)	(30,812)	(4,848)	(22,752)
Total other income (expense)	636	-	701	3,910	-	4,467
Earnings (loss) before taxes	$ (2,436)	$ (564)	$ (4,063)	$ (26,902)	$ (4,848)	$ (18,284)
Full-Time Head Count	1,843	1,831	2,230			
Part-Time Head Count	71	123	185			

Sun-Times Media Group
Headcount
June 30, 2009

	Actual		Budget		Better / (Worse)	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Production	542	23	443	52	(99)	29
Advertising	377	18	412	24	35	6
Marketing	19	0	17	4	(2)	4
Total advertising and marketing	396	18	429	28	33	10
Circulation sales	47	3	49	15	2	12
Distribution	149	0	166	0	17	0
	196	3	215	15	19	12
Editorial	511	21	545	24	34	3
Facilities	14	0	19	0	5	0
New Media	37	1	40	2	3	1
Employee benefits	0	0	0	0	0	0
Accounting	62	1	39	0	(23)	(1)
Finance	4	0	6	0	2	0
Other G&A	10	2	14	2	4	0
Human resources	16	0	19	0	3	0
I.T.	55	2	62	0	7	(2)
Direct expense	0	0	0	0	0	0
Total administrative	184	6	180	4	(4)	(2)
Total Sun-Times News Group	**1,843**	**71**	**1,831**	**123**	**(12)**	**52**
Corporate						
Corporate	24	2	29	2	5	0
Canada	2	1	2	1	0	0
Total Corporate	**26**	**3**	**31**	**3**	**5**	**0**
Total Sun-Times Media Group	**1,869**	**74**	**1,862**	**126**	**(7)**	**52**

Revenue
Consolidated Income Statement
June 30, 2009

	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
	06/30/09	06/30/09	06/29/08		06/30/09	06/30/09	06/29/08	
Retail ROP revenue	4,465,509	4,400,550	6,069,988	64,959	29,506,782	29,347,027	40,362,845	159,755
Retail supplement revenue	190,993	41,628	300,881	149,365	1,278,690	513,952	1,752,744	764,738
Retail insert revenue	1,321,961	1,436,033	1,680,088	(114,072)	8,965,119	9,772,021	11,557,968	(806,902)
Retail reserves	(68,401)	(32,272)	(61,947)	(36,130)	(166,935)	(104,250)	(230,778)	(62,685)
Total retail revenue	**5,910,061**	**5,845,939**	**7,989,010**	**64,122**	**39,583,656**	**39,528,750**	**53,442,780**	**54,906**
National ROP revenue	1,040,831	2,266,825	2,366,598	(1,225,994)	9,221,856	14,369,430	15,329,075	(5,147,574)
National supplement revenue	0	17,805	8,626	(17,805)	13,985	375,099	238,854	(361,114)
National insert revenue	946,174	971,612	1,107,624	(25,438)	6,176,068	5,836,712	6,729,764	339,356
National reserves	(3,959)	(7,910)	(9,140)	3,951	10,152	(57,935)	(58,979)	68,087
Total national revenue	**1,983,046**	**3,248,331**	**3,473,709**	**(1,265,285)**	**15,422,062**	**20,523,306**	**22,238,714**	**(5,101,245)**
Classified ROP revenue	3,986,296	5,356,138	5,641,045	(1,369,841)	25,532,578	35,421,214	38,215,369	(9,888,636)
Classified supplement revenue	376,834	305,224	351,665	71,610	2,359,381	2,358,283	2,719,514	1,098
Classified insert revenue	6,732	(20,720)	(23,946)	27,452	90,282	226,581	269,821	(136,299)
Classified reserves	(111,368)	(226,019)	(190,356)	114,651	(764,976)	(1,140,684)	(1,110,653)	375,708
Total classified revenue	**4,258,495**	**5,414,622**	**5,778,409**	**(1,156,128)**	**27,217,264**	**36,865,394**	**40,094,050**	**(9,648,130)**
Total internet revenue	**669,544**	**956,199**	**976,259**	**(286,655)**	**3,417,750**	**6,381,850**	**6,050,254**	**(2,964,100)**
Trade Revenue	**330,335**	**375,000**	**334,649**	**(44,665)**	**2,025,534**	**2,250,000**	**2,040,397**	**(224,466)**
Total advertising revenue	**13,151,481**	**15,840,092**	**18,552,036**	**(2,688,611)**	**87,666,266**	**105,549,300**	**123,866,195**	**(17,883,034)**
Singe copy revenue	2,925,286	3,000,505	2,758,570	(75,219)	18,537,415	18,390,572	17,545,821	146,843
Home delivery revenue	2,972,887	2,981,599	3,066,987	(8,711)	19,088,234	19,049,831	19,573,106	38,403
Circulation Revenue - Alternative	27,953	0	(6,700)	27,953	51,665	0	33,702	51,665
Other	2,271	80,614	2,460	(78,343)	16,100	666,199	7,767	(650,099)
Total circulation revenue	**5,928,397**	**6,062,718**	**5,821,316**	**(134,320)**	**37,693,413**	**38,106,602**	**37,160,397**	**(413,189)**
Commercial Printing - Outside Printing	**218,745**	**227,385**	**156,512**	**(8,640)**	**1,551,392**	**1,478,000**	**1,727,115**	**73,391**
Total other revenue	**164,291**	**189,000**	**185,765**	**(24,709)**	**983,723**	**1,134,000**	**1,221,011**	**(150,277)**
Total revenue	**19,462,914**	**22,319,194**	**24,715,629**	**(2,856,281)**	**127,894,794**	**146,267,901**	**163,974,718**	**(18,373,108)**

Newprint and ink

Consolidated Income Statement	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total News Print Expenses	2,019,352	2,565,277	3,613,838	545,925	18,120,980	16,984,640	20,777,146	(1,136,340)
Salary and wages	0	0	0	0	0	0	0	0
Benefits and other	0	0	0	0	0	0	0	0
Total Labor Exp	0	0	0	0	0	0	0	0
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	0	0	0	0	0	0	0	0
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	0	0	0	0	0	0	0	0
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	0	0	0	0	0	0	0	0
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	0	0	0	0	0	0	0	0
Total Communication Expense	0	0	0	0	0	0	0	0
Total Ink Expenses	192,542	225,079	199,832	32,537	1,329,168	1,494,540	1,229,127	165,371
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	(0)	0	0	0	(0)	0	(51,466)	0
Total Other Operating Costs	192,542	225,079	199,832	32,537	1,329,168	1,494,540	1,177,661	165,371
Total Operating Expenses	2,211,895	2,790,356	3,813,670	578,462	19,450,148	18,479,180	21,954,807	(970,968)
EBITDA	(2,211,895)	(2,790,356)	(3,813,670)	578,462	(19,450,148)	(18,479,180)	(21,954,807)	(970,968)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	2,211,895	2,790,356	3,813,670	578,462	19,450,148	18,479,180	21,954,807	(970,968)
Operating Income	(2,211,895)	(2,790,356)	(3,813,670)	578,462	(19,450,148)	(18,479,180)	(21,954,807)	(970,968)
Head Count Full Time	0	0	0	0				
Head Count Part Time	0	0	0	0				

Editorial

Consolidated Income Statement	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total News Print Expenses	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Salary and wages	2,111,667	2,546,583	2,906,444	434,917	15,629,173	16,354,575	19,330,794	725,402
Benefits and other	826,927	678,520	784,740	(148,406)	5,154,901	4,413,720	5,228,757	(741,181)
Total Labor Exp	2,938,593	3,225,104	3,691,184	286,510	20,784,073	20,768,295	24,559,551	(15,779)
Printing and Production	806	2,603	1,161	1,797	8,534	16,796	15,046	8,262
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	591,018	583,269	666,360	(7,749)	3,694,670	3,778,666	4,012,972	83,996
Postage Costs	731	1,886	1,620	1,155	8,663	12,152	12,517	3,490
Total Marketing and Promotion	1,664	4,595	1,642	2,931	11,788	27,253	27,850	15,465
Properties and Facilities	5,728	4,249	4,531	(1,479)	37,192	27,303	26,133	(9,889)
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	0	270	0	270	75	1,753	3,705	1,678
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	104,375	115,714	157,427	11,340	671,955	800,599	927,103	128,645
Total Communication Expense	2,921	5,104	3,567	2,182	18,385	33,027	26,828	14,642
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	28,810	(120,256)	32,344	(149,067)	140,781	(284,968)	191,324	(425,749)
Total Other Operating Costs	736,053	597,434	868,650	(138,620)	4,592,042	4,412,581	5,243,477	(179,461)
Total Operating Expenses	3,674,647	3,822,537	4,559,834	147,891	25,376,115	25,180,876	29,803,028	(195,239)
EBITDA	(3,674,647)	(3,822,537)	(4,559,834)	147,891	(25,376,115)	(25,180,876)	(29,803,028)	(195,239)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	3,674,647	3,822,537	4,559,834	147,891	25,376,115	25,180,876	29,803,028	(195,239)
Operating Income	(3,674,647)	(3,822,537)	(4,559,834)	147,891	(25,376,115)	(25,180,876)	(29,803,028)	(195,239)
Head Count Full Time	511	545	645	34				
Head Count Part Time	21	24	34	3				

Production

Consolidated Income Statement	1 Month Ended.			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	1,622,762	1,572,756	2,001,357	(50,006)	13,029,349	11,655,862	13,339,164	(1,373,487)
Benefits and other	635,472	431,101	540,366	(204,371)	4,295,821	3,189,200	3,601,573	(1,106,621)
Total Labor Exp	2,258,234	2,003,857	2,541,723	(254,377)	17,325,170	14,845,062	16,940,737	(2,480,108)
Printing and Production	452,027	726,495	669,169	274,468	3,536,298	4,345,246	4,108,246	808,948
Distributon and Circulation Sales	0	163	129	163	257	1,062	3,114	805
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	422	2,576	2,290	2,154	6,218	16,744	14,574	10,526
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	5,294	3,329	4,488	(1,965)	22,248	22,250	28,454	2
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	9,433	3,627	0	(5,806)	9,433	23,574	27,199	14,141
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	401	2,504	2,993	2,103	2,967	16,423	15,674	13,456
Total Communication Expense	601	415	0	(186)	1,911	2,696	2,124	785
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	47,074	216,370	135,756	169,296	499,481	1,434,023	981,897	934,543
Total Other Operating Costs	515,251	955,479	814,825	440,228	4,078,812	5,862,018	5,181,281	1,783,206
Total Operating Expenses	2,773,485	2,959,336	3,356,548	185,851	21,403,982	20,707,080	22,122,018	(696,902)
EBITDA	(2,773,485)	(2,959,336)	(3,356,548)	185,851	(21,403,982)	(20,707,080)	(22,122,018)	(696,902)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	2,773,485	2,959,336	3,356,548	185,851	21,403,982	20,707,080	22,122,018	(696,902)
Operating Income	(2,773,485)	(2,959,336)	(3,356,548)	185,851	(21,403,982)	(20,707,080)	(22,122,018)	(696,902)
Head Count Full Time	542	443	557	(99)				
Head Count Part Time	23	52	67	29				

* A portion of Printing and Production costs are transferred from the advertising department in consolidation.

Circulation Distribution
Consolidated Income Statement
June 30, 2009

	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	595,434	744,964	820,856	149,529	4,717,591	4,842,264	5,547,814	124,673
Benefits and other	233,172	200,592	221,631	(32,580)	1,551,234	1,303,846	1,497,910	(247,388)
Total Labor Exp	828,606	945,555	1,042,487	116,950	6,268,825	6,146,110	7,045,724	(122,715)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	3,367,302	3,526,484	3,782,494	159,182	22,109,729	23,383,739	24,523,481	1,274,010
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	6,800	12,717	14,600	3,917	77,124	82,660	78,787	5,537
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	295	1,116	(913)	821	5,980	6,310	20,087	330
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	0	0	0	0	0	0	0	0
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	(26,074)	5,883	5,604	31,957	4,978	38,198	38,196	33,220
Total Communication Expense	0	4	0	4	381	23	846	(357)
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and Investigation	0	0	0	0	0	0	0	0
Other General Expense	21,714	25,855	23,429	4,141	155,392	151,482	163,342	(3,910)
Total Other Operating Costs	3,372,037	3,572,058	3,825,214	200,022	22,353,583	23,662,413	24,824,740	1,308,830
Total Operating Expenses	4,200,642	4,517,614	4,867,701	316,971	28,622,409	29,808,523	31,870,464	1,186,114
EBITDA	(4,200,642)	(4,517,614)	(4,867,701)	316,971	(28,622,409)	(29,808,523)	(31,870,464)	1,186,114
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	4,200,642	4,517,614	4,867,701	316,971	28,622,409	29,808,523	31,870,464	1,186,114
Operating Income	(4,200,642)	(4,517,614)	(4,867,701)	316,971	(28,622,409)	(29,808,523)	(31,870,464)	1,186,114
Head Count Full Time	149	166	193	17				
Head Count Part Time	0	0	2	0				

Circulation Sales

Consolidated Income Statement June 30, 2009	1 Month Ended Actual	 Budget	 Lastyr	Better/(Worse) vs. Budget	Year To Date Actual	 Budget	 Lastyr	Better/(Worse) vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	186,580	198,131	204,629	11,551	1,165,828	1,285,152	1,351,927	119,324
Benefits and other	73,064	53,317	55,250	(19,747)	386,420	346,561	365,021	(39,860)
Total Labor Exp	259,644	251,448	259,878	(8,196)	1,552,248	1,631,713	1,716,948	79,465
Printing and Production	0	17,308	0	17,308	0	112,500	0	112,500
Distributon and Circulation Sales	609,402	512,189	739,328	(97,213)	4,065,178	3,198,952	4,416,576	(866,226)
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	38,561	45,614	64,110	7,053	306,724	318,005	380,570	11,281
Total Marketing and Promotion	76,846	177,857	80,860	101,011	956,041	1,130,459	870,456	174,418
Properties and Facilities	1,129	813	1,833	(316)	4,257	5,285	4,675	1,029
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	22,876	36,654	31,213	13,778	157,889	233,720	129,083	75,831
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	3,645	6,193	8,475	2,548	21,613	40,558	39,420	18,945
Total Communication Expense	176	539	110	363	519	3,375	593	2,856
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	(151,503)	88,485	(500,590)	239,988	312,706	480,865	(264,941)	168,159
Total Other Operating Costs	601,131	885,651	425,339	284,520	5,824,926	5,523,719	5,576,433	(301,207)
Total Operating Expenses	860,775	1,137,099	685,217	276,323	7,377,174	7,155,432	7,293,381	(221,742)
EBITDA	(860,775)	(1,137,099)	(685,217)	276,323	(7,377,174)	(7,155,432)	(7,293,381)	(221,742)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	860,775	1,137,099	685,217	276,323	7,377,174	7,155,432	7,293,381	(221,742)
Operating Income	(860,775)	(1,137,099)	(685,217)	276,323	(7,377,174)	(7,155,432)	(7,293,381)	(221,742)
Head Count Full Time	47	49	51	2				
Head Count Part Time	3	15	16	12				

Advertising

Consolidated Income Statement	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	1,733,971	1,892,140	2,424,427	158,170	11,639,995	12,524,623	15,973,583	884,628
Benefits and other	679,193	510,828	654,747	(168,366)	3,873,342	3,356,828	4,313,021	(516,514)
Total Labor Exp	2,413,164	2,402,968	3,079,174	(10,196)	15,513,337	15,881,451	20,286,604	368,114
Printing and Production	230,847	147,492	295,475	(83,355)	1,893,578	1,048,772	1,118,951	(844,806)
Distributon and Circulation Sales	2,120	11,439	12,353	9,319	57,218	73,825	57,766	16,606
Editorial Costs	9,542	15,370	16,538	5,828	78,977	105,581	99,361	26,604
Postage Costs	15,492	33,248	35,174	17,756	125,539	227,662	220,507	102,123
Total Marketing and Promotion	220,403	115,371	316,477	(105,032)	1,136,775	729,491	758,886	(407,284)
Properties and Facilities	(1,996)	11,726	14,907	13,722	52,309	70,870	73,096	18,561
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	6,143	15,272	875	9,130	67,197	92,188	65,027	24,991
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	82,307	106,115	103,178	23,808	556,399	695,920	608,313	139,521
Total Communication Expense	1,231	9,495	10,560	8,264	25,739	64,034	65,247	38,296
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	(259,170)	70,675	(168,860)	329,846	475,258	626,986	710,243	151,728
Total Other Operating Costs	306,918	536,204	636,676	229,286	4,468,988	3,735,329	3,777,396	(733,659)
Total Operating Expenses	2,720,082	2,939,172	3,715,850	219,090	19,982,325	19,616,779	24,064,001	(365,545)
EBITDA	(2,720,082)	(2,939,172)	(3,715,850)	219,090	(19,982,325)	(19,616,779)	(24,064,001)	(365,545)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	2,720,082	2,939,172	3,715,850	219,090	19,982,325	19,616,779	24,064,001	(365,545)
Operating Income	(2,720,082)	(2,939,172)	(3,715,850)	219,090	(19,982,325)	(19,616,779)	(24,064,001)	(365,545)
Head Count Full Time	377	412	534	35				
Head Count Part Time	18	24	58	6				

A portion of Printing and Production costs are transferred to the Production department in consolidation.

Marketing
Consolidated Income Statement
June 30, 2009

	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	67,974	82,562	79,466	14,588	508,514	513,437	524,338	4,923
Benefits and other	26,618	22,292	21,456	(4,327)	167,119	138,628	141,572	(28,491)
Total Labor Exp	94,592	104,854	100,921	10,261	675,634	652,065	665,910	(23,569)
Printing and Production	0	0	0	0	18	0	0	(18)
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	0	21	0	21	0	125	100	125
Postage Costs	566	124	152	(442)	36,988	803	786	(36,185)
Total Marketing and Promotion	393,589	505,374	395,780	111,786	2,796,809	3,116,527	2,935,209	319,718
Properties and Facilities	16	62	19	47	1,312	406	21	(906)
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	790	836	790	46	6,320	5,013	4,833	(1,307)
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	676	2,469	5,862	1,793	9,721	14,815	28,425	5,093
Total Communication Expense	45	83	418	38	1,369	500	2,834	(869)
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	5,911	5,818	7,308	(93)	100,673	35,075	41,632	(65,598)
Total Other Operating Costs	401,593	514,787	410,328	113,195	2,953,211	3,173,264	3,013,839	220,054
Total Operating Expenses	496,185	619,641	511,249	123,456	3,628,844	3,825,329	3,679,749	196,485
EBITDA	(496,185)	(619,641)	(511,249)	123,456	(3,628,844)	(3,825,329)	(3,679,749)	196,485
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	496,185	619,641	511,249	123,456	3,628,844	3,825,329	3,679,749	196,485
Operating Income	(496,185)	(619,641)	(511,249)	123,456	(3,628,844)	(3,825,329)	(3,679,749)	196,485
Head Count Full Time	19	17	19	(2)				
Head Count Part Time	0	4	2	4				

New Media

Consolidated Income Statement	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	179,795	227,288	204,926	47,493	1,488,646	1,477,372	1,363,070	(11,274)
Benefits and other	70,408	61,368	55,330	(9,040)	490,832	398,890	368,028	(91,942)
Total Labor Exp	250,203	288,656	260,256	38,453	1,979,478	1,876,262	1,731,098	(103,216)
Printing and Production	0	0	0	0	0	0	1,012	0
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	16,774	32,940	21,465	16,165	122,077	212,847	171,441	90,770
Postage Costs	12	154	395	141	673	1,000	1,210	327
Total Marketing and Promotion	7,649	8,301	1,958	652	48,046	52,500	30,895	4,454
Properties and Facilities	0	2,202	0	2,202	0	13,250	6,200	13,250
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	27,482	39,314	67,600	11,832	358,989	253,042	219,316	(105,947)
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	3,585	5,448	1,348	1,864	16,106	34,318	27,238	18,212
Total Communication Expense	4,744	3,499	4,147	(1,245)	26,491	21,457	26,984	(5,034)
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	142,134	167,072	249,145	24,938	1,226,280	1,004,863	1,586,955	(221,417)
Total Other Operating Costs	202,380	258,930	346,058	56,550	1,798,664	1,593,277	2,071,251	(205,387)
Total Operating Expenses	452,583	547,586	606,314	95,003	3,778,142	3,469,539	3,802,350	(308,603)
EBITDA	(452,583)	(547,586)	(606,314)	95,003	(3,778,142)	(3,469,539)	(3,802,350)	(308,603)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	452,583	547,586	606,314	95,003	3,778,142	3,469,539	3,802,350	(308,603)
Operating Income	(452,583)	(547,586)	(606,314)	95,003	(3,778,142)	(3,469,539)	(3,802,350)	(308,603)
Head Count Full Time	37	40	43	3				
Head Count Part Time	1	2	1	1				

Information Technology
Consolidated Income Statement
June 30, 2009

	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	266,620	290,456	306,033	23,836	1,869,640	1,887,962	2,048,821	18,322
Benefits and other	104,408	78,423	82,629	(25,985)	617,970	509,750	553,181	(108,220)
Total Labor Exp	371,029	368,879	388,662	(2,150)	2,487,609	2,397,712	2,602,003	(89,897)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	152	178	15	27	2,904	1,068	3,631	(1,836)
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	27	616	(1,498)	589	219	3,696	925	3,477
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	30,415	11,275	43,831	(19,140)	188,745	67,650	170,587	(121,095)
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	6,385	9,304	16,493	2,919	32,912	52,758	52,872	19,846
Total Communication Expense	288,417	237,361	271,775	(51,056)	1,847,225	1,424,166	1,583,869	(423,059)
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	184,600	223,476	147,839	38,876	1,086,615	1,344,050	1,259,184	257,435
Total Other Operating Costs	509,995	482,210	478,456	(27,785)	3,158,620	2,893,388	3,071,067	(265,232)
Total Operating Expenses	881,024	851,089	867,118	(29,935)	5,646,229	5,291,100	5,673,070	(355,129)
EBITDA	(881,024)	(851,089)	(867,118)	(29,935)	(5,646,229)	(5,291,100)	(5,673,070)	(355,129)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	881,024	851,089	867,118	(29,935)	5,646,229	5,291,100	5,673,070	(355,129)
Operating Income	(881,024)	(851,089)	(867,118)	(29,935)	(5,646,229)	(5,291,100)	(5,673,070)	(355,129)
Head Count Full Time	55	62	58	7				
Head Count Part Time	2	0	2	(2)				

Accounting and Finance

Consolidated Income Statement June 30, 2009	1 Month Ended Actual	 Budget	 Lastyr	Better/(Worse) vs. Budget	Year To Date Actual	 Budget	 Lastyr	Better/(Worse) vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	281,123	191,436	319,674	(89,687)	1,855,796	1,738,097	2,132,901	(117,699)
Benefits and other	110,087	51,688	86,312	(58,400)	614,462	469,286	575,884	(145,175)
Total Labor Exp	391,210	243,124	405,985	(148,087)	2,470,257	2,207,383	2,708,785	(262,875)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	0	385	32	385	32	2,500	218	2,468
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	8,190	8,630	9,851	440	60,955	54,177	51,050	(6,779)
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	3,265	4,201	4,827	936	19,833	27,006	31,184	7,173
Total Insurance	29,686	134,805	130,961	105,119	678,693	876,233	914,819	197,540
Total Professional Fees	2,300	70,652	23,010	68,352	46,532	242,126	127,600	195,594
Total Credit and Collection	180,973	206,793	186,031	15,820	1,169,387	1,344,157	1,127,864	174,769
Total Travel and Entertainment Expense	400	1,036	624	636	1,955	6,600	3,992	4,645
Total Communication Expense	0	0	0	0	0	0	0	0
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	29,076	38,631	50,049	9,555	93,786	243,643	381,312	149,857
Total Other Operating Costs	263,890	465,133	405,384	201,243	2,071,174	2,795,441	2,638,050	725,267
Total Operating Expenses	655,100	708,257	811,369	53,157	4,541,431	5,003,824	5,346,845	462,393
EBITDA	(655,100)	(708,257)	(811,369)	53,157	(4,541,431)	(5,003,824)	(5,346,845)	462,393
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Expenses	655,100	708,257	811,369	53,157	4,541,431	5,003,824	5,346,845	462,393
Operating Income	(655,100)	(708,257)	(811,369)	53,157	(4,541,431)	(5,003,824)	(5,346,845)	462,393
Head Count Full Time	66	45	81	(21)				
Head Count Part Time	1	0	1	(1)				

Human Resources
Consolidated Income Statement
June 30, 2009

	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	99,032	100,513	109,570	1,481	684,951	653,334	693,948	(31,617)
Benefits and other	38,781	26,771	29,584	(12,010)	226,668	174,012	187,366	(52,656)
Total Labor Exp	137,814	127,284	139,153	(10,530)	911,619	827,346	881,313	(84,273)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	304	324	136	20	3,586	2,106	2,067	(1,480)
Total Marketing and Promotion	75	15	0	(60)	101	98	112	(3)
Properties and Facilities	103	88	257	(15)	446	572	645	126
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	12,151	891	4,404	(11,260)	48,066	5,794	8,007	(42,272)
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	1,950	2,113	2,568	163	11,896	13,736	14,032	1,840
Total Communication Expense	0	0	0	0	0	0	0	0
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and Investigation	0	0	0	0	0	0	0	0
Other General Expense	7,815	13,978	14,365	6,163	47,393	90,854	96,343	43,461
Total Other Operating Costs	22,399	17,409	21,731	(4,990)	111,489	113,160	121,206	1,671
Total Operating Expenses	160,213	144,693	160,884	(15,520)	1,023,108	940,506	1,002,520	(82,602)
EBITDA	(160,213)	(144,693)	(160,884)	(15,520)	(1,023,108)	(940,506)	(1,002,520)	(82,602)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	160,213	144,693	160,884	(15,520)	1,023,108	940,506	1,002,520	(82,602)
Operating Income	(160,213)	(144,693)	(160,884)	(15,520)	(1,023,108)	(940,506)	(1,002,520)	(82,602)
Head Count Full Time	16	19	20	3				
Head Count Part Time	0	0	0	0				

Properties and Facilities

Consolidated Income Statement June 30, 2009	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	58,344	71,556	68,754	13,212	476,343	475,368	486,415	(974)
Benefits and other	22,848	19,320	18,564	(3,527)	156,694	128,365	131,332	(28,330)
Total Labor Exp	81,192	90,877	87,318	9,684	633,037	603,733	617,747	(29,304)
Printing and Production	0	0	0	0	0	0	0	0
Distribution and Circulation Sales	0	179	143	179	744	1,075	1,116	331
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	5,814	6,252	9,172	638	44,392	37,733	47,763	(6,658)
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	773,484	870,754	849,112	97,270	5,486,558	5,390,893	5,536,293	(95,665)
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	0	32	0	32	1,081	192	215	(889)
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	377	838	424	461	5,691	5,344	5,159	(348)
Total Communication Expense	0	253	599	253	451	1,526	1,709	1,075
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	0	0	0	0	0	0
Indemnification and Investigation	0	0	0	0	0	0	0	0
Other General Expense	26,702	55,866	59,207	29,163	294,794	342,572	354,960	47,778
Total Other Operating Costs	806,178	934,174	918,657	127,996	5,833,711	5,779,335	5,947,215	(54,376)
Total Operating Expenses	887,370	1,025,050	1,005,975	137,681	6,466,748	6,383,069	6,564,961	(83,679)
EBITDA	(887,370)	(1,025,050)	(1,005,975)	137,681	(6,466,748)	(6,383,069)	(6,564,961)	(83,679)
Total Depreciation	0	0	0	0	0	0	0	0
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	0	0	0	0	0	0	0	0
Total Expenses	887,370	1,025,050	1,005,975	137,681	6,466,748	6,383,069	6,564,961	(83,679)
Operating Income	(887,370)	(1,025,050)	(1,005,975)	137,681	(6,466,748)	(6,383,069)	(6,564,961)	(83,679)
Head Count Full Time	14	19	18	5				
Head Count Part Time	0	0	0	0				

Other General and Administrative Consolidated Income Statement June 30, 2009	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary and wages	476,370	303,214	378,227	(173,157)	2,053,724	1,970,889	2,585,960	(82,835)
Benefits and other	(61,121)	81,868	109,524	142,989	2,043,752	532,140	3,883,412	(1,511,612)
Total Labor Exp	415,250	385,081	487,751	(30,168)	4,097,476	2,503,029	6,469,372	(1,594,447)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	169	69	1,546	(99)	2,363	450	2,562	(1,913)
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	76	133	5	58	1,119	861	304	(258)
Total Marketing and Promotion	21	715	0	694	1,227	4,645	103	3,418
Properties and Facilities	139,962	100,006	151,308	(39,956)	784,670	650,040	869,622	(134,630)
Total Insurance	0	0	0	0	0	0	0	0
Total Professional Fees	167,049	292,000	220,264	124,951	767,552	1,823,000	1,585,159	1,055,448
Total Credit and Collection	0	0	0	0	0	0	0	0
Total Travel and Entertainment Expense	3,020	12,673	2,437	9,653	22,805	81,834	12,564	59,029
Total Communication Expense	134	373	143	239	697	2,423	285	1,726
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	1,300,979	0	1,493,481	(1,300,979)	1,169,552	0	1,853,776	(1,169,552)
Indemnification and investigation	0	0	0	0	0	0	0	0
Other General Expense	(153,979)	30,049	(29,682)	184,028	(145,587)	188,626	164,293	334,212
Total Other Operating Costs	**1,457,430**	**436,018**	**1,839,501**	**(1,021,412)**	**2,604,400**	**2,751,878**	**4,488,666**	**147,478**
Total Operating Expenses	1,872,680	821,100	2,327,252	(1,051,580)	6,701,875	5,254,907	10,958,038	(1,446,968)
EBITDA	(1,872,680)	(821,100)	(2,327,252)	(1,051,580)	(6,701,875)	(5,254,907)	(10,958,038)	(1,446,968)
Total Depreciation	689,047	0	1,826,986	(689,047)	4,708,442	0	10,412,925	(4,708,442)
Total Amortization	0	0	363,041	0	0	0	2,178,248	0
Total Depreciation and Amortization	689,047	0	2,190,028	(689,047)	4,708,442	0	12,591,173	(4,708,442)
Total Expenses	2,561,727	821,100	4,517,280	(1,740,627)	11,410,318	5,254,907	23,549,212	(6,155,411)
Operating Income	(2,561,727)	(821,100)	(4,517,280)	(1,740,627)	(11,410,318)	(5,254,907)	(23,549,212)	(6,155,411)
Head Count Full Time	10	14	11	4				
Head Count Part Time	2	2	2	0				

Corporate expenses

Consolidated Income Statement	1 Month Ended			Better/(Worse)	Year To Date			Better/(Worse)
June 30, 2009	Actual	Budget	Lastyr	vs. Budget	Actual	Budget	Lastyr	vs. Budget
Grand Total Advertising Revenue	0	0	0	0	0	0	0	0
Total Circulation Revenue	0	0	0	0	0	0	0	0
Total Commercial Printing Revenue	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0
Total News Print Expenses	0	0	0	0	0	0	0	0
Salary, benefits and other	386,777	464,775	735,511	77,997	4,283,328	3,795,867	4,869,131	(487,461)
Salary, benefits and other - Canada	908,725	(425,464)	(481,899)	(1,334,189)	5,083,297	(2,765,516)	(2,583,932)	(7,848,813)
Total Labor Exp	1,295,502	39,311	253,612	(1,256,191)	9,366,625	1,030,351	2,285,199	(8,336,274)
Printing and Production	0	0	0	0	0	0	0	0
Distributon and Circulation Sales	0	0	0	0	0	0	0	0
Editorial Costs	0	0	0	0	0	0	0	0
Postage Costs	305	1,950	1,407	1,645	5,933	11,700	12,112	5,767
Total Marketing and Promotion	0	0	0	0	0	0	0	0
Properties and Facilities	73	0	29	(73)	534	0	(47,976)	(534)
Total Insurance	42,069	156,250	161,755	114,181	600,366	937,500	1,704,833	337,114
Total Professional Fees	3,490,078	480,624	715,324	(3,009,453)	8,668,905	3,082,617	5,601,920	(5,586,288)
Total Credit and Collection	2,067	4,582	4,694	2,514	25,047	27,490	29,680	2,443
Total Travel and Entertainment Expense	12,542	16,028	9,069	3,487	77,324	101,727	100,862	24,403
Total Communication Expense	728	3,833	(233)	3,105	24,759	23,000	28,060	(1,759)
Total Ink Expenses	0	0	0	0	0	0	0	0
Total Management Fees and IC	0	0	0	0	0	0	0	0
Total Infrequents	0	0	764,540	0	0	0	2,097,379	0
Indemnification and Investigation	276,466	0	734,855	(276,466)	461,045	0	8,920,008	(461,045)
Other General Expense	64,847	94,109	248,878	29,261	513,669	581,480	989,790	67,811
Canadian Operating Costs	106,400	133,507	889,566	27,107	1,191,585	865,015	5,284,293	(326,569)
Total Other Operating Costs	3,995,575	890,883	3,529,884	(3,104,692)	11,569,186	5,630,529	24,720,962	(5,938,657)
Total Operating Expenses	5,291,077	930,194	3,783,496	(4,360,883)	20,935,811	6,660,881	27,006,160	(14,274,931)
EBITDA	(5,291,077)	(930,194)	(3,783,496)	(4,360,883)	(20,935,811)	(6,660,881)	(27,006,160)	(14,274,931)
Total Depreciation	616	0	1,719	(616)	4,200	0	23,489	(4,200)
Total Amortization	0	0	0	0	0	0	0	0
Total Depreciation and Amortization	616	0	1,719	(616)	4,200	0	23,489	(4,200)
Total Expenses	5,291,693	930,194	3,785,214	(4,361,499)	20,940,012	6,660,881	27,029,649	(14,279,131)
Operating Income	(5,291,693)	(930,194)	(3,785,214)	(4,361,499)	(20,940,012)	(6,660,881)	(27,029,649)	(14,279,131)
Head Count Full Time	26	31	33	5				
Head Count Part Time	3	3	2	0				

Sun-Times Media Group (Consolidated)

June 30, 2009

	Sun-Times Media Group Consolidated	Consolidation Adjustments	SCF Reclass Adjustments	Consolidated UK	Sun-Times News Group	Total Corporate	HLR	HIPI	CORPUS	American Publishing	US Eliminations	HLR Eliminations	US Eliminations	Holdco	HCPH		CNFX		[illegible]		Challenger	
US GAAP	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$ 31-Dec-08 Average 30-Jun-09	Can$ 0.8170 0.8303 0.8684	US$ 31-Dec-08 Average 30-Jun-09	Can$ 0.8170 0.8303 0.8684	US$ 31-Dec-08 Average 30-Jun-09	Can$ 0.8170 0.8303 0.8684	US$ 31-Dec-08 Average 30-Jun-09	Can$ 0.8170 0.8303 0.8684
Cash flow from operating activities	(67,201,730)			378,292	(26,902,167)	(40,518,891)	(23,494,837)	40,021,886	-	(59,668)	-	0	(56,784,777)	-		(508,187)		-		-		-
Net earnings (loss)	(67,201,730)		312,970	378,292	(26,902,167)	(40,518,891)	(23,494,837)	40,021,886	-	(59,668)	-	0	(56,784,777)	-	(431,943)	(508,187)	-	-	-	-	-	-
Adjustments to reconcile net earnings to net cash				-													-	-	-	-	-	
provided by operating activities				-													-	-	-	-	-	
Depreciation	4,712,643			-	4,708,442	4,200	-	4,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred financing costs	0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes per P&L	18,560,114		(14,500)	-	-	19,749,414	-	19,749,414	-	-	-	-	-	-	(1,174,800)	(1,414,910)	-	-	-	-	-	-
Writedown of fixed assets	1,332,753			-	1,332,753	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity (earnings) loss of affiliates, net of dividends	10,089			-	10,089	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of investments	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of fixed assets	(180,519)			-	(180,519)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W/O deferred income tax	(5,854,792)		(158,110)	-	-	-	-	-	-	-	-	-	-	-	(5,806,687)	(6,680,997)	-	-	-	-	-	-
(Gain) loss on sale of newspapers	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of discontinued operations	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of goodwill and intangibles	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writedown of investment	800,000		(17,874)	-	-	-	-	-	-	-	-	-	-	-	832,824	1,003,040	-	-	-	-	-	-
Writedown of direct response advertising	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writedown of affiliated A/R	0			-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other: Non-cash items	772,968			-	(307,309)	970,195	970,194	-	-	(1)	-	-	-	-	110,191	132,717	-	-	-	-	-	-
Non-cash interest	(44,765)			-	(1,373)	-	-	-	-	-	-	-	-	-	(43,397)	(52,261)	-	-	-	-	-	-
						-					-											
Changes in assets and liabilities	0			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Accounts receivable	10,729,295			-	11,180,231	177,654	(3,987)	175,008	-	1,035	-	-	-	-	(565,501)	(681,189)	-	-	-	-	-	-
Inventories	2,127,135			-	2,127,135	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaids & other assets	(2,702,347)			-	(102,517)	(1,491,477)	(257,566)	(1,233,911)	-	-	-	-	-	-	(808,353)	(732,690)	-	-	-	-	-	-
Recoverable income Taxes	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	8,802,073			-	6,719,840	57,859	27,091	29,100	-	(1,301)	-	-	-	-	30,273	36,400	-	-	-	-	-	-
Accrued expenses	(25,567,127)			(758,198)	(5,751,479)	3,024,589	3,097,868	(629,191)	(0)	(14,117)	(0)	(0)	(0)	-	(23,083,000)	(27,799,898)	-	-	-	-	0	0
Accrued pension	4,233,219			-	1,530,867	483	-	-	-	483	-	-	-	-	2,701,894	3,254,118	-	-	-	-	-	-
Income taxes payable	479,912			50,960	-	(4,850)	-	(4,850)	-	-	-	-	-	-	(1,701,560)	(1,447,139)	-	-	-	-	1,635,341	1,969,579
Collection of proceeds from directors and officers lns	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	(132,983)			-	(132,983)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Liability reduction	0	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FX change - non-cash	3,043,403	10,578,531	(7,571,996)	-	-	-	-	-	-	-	-	-	-	-	38,868	44,812	-	-	-	-	-	-
Other - WC items	(440,876)			-	(1,541,892)	1,259	-	-	-	1,259	-	-	-	-	1,009,957	1,324,771	-	-	-	-	-	-
Cash provided by (used in) operating activities	(48,003,468)	10,578,531	(7,684,431)	171,075	(8,801,979)	(18,088,583)	(19,793,793)	58,062,255	(0)	(74,331)	-	(0)	(0)		(27,680,432)	(33,899,708)	-	-	-	-	1,635,341	1,969,579
Cash flows from investing activities				-																		
Purchase of property plant and equipment	(2,924,370)			-	(2,924,370)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property plant and equipment	172,075			-	172,075	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of Canwest shares & debentures	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of investments	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to investments	(10,089)			-	(10,089)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to intangibles	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of newspaper operations	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long-term receivable	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of receivable pursuant to settlement	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in short-term investing, net	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other - Unrealized Mk2Mkt	0	-		-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash provided by (used in) investing activities	(2,762,384)	-	-	-	(2,762,384)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from financing activities																						
Repayments of long-term debt	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of debt	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of short term bank debt	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from short term bank debt	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of capital lease obligations	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Finance Fees	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from option redemptions	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of DSU's from Treasury	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on treasury shares	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock of a subsidiary	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of treasury stock for options	(26,835)			-	-	(26,835)	(26,835)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (paid) received	0			(56,784,777)	-	56,784,777	-	-	-	-	-	-	56,784,777	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Escrow Deposits	18,719,036			-	52,352	249,775	(8,998,601)	9,248,376	-	-	-	-	-	-	18,416,909	22,181,030	-	-	-	-	-	-
Loss On Invest - Unreal Gain Marketable Securities/Mk Mkt	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fx Effect	(11,755,317)	-	-	-	-	(1,799,404)	(35,298,357)	33,395,100	(3,203,441)	3,307,293	-	-	-	-	(9,839,959)	(11,811,320)	-	-	-	-	(65,943)	(79,421)
FCT Reclass	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital contribution	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adj to R/E Set Rate offset 1	0	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	11,755,317	(9,466,620)	7,571,995	56,641,889	(2,595,239)	(50,477,812)	51,350,715	(101,799,009)	3,203,441	(3,237,959)	0	0	0	-	11,650,502	14,031,678	-	-	-	-	(1,569,319)	(1,890,158)
Change in borrowings from affiliates	(0)	(9,459,620)	7,571,996	56,641,889	(2,595,239)	(52,377,217)	18,052,358	(68,403,409)	0	74,334	0	0	0	-	1,760,533	2,120,358	-	-	-	-	(1,635,342)	(1,969,579)
Cash provided by (used in) financing activities	18,683,102	(9,466,870)	7,571,996	(142,333)	(2,547,887)	4,729,948	7,078,373	(58,155,533)	0	74,334	0	0		-	20,177,447	24,301,382	-	-	-	-	(1,635,347)	(1,969,579)
Non-Cash Transactions:																						
CST ABO Min Pension Adjustment	0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CTA DT Reclass	0			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Cash used by discontinued operations	0																					
Effect of Exchange rates on cash during the period	307,975	(1,109,911)	(107,545)										-		1,525,431						-	
Net increase (decrease) in cash	(31,785,875)		-	(21,259)	(12,107,160)	(13,359,637)	(12,266,362)	(1,093,279)	0	3	0	0	(0)	-	(8,277,579)	(9,397,820)	-	-	-	-	(0)	(0)
Cash and cash equivalents at the beginning of the period	79,234,745	-		236,859	23,679,405	25,398,032	23,795,014	1,597,026	-	8,592	-	-	-	-	29,919,849	36,621,896	-	-	-	-	-	-
Cash at the end of the period	47,449,070	-	-	215,600	11,572,708	12,038,994	11,528,651	503,748	0	8,595	0	0		-	23,642,269	27,224,074	-	-	-	-	(0)	(0)
	47,449,070			215,600	11,572,205	12,038,994	11,528,651	503,748	0	8,595	-	0	(0)	-	23,642,268	27,224,073	-	-	-	-	(0)	-
	0	-	-	0	-	0	-	-	-	-	0	-		-	(0)	1	-	-	-	-	(0)	

SCHEDULE 4.7(b)

UNDISCLOSED LIABILITIES

None.

SCHEDULE 4.8

ABSENCE OF CERTAIN DEVELOPMENTS

(d) The following compensation increases have been granted since May 31, 2009:

1. Lisa Pratt received a 37.5% increase on June 8, 2009.
2. Vishal Joshipura received a 7% increase on July 1, 2009.
3. Abby Jamaica received a 6% increase on July 5, 2009.
4. Rena Thompson received a 7% increase on August 9, 2009.
5. Jeff Kane received a 12.3% increase on August 16, 2009.
6. Natasha Korecki received a 37.2% increase on August 23, 2009.
7. Lynn Sweet received a 14.7% increase on August 23, 2009.
8. Nicole Holtzman received a 19.1% increase on August 30, 2009.
9. Mike Nathan received a 10% increase on August 30, 2009.
10. Rita Walker received a 10% increase on August 30, 2009.
11. Gladys Arroyo received a 15% increase on August 30, 2009.

SCHEDULE 4.9(a)

MATERIAL CONTRACTS

1. Office Building Lease dated October 6, 1988, as amended by First Amendment to Lease, between Oak Leaves Limited Partnership and Pioneer Newspapers Inc. for the premises located at 1140 W. Lake St., Suites 150 and 155, Oak Park, IL.

2. Open Adsystem™ Master Services Agreement dated September 12, 2006 between Digital Chicago Inc. and 24/7 Real Media US, Inc.

3. Office Lease dated May 17 ,2004, as amended by First and Second Lease Amendments, between 350 North Orleans L.L.C. and Chicago Sun-Times LLC for the premises located on Floors 2, 9, 10 and basement storage at 350 N. Orleans St., Chicago, IL.

4. Commercial Lease dated October 1, 2006 between FDIC as Receiver for Superior Bank, FSB and Pioneer Newspapers Inc. for the premises located on the second floor and basement storage at 440 E. Ogden Ave., Hinsdale, IL.

5. Office Lease Agreement dated April 25, 2007, as amended by First Amendment to Lease and Second Amendment to Lease, between ACG-Meridian, LLC and Fox Valley Publications LLC for the premises located at 495 N. Commons Dr., Suites 100, 101 and 200, Aurora, IL.

6. Website Services Agreement dated December 9, 2005 between Adicio, Inc. and Chicago Sun-Times, Inc.

7. Master Services Agreement dated February 14, 2008 between The Sun-Times Company and Affinity Express, Inc. and Statements of Work executed by Chicago Sun-Times LLC, Pioneer Newspapers Inc., Fox Valley Publications LLC, Midwest Suburban Publishing, Inc. and The Post-Tribune Company LLC.

8. Agfa Corporation Newspaper Master Purchase Agreement dated June 26, 2008 between Sun-Times News Group and Agfa Corporation and Direct Consumable Purchase Agreements each dated June 26, 2008 between Agfa Corporation and Chicago Sun-Times LLC, Fox Valley Publications and Pioneer Newspapers.

9. Master Services Agreement dated September 29, 2000 between Akamai Technologies, Inc. and Digital Chicago Inc.

10. PrintExpress Service Contract Annual Renewal for the period January 1, 2009 through December 31, 2009 between Midwest Suburban Publishing, Inc. and Alfa Quest Technologies Inc.

11. Customer Service Agreement dated August 27, 2007 between The Sun-Times Company and Argenbright, Inc. d/b/a Archway Marketing Services (now known as Skybridge Marketing Group).

12. Master Agreement dated August 4, 2005, Addendum dated June 29, 2006 and Amendment No. 1 to Addendum dated April 30, 2008 between The Sun-Times Company and AT&T.

13. Technical Order Form No. 20080826TB14957 dated February 5, 2009 between Chicago Sun-Times and AT&T.

14. AT&T Corporate Digital Advantage Agreement No. 395901 between Sun-Times Media Group, Inc. and AT&T Mobility National Accounts LLC.

15. Agreement for AT&T ILEC Services and Pricing Schedule dated June 6, 2008 between The Sun-Times Company and AT&T.

16. A&T TeleConference Services Term Plan Service Authorization dated June 27, 2008 between Chicago Sun-Times and AT&T Corp.

17. Multi-Year Maintenance Agreement dated December 12, 2007 between Atex and Sun-Times News Group.

18. Contract between Chicago Sun-Times and B-Linked Inc. for direct delivery XML with retriever service plan and insertion order processing.

19. Commercial Card Agreement dated January 26, 2007 between LaSalle Bank National Association (now known as Bank of America, N.A.) and The Sun-Times Company d/b/a Sun-Times News Group.

20. Maintenance Agreement effective July 1, 2007 between Building Services of America and Chicago Sun-Times, Inc.

21. Agreement between Chicago Sun-Times and CanWest News Service for Agate pages.

22. Vehicle Contract Maintenance Agreement dated December 20, 2007 between Carmichael Leasing Co., Inc. d/b/a Carmichael Nationalease and The Sun-Times Company.

23. Transfer and Strategic Alliance Agreement dated as of January 1, 2006 among DriveChicago, LLC, the Chicago Automobile Trade Association and The Sun-Times Company.

24. Chicago Bears Football Club, Inc. Executive Suite License Agreement dated February 13, 2008 between Chicago Bears Football Club, Inc. and Sun-Times News Group.

25. Chicago Cubs Mezzanine Suite License Agreement dated February 11, 2009 between Chicago National League Ball Club LLC and Chicago Sun-Times Newsgroup.

26. Distribution Agreement dated August 8, 2007 between The Sun-Times Company, individually and on behalf of Chicago Sun-Times LLC, Chicago Group Acquisition LLC, Fox Valley Publications LLC, Midwest Suburban Publishing, Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC, and Chicago Tribune Company.

27. Agreement dated February 5, 2009 between Chicago White Sox, Ltd. and Sun-Times News Group.

28. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Chicagoland Crew Company, Inc.

29. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Circulation Promoters.

30. Master Services Agreement dated February 26, 2008, Addendum dated August 11, 2008, Renewal Call Agreement dated May 7, 2009 and Recruitment Renewal Call Agreement dated August 4, 2009 between Classifieds Plus, Inc. and The Sun-Times Company.

31. Clickshare Provider Agreement dated August 9, 2006 between Clickshare Service Corporation and Digital Chicago Inc.

32. Agreements between Creators Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

33. ExactTarget Email Services Agreement dated December 5, 2006 and Amendment dated September 19, 2008 between ExactTarget, Inc. and Digital Chicago Inc.

34. Contract dated October 20, 2000 between Experian Marketing Services and Fox Valley Publications LLC (as successor in interest to Copley Newspapers).

35. Purchase and Security Agreement dated December17, 2008 between Goss International Americas, Inc. and Chicago Sun-Times, Inc.

36. Services Agreement effective October 13, 2008 between Insight Global, Inc. and Sun-Times News Group.

37. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and KR News Marketing Inc.

38. Agreements between King Features Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

39. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Legacy Circulation, Inc.

40. Agreement dated September 6, 2001 and 2008 Renewal and Amendment to Agreement dated February 26, 2008 between Legacy.com, Inc. and Digital Chicago, Inc.

41. License Agreement dated September 10, 1992 between Mead Data Central, Inc. (now Lexis-Nexis Group) and Chicago Sun-Times, Inc. (terminates September 10, 2009).

42. Contract Agreement No. 07012007A and Statement of Work #03012009 dated April 8, 2009 between Mainframe Software Management Inc. and The Sun-Times Company d/b/a Sun-Times News Group.

43. MerlinOne, Inc. E-Sheets® Services Agreement dated July 6, 2005 between MerlinOne, Inc. and The Sun-Times Company.

44. Retail Electric Supplier Agreement dated August 12, 2008 between Midamerican Energy Company and The Sun-Times Company.

45. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Newspaper Solutions Inc.

46. SiteCatalyst Service Agreement dated September 15, 2005 between Omniture, Inc. and Digital Chicago, Inc.

47. General Services Agreement dated May 30, 2008 between The Sun-Times Company and Open Foundation, LLC.

48. Agreement dated August 10, 2007 and Amendment dated August 15, 2008 between Opt It, Inc. and Digital Chicago, Inc.

49. Services Agreement dated December 19, 2007, Amendment #1 to Services Agreement dated December 19, 2007, and Second Amendment to Services Agreement dated June 1, 2008 between Pluck Corporation and The Sun-Times Company.

50. Consulting Agreement dated May, 2007 between Midwest Suburban Publishing, Inc. and Q Integrators Ltd.

51. Master Services Agreement dated November 28, 2006 between The Revere Group, Limited and The Sun-Times Company.

52. License and Service Agreement dated July 17, 2008 between Rockledge Software Inc. and The Sun-Times Company.

53. Application Service Provider Agreement effective July 1, 2008 between Sales Resource Group Inc. and Sun-Times News Group.

54. Master Services Agreement effective June 22, 2009 between Chicago Sun-Times LLC and SCA Interactive, LLC for the promotion term August 5, 2009 through September 29, 2009.

55. Scarborough Report License Agreement dated November 5, 2008 between Scarborough Research and The Sun-Times Company d/b/a STNG.

56. Security Services Agreement dated November 30, 2005 between Chicago Sun-Times, Inc. and The Security Professionals, Inc.

57. Subscription Solicitation Independent Contractor Agreement dated March 5, 2009 between The Sun-Times Company and Strategic Marketing Enterprise

58. Service Agreement, T-Mobile Terms and Conditions and Business Sales Amendment to T-Mobile Terms and Conditions dated February 12, 2008 between Sun-Times Media Group, Inc. and T-Mobile USA, Inc.

59. Tribune Media Services Television Listings Agreement dated August 22, 2001 between Tribune Media Services, Inc. and Hollinger International Inc. (now Sun-Times Media Group, Inc.).

60. Agreements between Tribune Media Services and The Sun-Times Company, Midwest Suburban Publishing, Inc. and The Post-Tribune Company LLC for various features.

61. Supply agreement dated February 10, 2009 between United Information Services Inc. d/b/a Sourcecorp Statement Solutions and The Sun-Times Company.

62. Agreements between United Media and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

63. Contract for Providing Temporary Worker dated August 1, 2006 between Chicago Sun-Times, Inc. and United Temps, Inc.

64. Agreements between Universal Press Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

65. Agreement dated November 25, 2008 between USA Weekend and The Sun-Times Company.

66. Newspaper Subscription Solicitation Independent Contractor Agreement dated May 31, 2007 between Chicago Sun-Times, Inc. and Ver-a-Fast, Inc.

67. Major Account Agreement dated September 26, 2008 between Cellco Partnership d/b/a Verizon Wireless and Fox Valley Press Inc.

68. Statements of Work dated February 23, 2009 for Christine Wardlow d/b/a CLW Consulting, LLC in support of Sun-Times Media Group Mactive Standardization Analysis, Mactive Web Width Reduction Analysis and Classified Advertising Model Analysis/ Standardization Recommendations.

69. Order Confirmation for Proposal #SP7320r3 dated December 29, 2008 between Chicago Sun-Times and Web Printing Controls Co., Inc.

70. Color Comics Printing Agreement dated December 15, 2005 and Amendment dated December 31, 2008 between Sun-Times Media Group and Western Colorprint, Inc.

71. Exclusive Right to Sell Brokerage Agreement dated December 9, 2008 between Paine/Wetzel Associates, Inc. and Midwest Suburban Publishing, Inc. for the real estate and improvements located at 6901 W. 159th Street, Tinley Park, Illinois.

72. Exclusive Right to Represent Brokerage Agreement dated December 9, 2008 between Paine/Wetzel Associates, Inc. and Midwest Suburban Publishing, Inc. for either the purchase or lease of replacement property.

73. Exclusive Right to Sell Brokerage Agreement dated July 14, 2008 between Paine/Wetzel Associates, Inc. and Fox Valley Publications LLC for the 5 Acres of vacant land at the Northwest corner of McDonough and Caterpillar Road, Joliet, Illinois.

74. Exclusive Right to Sell Brokerage Agreement dated July 14, 2008 between Paine/Wetzel Associates, Inc. and Fox Valley Publications LLC for the real estate and improvements located at 300 Lake Street, Elgin, Illinois.

75. Exclusive Right to Sell Brokerage Agreement dated July 14, 2008 between Paine/Wetzel Associates, Inc. and Fox Valley Publications LLC for the real estate and improvements located at 1500 W. Ogden, Naperville, Illinois.

76. Exclusive Right to Sell Brokerage Agreement dated December 10, 2008 between Paine/Wetzel Associates, Inc. and The Post-Tribune Company LLC for the real estate and improvements located at 1433 E. 83rd Street, Merrillville, Indiana.

77. Exclusive Right to Sell Brokerage Agreement dated December 10, 2008 between Paine/Wetzel Associates, Inc. and The Post-Tribune Company LLC for the real estate and improvements located at 114 West Clark Street, Crown Point, Indiana.

78. Exclusive Right to Sell Brokerage Agreement dated May 13, 2009 between Paine/Wetzel Associates, Inc. and Fox Valley Publications LLC for the 3.3 Acre Triangular Parcel East of Fox Valley Publishing, 135th Street, Plainfield, Illinois.

79. Client Service Contract and Addendum for Additional Services and Compensation to the Client Service Contract dated October 10, 2007 between Sun-Times Media Group, Inc. and Integro USA Inc.

80. Bank Card Merchant Agreement dated May 3, 1996 between The Sun-Times Company and The Fifth Third Bank and Midwest Payment Systems, Inc.

81. Payment Card Processing Agreement dated February 18, 2001 between Fox Valley Publications Inc. and Paymentech, LLC.

82. Service and Credit Billing Agreement dated April 13, 1995 between Pioneer Press and Prime Staffing, Inc.

83. Newspaper Subscription Solicitation Independent Contractor Agreement dated March 20, 2009 between The Sun-Times Company and News Marketing Group.

84. Independent Contractor Agreement dated February 13, 2009 between The Sun-Times Company and Newspaper Subscription Services.

85. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Shareway Inc.

86. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Newspaper Circulation Sales.

87. Newspaper Subscription Solicitation Independent Contractor Agreement dated February 26, 2008 between The Sun-Times Company and Mike Detherage.

88. Subscription Solicitation Independent Contractor Agreement dated February 26, 2009 between The Sun-Times Company and Press-One, Inc.

89. Strategic Alliance Agreement dated October 28, 2008 between Monster, Inc. and The Sun-Times Company.

90. Course Advisor Traffic and Lead Generation Program Agreement dated as of November 11, 2008 between Course Advisor, Inc. and Chicago Sun-Times LLC.

91. Co-Brand Agreement dated November 24, 2008 between PriceGrabber.com Inc. and Digital Chicago Inc.

92. Official Status Agreement between Chicago Sun-Times LLC and Raceway Associates, LLC.

93. Sponsorship Agreement effective January 1, 2009 between Live Nation Marketing, Inc. and Chicago Sun-Times LLC.

94. 2009 Advertising Trade Agreement effective April 24, 2009 between National Urban League and Chicago Sun-Times LLC.

95. 2009 Advertising Trade Agreement effective April 17, 2009 between Macy's East and Chicago Sun-Times LLC.

96. 2009 Advertising Trade Agreement effective February 10, 2009 between Sportsnews Productions Inc. consultants for Dreams, Inc. and Chicago Sun-Times LLC.

97. Advertising agreements with customers listed on Schedule 4.9(a)(i) Attachment.

98. Agreement dated as of June 1, 1983 and amended by agreements made as of or effective June 1, 1985, June 1, 1987, June 1, 1991, June 1, 1995, May 31,200 and June 1, 2007 between Chicago Sun-Times LLC and The Ebert Company, Ltd.

99. Employment Agreement dated October 20, 2006, effective August 1, 2006 between Chicago Sun-Times, Inc. and Richard Roeper.

100. Letter agreement dated March 31, 2000 between Chicago Sun-Times, Inc. and Terry Savage.

101. Agreement dated August 18, 2007 between Chicago Sun-Times, Inc. and Marin Corps Productions for the services of Carol Marin.

102. Employment Agreement dated as of March 1, 2006 between Chicago Sun-Times, Inc. and Mary A. Mitchell.

103. Employment Agreement dated as of December 1, 2003 between Chicago Sun-Times, Inc. and Michele Sneed.

104. Employment Agreement dated as of February 1, 2008 between Chicago Sun-Times LLC and Fran Spielman.

105. Employment Agreement dated September 26, 2003 between Chicago Sun-Times, Inc. and Rick Telander.

106. Release and Settlement Agreement dated December 10, 2008 between LaSalle Bank National Association, as Trustee and Fred Cooper its beneficiary and Chicago Sun-Times LLC.

107. Contract effective January 1, 2008 through December 31, 2010 between Chicago Sun-Times, Inc. and I.B.E.W. Local No. 134 (Electricians).

108. Agreement effective October 1, 2007 through June 30, 2010 between Chicago Sun-Times, Inc. and the Chicago Newspaper Guild Local #34071 (Guild).

109. Labor Agreement effective September 28, 2007 through September 30, 2011 between Chicago Sun-Times, Inc. and Progressive Lodge No. 126 IAM & AW (Machinists).

110. Agreement effective June 22, 2008 through June 30, 2012 between Chicago Sun-Times, Inc. and Chicago Mailers' Union CWA Local No. 14430 (Mailers).

111. Agreement effective May 25, 2008 through May 31, 2012 between Chicago Sun-Times, Inc. and International Union of Operating Engineers Local 399 (AFL-CIO) (Operating Engineers).

112. Agreement effective July 1, 2006 through June 30, 2010 between Chicago Sun-Times, Inc. and Chicago Web Printing Pressmen's and Paperhandler's Union No. 7 (Pressmen and Paperhandlers).

113. Agreement effective August 17, 2008 through August 16, 2012 between Chicago Sun-Times, Inc. and Local No. 458M, Graphic Communications Conference, International Brotherhood of Teamsters (Engravers).

114. Agreement effective July 15, 2003 through July 14, 2008 between Chicago Sun-Times, Inc. and Local 458M Platemaking Graphic Communications Union (Platemakers) (currently in negotiations).

115. Agreement effective December 15, 2007 through December 14, 2010 between Chicago Sun-Times Inc. and Newspaper, Magazine, Periodical Salesmen, Drivers, Pressmen, Division Men, District Managers, Checkers, Vendors Handlers and Electronic Media Workers Union Local No. 706, affiliated with I.B. of T., C., W. and H. of A. (Drivers).

116. Extension Agreement effective December 31, 2004 through December 31, 2011 between Chicago Sun-Times, Inc. and Chicago Typographical Union No. 16/CWA 14408 (Printers).

117. Agreement effective July 1, 2002 through June 30, 2009 between the Beacon News division of Fox Valley Publications, Inc. and Chicago Typographical Union No. 16/CWA 14408 (Printers) (currently in negotiations).

118. Agreement effective July 1, 2007 through June 30, 2010 between the Herald News division of Fox Valley Publications, Inc. and The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA (Guild).

119. Agreement effective January 1, 2008 through December 31, 2010 between Pioneer Newspapers, Inc. and Chicago Newspaper Guild CWA Local No. 34071 (Pioneer News Unit).

120. Addendum to Agreement effective November 30, 1999 (no expiration) between Pioneer Newspapers, Inc. and Chicago Newspaper Guild CWA Local No. 34071 (Production Unit).

121. Agreement effective March 1, 2007 through February 28, 2010 between the Lake County News-Sun division of Fox Valley Publications Inc. and The Chicago Newspaper Guild Local No. 34071, the Newspaper Guild AFL-CIO (Guild).

122. Agreement effective April 14, 2005 through April 13, 2009 between The Post-Tribune and The Newspaper Guild of Gary (Guild) (currently in negotiations).

123. Service Agreement dated December 23, 2008 between Amalee Innovative Systems Design Inc. and Chicago Sun-Times.

124. Service Agreement dated July 24, 2008 between Amalee Innovative Systems Design Inc. and Sun-Times News Group (Daily Southtown).

125. Service Agreement dated December 23, 2008 between Amalee Innovative Systems Design Inc. and Sun-Times News Group Inc. for Fox Valley Publications LLC.

126. Master Services Agreement dated April 15, 2007 among Yahoo! Inc. and the Members, as defined therein.

127. Service Order Re Yahoo! Search Services dated April 15, 2007 between Yahoo! and the Members.

128. Graphical Ads Service Order dated April 15, 2007, as amended, between Yahoo! and the Members.

129. Content Service Order dated April 15, 2007 between Yahoo! and the Members.

130. Newspaper Consortium Governance Agreement dated March 7, 2008 among the Members with respect to the Yahoo! Arrangements.

131. Operating Agreement of RogerEbert.Com, LLC dated September 30, 2003 by and among RogerEbert.Com, LLC, The Ebert Company, Ltd. and Chicago Sun-Times, Inc.

132. Letter of Agreement dated February 12, 2007 between Sun-Times Group and Blue Island Newspaper Printing, Inc.

133. Business Class Service Order Agreement ID#1239072 dated March 10, 2008 between Sun-Times News Group and Comcast for service at 495 N. Commons Dr., Aurora, IL, Suite 200.

134. Business Class Service Order Agreement ID#1286219 dated March 10, 2008 between Sun-Times News Group and Comcast for service at 495 N. Commons Dr., Aurora, IL, Suite 100.

135. Business Class Service Order Agreement ID#825719 dated May 11, 2007 between Fox Valley Publications and Comcast for service at 1500 W. Ogden Ave., Naperville, IL.

136. Business Class Service Order Agreement ID#691435 dated May 11, 2007 between Fox Valley Publications and Comcast for service at 13543 S. Route 30, Plainfield, IL.

137. Business Class Service Order Agreement ID#1600538 dated August 30, 2008 between Fox Valley Publications and Comcast for service at 13543 S. Route 30, Plainfield, IL.

138. Business Class Service Order Agreement ID#716170 dated May 11, 2007 between Fox Valley Publications and Comcast for service at 5901 W. 159th St., Tinley Park, IL.

139. License Order dated January 30, 2003 between The Nielsen Company (US), Inc. and The Sun-Times Company for Claritas Services.

140. Master Agreement and Statement of Work dated February 18, 2008 between The Sun-Times Company and CompuCom Systems, Inc.

141. Check Point 12x5 Technical Phone Support Contract provided by RKON Incorporated for the period April 1, 2009 through March 31, 210.

142. Check Point Software Subscription with RKON Incorporated for the period April 1, 2009 through April 1, 2010.

143. Websense Web Security Gateway Renewal and Support with RKON Incorporated for the period April 1, 2009 through April 1, 2010.

144. SMARTnet Renewal with Logicalis Integration Solutions co-terming all Devices to September 26, 2009.

145. ADP, Inc. National Account Services Master Service Agreement between ADP, Inc. and Hollinger International (now Sun-Times Media Group, Inc.).

146. All agreements related to the establishment, administration or maintenance of the Employee Benefit Plans disclosed on Schedule 4.12 Employee Benefit Plans, section (a).

147. All agreements disclosed on Schedule 4.17 Intellectual Property; Intellectual Property Infringements.

Schedule 4.9(a)(i)

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
US CELLULAR	$2,040,555
CARSON PIRIE SCOTT	$1,600,086
KOHLS	$1,082,164
TARGET STORES	$977,519
VERIZON WIRELESS	$947,377
CITIBANK	$881,153
JC PENNEY CO	$789,518
WALGREEN DRUG STORES	$757,258
HOME DEPOT	$600,743
WALT'S FOOD CENTER	$489,881
JEWEL FOODS	$487,228
CVS PHARMACY	$467,631
MANCARI OAKLAWN	$453,256
BEDDING EXPERTS THE	$438,862
COLDWELL BANKER	$429,150
MENARDS HARDWARE PLUS	$423,129
FIFTH THIRD BANK	$418,288
ILLINOIS LOTTERY	$405,241
THE SPORTS AUTHORITY	$404,349
LOWE'S	$396,328
ABT ELECTRONICS & APPLIANCES	$394,364
DICK'S SPORTING GOODS	$384,004
MACY'S EAST	$375,401
MENARDS	$374,907
SPRINT	$369,463
AT-T WIRELESS	$354,853
OFFICE MAX	$348,664
JCPENNEY	$347,277
SHERMAN DODGE	$322,562
CURRIE FORD-FRANKFORT	$315,016
BUENA VISTA/DISNEY	$304,609
PNC BANK CORP	$291,520
MICHAELS	$282,637

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
ULTRA FOODS	$281,749
STRACK & VAN TIL SUPERMARKET	$276,917
KERASOTES THEATERS	$274,089
UNIVERSAL PICTURES	$268,752
VALASSIS	$265,993
NSA	$248,741
POTAWATOMI BINGO CASINO	$246,733
GOLF MILL FORD	$244,195
BEST BUY COMPANY	$236,456
20TH CENTURY FOX	$233,560
HARRIS BANK/BANK OF MONTREAL	$233,424
BANK OF AMERICA	$232,577
FOX SEARCHLIGHT	$230,349
CURRIE MOTORS-CHEVROLET OF F	$227,114
HAWK FORD	$217,469
FOUR SEASONS HEATING & AIR	$217,136
STAR NISSAN	$209,248
BEST BUY CO INC	$208,278
NEWS AMERICA	$207,953
HOBBY LOBBY STORES INC	$206,705
COMED/EXELON CORP	$205,165
BILL JACOBS JOLIET	$201,299
CENTRAL DUPAGE HOSPITAL	$197,839
SEARS MEDIA CO C/O ALLIANCE	$191,064
SPM	$182,364
BLUE CHIP CASINO	$180,760
MEIJER	$179,374
NEWS AMERICA MARKETING-INSERT	$170,451
CHICAGO WOLVES	$166,671
COMCAST CABLE TELEVISION	$163,989
KOENIG & STREY REALTORS	$163,512
KMART	$156,968
OFFICE DEPOT	$146,850

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
Baird & Warner Acct/Mrktg Crdt	$139,843
GROSSINGER AUTOPLEX	$135,069
COOK BROS WHOLESALE WAREHOUS	$134,370
CRICKET WIRELESS	$129,964
UNIVERSAL SYNDICATION	$127,029
LIVE NATION	$126,849
WALMART	$126,452
PETCO	$125,334
MIKE ANDERSON CHEVROLET CHIC	$124,814
WEINSTEIN CO	$123,191
FRANKIES AUTO SALES	$120,574
LAKE STREET-TWIN SPA	$119,948
CHICAGOLAND CHEVY DLRS ASSN	$119,523
HOMEGOODS	$117,812
WIRELESS CENTRAL	$117,765
FAMILY HYUNDAI	$117,677
SEAR'S MIRACLE EAR	$117,597
AER LINGUS	$112,781
GRAND MITSUBISHI	$112,403
LION'S GATE	$109,956
ALLIANCE MEDIA	$109,068
JO-ANN STORES INC	$108,493
PARAMOUNT VANTAGE	$107,814
RIZZA CHEVROLET	$107,777
SEARS HOLDINGS MGMNT CORP	$107,669
MIKE ANDERSON CHEVROLET	$107,620
PHILLIPS CHEVROLET	$106,272
WIDE OPEN WEST	$105,753
PARK PLAZA DODGE	$103,666
PROVENA SAINT JOSEPH MED. CEN	$101,892
ALDI FOODS	$100,828
BACK TO BED	$100,574
TREASURE ISLAND FOODS	$99,675

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
CORALINE/MOVI	$99,034
WISEWAY	$98,397
CLEARCHOICE DENTAL IMPLANT	$96,542
SUMMIT STUDIO	$96,291
CENTER GARAGE	$95,729
PMT ADVERTISING	$95,618
MIRAMAX	$93,892
PORTER HOSPITAL	$93,556
TURK, FRANK	$93,362
SISTERS OF ST FRANCIS HEALTH	$92,797
RUSH PRES ST LUKES M C	$92,750
MPG/Evanston Northwestern Healthcare	$92,334
VILLAGE MATTRESS/CITY WIDE	$91,716
CHICAGO WHITE SOX	$91,286
B B MANAGEMENT CO	$91,195
ACE HARDWARE	$90,734
DANLEYS GARAGE WORLD	$90,212
ONE STOP FOODS	$88,405
EMPRESS CASINO	$88,268
HOFFMAN YORK, INC.	$86,239
PAYLOW FOODS	$85,546
GENERAL MOTORS BRAND	$85,510
BLAIN'S FARM & FLEET	$85,477
CADILLAC MOTOR CAR DIVISION	$85,372
GROSSINGER HYUNDAI	$84,276
BOSTON MENS HEALTH CENTER	$84,244
AUTOBARN VW-COUNTRYSIDE	$83,366
JOE RIZZA FORD ORLAND PK	$83,259
MB FINANCIAL	$83,175
TYSON MOTOR CORP	$82,846
ENERGY SAVERS	$82,335
MILK/MOVI	$80,386
FOUR WINDS CASINO	$80,363

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
GUARDIAN WINDOWS	$80,061
STAPLES	$79,727
HEALTH SERV. SYSTMS/ACCT PAY	$78,716
JERSEY BOYS	$77,257
MARCUS THEATER CORP	$77,023
INDIANA FURNITURE SHOWCASE	$75,840
WEBB CHEVROLET	$75,202
JOE RIZZA FORD NO RIVERSIDE	$75,000
DELL COMPUTERS	$74,295
AMERICAN MATTRESS	$74,207
ROTARY CLUB OF NAPERVILLE	$72,393
BUICK MOTORS DIV REGIONAL	$72,189
ROSE/MANCARI CHRY/JEEP/ISUZU	$72,038
AARP	$71,620
DON McCUE CHEVROLET	$71,410
MUSEUM OF SCIENCE & INDUSTRI	$69,092
National Gold Rush	$68,643
AGENTI MEDIA SRVCS-NOVUS	$68,598
EVANSTON ATHLETIC CLUB	$68,374
SPRINT029	$67,212
21ST CENTURY CHIROPRACTIC	$66,989
GROSSINGER CITY TOYOTA	$66,341
OVERTURE STUDIO	$65,195
GROSSINGER TOYOTA	$64,905
SOUTHWEST AIRLINES	$64,863
JENNIFER CONVERTIBLES	$64,815
LUMIERE PLACE CASI	$64,140
US AIRWAYS VACATIONS	$63,939
FRANKIE'S CHICAGO HEIGHTS	$63,768
CHRYSLER -JEEP	$63,367
RIZZA CADILLAC BUICK SAAB H	$62,720
YES MAN	$62,714
TRIBAL FUSION	$62,704

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
LOYOLA UNIV HEALTH SYSTEM	$62,617
GRAN TORINO	$62,554
WILL COUNTY CLERKS OFFICE	$62,456
BETTENHAUSEN MOTOR SALES	$62,306
GALAXIE LUMBER	$61,970
VALLEY HONDA/PINNACLE ADV.	$61,666
NATIONAL CITY BANK	$60,776
ECHO STAR	$60,539
OLD SECOND NATIONAL BANK	$59,996
ART INSTITUTE OF CHICAGO	$59,980
CHICAGO CUBS	$59,152
ANGELS & DEMONS	$58,087
UNIVERSAL MEDIA SYNDICATIONS	$57,848
MIDWEST DENTAL SLEEP CENTER	$56,853
DIANE STELKEN & ASSOCIATES	$56,700
NAPLETON DODGE	$56,561
SEARS HOLDINGS - KMART	$56,443
HOOSIER LOTTERY	$56,378
VALASSIS - POST TRIBUNE	$56,297
ADVANTAGE CHEVROLET	$55,805
COMPAQ GROUP	$55,588
RIFFCO ADVERTISING	$55,272
CARDINAL LIQUORS	$55,032
HEAT SURGE LLC	$54,968
WOODFIELD NISSAN	$54,706
LEVIN TIRE HOUSE	$54,180
PRUDENTIAL PREFERRED PROPERTIES	$54,147
COMMUNITY FOUNDATION OF NWI	$53,701
MAX MADSEN AURORA	$53,571
PEORIA PACKING LTD	$53,071
BETTER BUILT LUMBER	$53,067
CABELA'S	$53,046
SATURN CORPORATE	$52,688

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
ETTLESON HYUNDAI	$52,474
ULTA 3	$52,224
AMERICAN EXPRESS	$52,091
GLENDALE NISSAN	$51,993
LORD AND TAYLOR	$51,983
METHODIST HOSPITAL/VEN 943019	$51,596
RICK LEVIN & ASSOC	$51,530
T-MOBILE	$51,241
HARBOR OLDS GMC-TRUCK	$50,917
MCCARTHY FORD INC	$50,507
HUMMER	$50,473
GRAND SUBARU	$50,338
SAVE MORE/HAPPY FOODS	$50,170
SAFEWAY INSURANCE	$50,123
OP Area Convention & Visitors Bureau	$50,000
RUSH-COPLEY MEDICAL CENTER	$49,853
CERTIFIED GROCERS/RETAIL ONLY	$49,834
Terminator Salvation	$49,565
HOWARD PONTIAC	$49,338
BANKRATE INC	$49,276
LANDMARK THEATRE CORP	$49,142
PAUL HEURING FORD	$48,990
MEDIA PLANET	$48,700
COLDWELL BANKER-NORTH	$48,384
BANK FINANCIAL	$47,947
EDWARD HOSPITAL	$47,890
SWEET TEMPTATIONS	$47,728
GOVERNORS STATE UNIVERSITY	$47,570
GRANGE INSURANCE	$47,382
RESURRECTION MEDICAL CENTER	$46,995
NIPSCO	$46,908
PALOS COMMUNITY HOSPITAL	$45,919
SOUTH SUBURBAN MITSUBISHI	$45,300

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
EVERGREEN KIA	$45,195
HARBOR HONDA	$45,185
ANDRIANA FURS	$44,957
MIKE HAGGERTY PONTIAC/GMC	$44,665
ARIZONA OFFICE OF TOURISM	$44,375
FRESH HORIZON REALTY	$44,225
SYMPHONY CENTER	$43,910
SOUTH OAK DODGE	$43,858
M C SPORTING GOODS	$43,614
HONDA OF LISLE	$43,592
CHICAGO AUTO TRADE ASSN	$43,550
IMPERIAL LTD WHOL/SUITS 2020	$43,200
THE DOCTORS INN	$43,100
ARNELL USED CARS	$43,000
SHAVER PREFERRED MOTORS	$42,947
HOTEL FOR DOGS	$42,812
VERSUS	$42,507
SOUTH HOLLAND DODGE	$42,416
BILL KAY FORD IN MIDLOTHIAN	$42,398
WATCHMAN/MOVI	$42,278
DISCOUNT HOME REMODELERS INC	$42,220
CHICAGOLAND SPEEDWAY	$42,012
CHATHAM THEATER 14	$42,009
CENTRAL GROCERS	$41,629
ARONSON ADV/AUTOBARN OF COUNT	$41,565
STEELE & LOEBER	$41,511
BILL JACOBS CHEVY/OLDS	$41,094
CENTURY TILE & CARPET	$41,053
ADVERTISING.COM	$40,936
DOLLAR TREE	$40,799
VALKYRIE/MOVI	$40,745
CHEVROLET	$40,347
WALL STREET JOURNAL	$40,214

STNG- YTD REVENUE FOR ALL ACCOUNTS OVER $40k THROUGH: **6/21/2008**

Account Name	This YTD Revenue
PINNACLE ADV/SOUTHLAKE DODGE	$40,078
KENTUCKY FRIED CHICKEN	$40,067
MONSTERS VS. ALIEN	$40,025
Total Selected Accounts > $40K	$40,155,147

MEMO:	
Display and Other	$ 66,272,800
Inhouse Classified	$ 16,212,300
Total STNG Revenue thru 6/20/09	$ 82,485,100

Coverage of Selected Accounts:	
Display and Other	61%
Total STNG	49%

SCHEDULE 4.9(b)

MATERIAL CONTRACT EXCEPTIONS

None.

SCHEDULE 4.9(c)

MATERIAL CONTRACT CONSENTS

Prior to giving effect to Section 365 of the Bankruptcy Code, the following contracts require Consent to assignment to Buyer:

1. Website Services Agreement dated December 9, 2005 between Adicio, Inc. and Chicago Sun-Times, Inc.

2. Agfa Corporation Newspaper Master Purchase Agreement dated June 26, 2008 between Sun-Times News Group and Agfa Corporation and Direct Consumable Purchase Agreements each dated June 26, 2008 between Agfa Corporation and Chicago Sun-Times LLC, Fox Valley Publications and Pioneer Newspapers.

3. Master Services Agreement dated September 29, 2000 between Akamai Technologies, Inc. and Digital Chicago Inc.

4. Master Agreement dated August 4, 2005, Addendum dated June 29, 2006 and Amendment No. 1 to Addendum dated April 30, 2008 between The Sun-Times Company and AT&T.

5. Technical Order Form No. 20080826TB14957 dated February 5, 2009 between Chicago Sun-Times and AT&T.

6. AT&T Corporate Digital Advantage Agreement No. 395901 between Sun-Times Media Group, Inc. and AT&T Mobility National Accounts LLC.

7. Agreement for AT&T ILEC Services and Pricing Schedule dated June 6, 2008 between The Sun-Times Company and AT&T.

8. A&T TeleConference Services Term Plan Service Authorization dated June 27, 2008 between Chicago Sun-Times and AT&T Corp.

9. Commercial Card Agreement dated January 26, 2007 between LaSalle Bank National Association (now known as Bank of America, N.A.) and The Sun-Times Company d/b/a Sun-Times News Group.

10. Maintenance Agreement effective July 1, 2007 between Building Services of America and Chicago Sun-Times, Inc.

11. Vehicle Contract Maintenance Agreement dated December 20, 2007 between Carmichael Leasing Co., Inc. d/b/a Carmichael Nationalease and The Sun-Times Company.

12. Transfer and Strategic Alliance Agreement dated as of January 1, 2006 among DriveChicago, LLC, the Chicago Automobile Trade Association and The Sun-Times Company.

13. Executive Suite License Agreement dated February 13, 2008 between Chicago Bears Football Club, Inc. and Sun-Times News Group.

14. Chicago Cubs Mezzanine Suite License Agreement dated February 11, 2009 between Chicago National League Ball Club LLC and Chicago Sun-Times Newsgroup.

15. Agreement dated February 5, 2009 between Chicago White Sox, Ltd. and Sun-Times News Group.

16. Purchase and Security Agreement dated December17, 2008 between Goss International Americas, Inc. and Chicago Sun-Times, Inc.

17. MerlinOne, Inc. E-Sheets® Services Agreement dated July 6, 2005 between MerlinOne, Inc. and The Sun-Times Company.

18. Retail Electric Supplier Agreement dated August 12, 2008 between Midamerican Energy Company and The Sun-Times Company.

19. MyCapture Service Agreement dated October 17, 2005 between myCapture, Inc. and Digital Chicago Inc.

20. General Services Agreement dated May 30, 2008 between The Sun-Times Company and Open Foundation, LLC

21. Agreement dated August 10, 2007 and Amendment dated August 15, 2008 between Opt It, Inc. and Digital Chicago, Inc.

22. Master Services Agreement dated November 28, 2006 between The Revere Group, Limited and The Sun-Times Company.

23. Application Service Provider Agreement effective July 1, 2008 between Sales Resource Group Inc. and Sun-Times News Group.

24. Scarborough Report License Agreement dated November 5, 2008 between Scarborough Research and The Sun-Times Company d/b/a STNG.

25. Security Services Agreement dated November 30, 2005 between Chicago Sun-Times, Inc. and The Security Professionals, Inc.

26. Service Agreement, T-Mobile Terms and Conditions and Business Sales Amendment to T-Mobile Terms and Conditions dated February 12, 2008 between Sun-Times Media Group, Inc. and T-Mobile USA, Inc.

27. Major Account Agreement dated September 26, 2008 between Cellco Partnership d/b/a Verizon Wireless and Fox Valley Press Inc.

28. Color Comics Printing Agreement dated December 15, 2005 and Amendment dated December 31, 2008 between Sun-Times Media Group and Western Colorprint, Inc.

29. Bank Card Merchant Agreement dated May 3, 1996 between The Sun-Times Company and The Fifth Third Bank and Midwest Payment Systems, Inc.

30. Payment Card Processing Agreement dated February 18, 2001 between Fox Valley Publications Inc. and Paymentech, LLC.

31. Course Advisor Traffic and Lead Generation Program Agreement dated as of November 11, 2008 between Course Advisor, Inc. and Chicago Sun-Times LLC.

32. Official Status Agreement between Chicago Sun-Times LLC and Raceway Associates, LLC.

33. Sponsorship Agreement effective January 1, 2009 between Live Nation Marketing, Inc. and Chicago Sun-Times LLC.

34. ASP Agreement dated September 30, 2008 between Olive Software, Inc. and Chicago Sun-Times, Inc.

35. Master Services Agreement dated April 15, 2007 among Yahoo! Inc. and the Members, as defined therein.

36. Service Order Re Yahoo! Search Services dated April 15, 2007 between Yahoo! and the Members.

37. Graphical Ads Service Order dated April 15, 2007, as amended, between Yahoo! and the Members.

38. Content Service Order dated April 15, 2007 between Yahoo! and the Members.

39. Newspaper Consortium Governance Agreement dated March 7, 2008 among the Members with respect to the Yahoo! Arrangements.

40. Operating Agreement of RogerEbert.Com, LLC dated September 30, 2003 by and among RogerEbert.Com, LLC, The Ebert Company, Ltd. and Chicago Sun-Times, Inc.

41. All leases as disclosed on Schedule 4.14 Real Property Leases and Licenses.

SCHEDULE 4.9(d)

MATERIAL CONTRACT TERMINATION

None.

SCHEDULE 4.9(e)

MATERIAL CONTRACT BREACH

1. Pursuant to an Office Lease (the "Lease") dated May 17, 2004, as amended, between Chicago Sun-Times LLC f/k/a Chicago Sun-Times, Inc. ("Sun-Times") and 350 North Orleans L.L.C. ("Landlord"), Sun-Times failed to meet a financial covenant under the Lease and, as a result, was required to provide Landlord with an irrevocable letter of credit, which it has not. In addition, the filing of the Chapter 11 Case constitutes a default under the Lease. Sun-Times expects Landlord to waive these defaults

SCHEDULE 4.10

PERMITS; PERMIT EXCEPTIONS

1. Illinois Department of Revenue Certificate of Registration issued to the Chicago Sun-Times, expiring 6/30/2011.

2. Illinois Department of Revenue Certificate of Registration issued to Fox Valley Publications for the Aurora Beacon News, expiring 11/30/2010.

3. Illinois Department of Revenue Certificate of Registration issued to Fox Valley Publications for the Lake County News-Sun, expiring 11/30/2010.

4. Illinois Department of Revenue Certificate of Registration issued to Fox Valley Publications for the Elgin Courier News, expiring 11/30/2010.

5. Illinois Department of Revenue Certificate of Registration issued to Fox Valley Publications for Sun Publications, expiring 11/30/2010.

6. Illinois Department of Revenue Certificate of Registration issued to Fox Valley Publications for the Joliet Herald News, expiring 11/30/2010.

7. Illinois Department of Revenue Certificate of Registration issued to Midwest Suburban Publishing Inc., expiring 12/31/2012.

8. Illinois Department of Revenue Certificate of Registration issued to Pioneer Newspapers Inc.

9. Indiana Registered Retail Merchant Certificate issued to Post-Tribune Publishing, expiring 2/28/2010.

10. City of Chicago Limited Business License No. 1893179 issued to Chicago Sun-Times LLC for 350 N. Orleans St., Floors 9 and 10, Chicago, IL, expiring 12/15/2009.

11. City of Chicago Retail Food Establishment License No. 1883453 issued to Chicago Sun-Times LLC for 350 N. Orleans St., Floors 2, 9 and 10, Chicago, IL, expiring 12/15/2009.

12. Village of Plainfield Business License No. BA2002947 issued to Fox Valley Publications for 13543 S. Route 30, Plainfield, IL, expiring 12/31/2009.

13. Village of Tinley Park Business License No. B-000221issued to Midwest Suburban Publishing Inc. for 6901 W. 159th St., Tinley Park, IL, expiring 12/31/2009.

14. City of Waukegan Business License No. 1286 issued to The News Sun for 2383 Delaney Rd., Waukegan, IL, expiring 12/31/2009.

15. Village of Hinsdale Business License No. 2008-1109 issued to The Doings to 440 E. Ogden Ave., Hinsdale, IL, expiring 12/31/2008.

16. Town of Merrillville Business License No. 1471-20 issued to Post Tribune Publishing for 1433 E. 83rd Ave, Merrillville, IN, expiring 10/1/2009.

17. Various postal permits.

SCHEDULE 4.11

ENVIRONMENTAL MATTERS

1. City of Chicago 2008 Certificate of Operation issued to Chicago Sun-Times for 2800 S. Ashland, Chicago, IL.

2. City of Chicago Hazardous Materials License No. 83778 issued to Chicago Sun-Times LLC for 2800 S. Ashland, Chicago, IL, expiring 12/15/2009.

3. Metropolitan Water Reclamation District of Greater Chicago User No. 25643 for 2800 S. Ashland, Chicago, IL.

4. Cook County Department of Environmental Control Certificate of Operation for the Pioneer Press Production Center at 275 Northfield Road, Northfield, IL.

5. Cook County Department of Environmental Control Certificate of Operation for the Pioneer Press facility at 3701 W. Lake Ave., Glenview, IL.

6. Illinois Environmental Protection Agency Lifetime Operating Permit No. 97120098 for 2800 S. Ashland, Chicago, IL.

7. Illinois Environmental Protection Agency Operating Permit for Smaller Source No. 96090103 for 13543 S. Route 30 (formerly 3101 Route 30), Plainfield, IL.

8. Illinois Environmental Protection Agency Operating Permit for Smaller Source No. 94070057 for 275 Northfield Road, Northfield, IL.

9. The Company has submitted changes to the Illinois Environmental Protection Agency regarding its Lifetime Operating Permit for the Ashland facility.

SCHEDULE 4.12(a)

EMPLOYEE BENEFIT PLANS

1. Sun-Times Company Medical Health Plan
2. The Post-Tribune Company Comprehensive Health Plan
3. Sun-Times Company Dental Insurance Plan
4. Sun-Times Company Vision Service Plan
5. Sun-Times Company Long-Term Disability Continuance Plan
6. Sun-Times Editorial Employees Vision Service Plan
7. Sun-Times Company Life, AD&D and Optional Term Life (f/k/a Group Life, AD&D and Optional Term Life)
8. Sun-Times Travel Accident and Special Risk Plan
9. Sun-Times Media Group 401(k) Plan
10. Chicago Sun-Times Pre-Tax Advantage Savings System
11. Pioneer Newspapers Incorporated Editorial Employees 401(k) Plan
12. The Sun-Times Company Flexible Benefits Plan (Flex Plus Plan)
13. Chicago Sun-Times Guild Employees Pension Plan
14. Chicago Sun-Times Office Employees Pension Plan
15. 1986 Chicago Sun-Times Pension Plan
16. Retirement Plan for Employees of Star Publications, Inc.
17. Retirement Plan for Bargaining Employees of Daily Southtown, Inc.
18. Pioneer Press Retirement Income Plan
19. The Sun-Times Consolidated Unions Comprehensive Healthcare Plans (Chicago Sun-Times Union Groups – Platemakers, Mailers, Electricians, Machinists and Guild)
20. Graphic Communications National Health and Welfare Fund (Chicago Sun-Times Pressmen and Paperhandlers Healthcare)
21. Chicago Graphic Arts (Chicago Sun-Times Group CGAF-Photoengravers Healthcare)

22. Central States Southeast and Southwest Areas Health and Welfare and Pension Funds (Chicago Sun-Times Drivers)

23. Chicago Sun-Times Newspaper Publishers Drivers Union Dental Plan (Chicago Sun-Times Drivers Dental)

24. Chicago Sun-Times Drivers Vision Service Plan (Chicago Sun-Times Drivers Vision)

25. National IAM Benefit Trust Fund (Chicago Sun-Times Machinists Dental)

26. ITU Negotiated Pension Plan (Chicago Sun-Times and Fox Valley Publications Composing Room, Mailers/Stuffers

27. GCIU Employer Retirement Fund (Chicago Sun-Times Pressmen, Platemakers, Paperhandlers and Photoengravers).

28. IAM National Pension Fund (Chicago Sun-Times Machinists)

29. CNP (Amalgatrust) (Chicago Sun-Times Drivers)

30. Central Pension Fund (Chicago Sun-Times Building Engineers)

31. GCIU Supplemental (Chicago Sun-Times Photoengravers)

32. Various executive life insurance policies

33. Post-Tribune Universal Life Plan

34. Fox Valley Publications Supplemental AD&D Plan (frozen)

35. Sun-Times Media Group, Inc. Short Term Disability Plan (self administered)

36. Sun-Times Company Parking Reimbursement Plan

37. Sun-Times Media Group, Inc. Group Educational Assistance Plan (self administered)

(b) Seller did not make the quarterly contribution due April 15, 2009 and July 15, 2009 to the following Plans and sent a Notice of Failure to Meet Minimum Funding Standard to all Participants and Beneficiaries of such Plans on June 15, 2009 and August 20, 2009, respectively:

Chicago Sun-Times Guild Employees Pension Plan
Chicago Sun-Times Office Employees Pension Plan
Retirement Plan for Employees of Star Publications, Inc.
Retirement Plan for Bargaining Employees of Daily Southtown, Inc
Pioneer Press Retirement Income Plan

SCHEDULE 4.12(b)

EMPLOYEE BENEFIT PLAN EXCEPTIONS

1. Seller did not make the quarterly contribution due April 15, 2009 and July 15, 2009 to the following Plans and sent a Notice of Failure to Meet Minimum Funding Standard to all Participants and Beneficiaries of such Plans on June 15, 2009 and August 20, 2009, respectively:

   Chicago Sun-Times Guild Employees Pension Plan
   Chicago Sun-Times Office Employees Pension Plan
   Retirement Plan for Employees of Star Publications, Inc.
   Retirement Plan for Bargaining Employees of Daily Southtown, Inc
   Pioneer Press Retirement Income Plan

SCHEDULE 4.13

OWNED REAL PROPERTY

(a)

1. 2800 S. Ashland Ave., Chicago, IL 60608-5323
   Owner: Chicago Sun-Times LLC f/k/a Chicago Sun-Times, Inc.

2. 2383 N. Delany Rd., Waukegan, IL 60087-1836
   Owner: Chicago Sun-Times LLC f/k/a Chicago Sun-Times, Inc.

3. 300 Lake St., Elgin, IL 60120-6530
   Owner: Fox Valley Publications LLC f/k/a Fox Valley Publications, Inc. f/k/a American Publishing Company of Arkansas

4. Vacant land located at intersection of McDonough St. and Caterpillar Dr., Joliet, IL 60436
   Owner: Fox Valley Publications LLC f/k/a Fox Valley Publications, Inc.

5. 1500 W. Ogden Ave., Naperville, IL 60540-3919
   Owner: Fox Valley Publications LLC f/k/a Fox Valley Publications, Inc. f/k/a American Publishing Company of Arkansas

6. 13543 S. Route 30, Plainfield, IL 60544-1100
   Owner: Fox Valley Publications LLC f/k/a Fox Valley Publications, Inc. f/k/a American Publishing Company of Arkansas

7. 6901 159th St., Tinley Park, IL 60477-2327
   Owner: Midwest Suburban Publishing, Inc., successor in interest by merger to Daily Southtown, Inc.

8. 3701 W. Lake Ave., Glenview, IL 60026-1216
   Owner: The Sun-Times Company [as successor to APC 1993, Inc.]

9. 112 W. Clark St., Crown Point, IN 46307-3918
   Owner: The Post-Tribune Company LLC f/k/a The Post-Tribune Company f/k/a American Publishing Company of Illinois

10. 1433 E. 83rd Ave., Merrillville, IN 46410-6307
    Owner: The Post-Tribune Company LLC f/k/a The Post-Tribune Company f/k/a American Publishing Company of Illinois

11. 1065 Broadway, Gary, IN 46402-2907 (building is owned; land is leased as disclosed on Schedule 4.14 Real Property Leases and Licenses).

12. Legal descriptions for items 1 through 10 are included in title policies previously delivered by Sellers to Buyer.

(b) Pursuant to a Settlement Agreement dated December 10, 2008 between Chicago Sun-Times LLC ("Sun-Times") and the owner of the parcel of real estate contiguous to the east side of Sun-Times' Waukegan property (the "Contiguous Property"), Sun-Times is required, at its expense, to remove the portion of its parking lot that is located on the Contiguous Property and to restore such portion of the Contiguous Property to its original condition.

SCHEDULE 4.14

REAL PROPERTY LEASES AND LICENSES

1. Office Lease Agreement dated December 19, 1983, as amended by First through Fifth Amendments, between Press Building, LLC and Chicago Sun-Times Inc. for the premises located at 529 14th St. NW, Suite 1206, Washington, DC.

2. Office Lease dated May 17 ,2004, as amended by First and Second Lease Amendments, between 350 North Orleans L.L.C. and Chicago Sun-Times LLC for the premises located on Floors 2, 9, 10 and basement storage at 350 N. Orleans St., Chicago, IL.

3. Office Lease Agreement dated April 25, 2007, as amended by First Amendment to Lease and Second Amendment to Lease, between ACG-Meridian, LLC and Fox Valley Publications LLC for the premises located at 495 N. Commons Dr., Suites 100, 101 and 200, Aurora, IL.

4. Commercial Lease dated October 1, 2006 between FDIC as Receiver for Superior Bank, FSB and Pioneer Newspapers Inc. for the premises located on the second floor and basement storage at 440 E. Ogden Ave., Hinsdale, IL. ***[Expires 9/30/09]***

5. Lease dated August 31, 2009 between York & Ogden LLC and Pioneer Newspapers Inc. for the premises located at 920 N. York Rd., Suite 200, Hinsdale, IL ***[Commences 10/1/09]***

6. Lease dated April 2, 1990, as amended by First and Second Extension Agreements, between Koestlin Property, L.P. and Pioneer Newspapers Inc. for the premises located at 275 Northfield Rd., Northfield, IL.

7. Office Building Lease dated October 6, 1988, as amended by First Amendment to Lease, between Oak Leaves Limited Partnership and Pioneer Newspapers Inc. for the premises located at 1140 W. Lake St., Suites 150 and 155, Oak Park, IL.

8. Lease dated May 1, 1956, as amended by Supplemental Lease Agreement, between 1065 Broadway Corporation and Gary Printing and Publishing Company (n/k/a The Post-Tribune Company LLC) for the land located at 1065 Broadway, Gary, IN.

SCHEDULE 4.15

TITLE TO ASSETS; SUFFICIENCY

See Schedule 4.13, item (b).

SCHEDULE 4.17

INTELLECTUAL PROPERTY; INTELLECTUAL PROPERTY INFRINGEMENTS

(a)(i) Patents, Trademarks and Domain Names

See Schedule 4.17(a)(i) Attachment

(a)(ii)(A) Intellectual Property licenses from Seller to third party

1. Pursuant to the Agreement dated June 1, 1983, by and between Chicago Sun-Times LLC and The Ebert Company, Ltd., as amended, Chicago Sun-Times LLC has granted Ebert a non-exclusive, non-cancelable, royalty-free, perpetual license, subject to certain limitations, to utilize the Sun-Times' copyrights in the material produced by Ebert for the Chicago Sun-Times and other STNG newspapers.

2. STNGWire consists of a Newswire (short news stories or information bulletins) and a Daybook (daily list of events) that Seller licenses for a fee to radio and television stations including WLS-AM and WBBM-AM radio, CBS2, NBC5, ABC7, FOX32 and Telemundo.

3. Digital Publication Distribution Agreement dated November 4, 2008 between The Sun-Times Company and Amazon Digital Services, Inc.

4. License Agreement dated March 11, 2008 between Chicago Sun-Times LLC and Burrelle's Information Services, LLC.

5. Co-Branding Agreement dated March 9, 2007 between Digital Chicago Inc. and Chicago.com, Inc.

6. Agreement dated May 1, 2006 between Chicago Sun-Times, Inc. and NBC Subsidiary (WMAQ-TV), Inc., operator of television station WMAQ-TV/NBC5.

7. MyCapture Service Agreement dated October 17, 2005 between myCapture, Inc. and Digital Chicago Inc.

8. License Agreement dated September 10, 1992 between Mead Data Central, Inc. (now known as LEXIS-NEXIS, a division of Reed Elsevier Inc.) and Chicago Sun-Times, Inc., with related notice of termination effective September 10, 2009.

9. Newsbank License Agreement dated January 28, 2008 between The Sun-Times Company and NewsBank, Inc.

10. Pictopia PTP™ Online Image Resale Agreement dated April 4, 2003 between Pictopia, Inc. and Digital Chicago Inc.

11. Content License Agreement dated May 12, 2008 between Discovery Education, Inc. and The Sun-Times Company.

(a)(ii)(B) Intellectual Property licenses from third party to Seller

1. Newspaper Service User Agreement dated November 13, 2001 between Accu Weather, Inc. and Chicago Sun-Times, Inc.

2. Newspaper Service User Agreement dated April 1, 2002 between Accu Weather, Inc. and Post-Tribune.

3. Membership Agreement dated January 3, 1985 and Digital Use Agreement dated July 11, 2006 between The Associated Press and Chicago Sun-Times Inc.

4. AP Member Online Video Network Affiliate Agreement dated November 28, 2006 between The Associated Press and Chicago Sun-Times Inc.

5. Membership Agreement dated February 14, 2001 between The Associated Press and Fox Valley Publications Inc. for The Beacon-News (Aurora).

6. Membership Agreement dated March 21, 2003 between The Associated Press and Fox Valley Publications Inc. for The Courier-News (Elgin).

7. Membership Agreement dated March 21, 2003 between The Associated Press and Fox Valley Publications Inc. for The Herald-News (Joliet).

8. Membership Agreement dated March 21, 2003 between The Associated Press and Fox Valley Publications Inc. for The Naperville Sun.

9. Membership Agreement dated March 21, 2003 between The Associated Press and Fox Valley Publications Inc. for The News Sun (Waukegan).

10. Digital Use Agreement dated July 11, 2006 between The Associated Press and Fox Valley Publications Inc.

11. AP Member Online Video Network Affiliate Agreement dated November 28, 2006 between The Associated Press and Fox Valley Publications, Inc.

12. Membership Agreement between The Associated Press and Midwest Suburban Publishing Inc. for the SouthtownStar.

13. Membership Agreement dated September 9, 1966 and Digital Use Agreement dated July 11, 2006 between The Associated Press and The Post-Tribune Company.

14. AP Member Online Video Network Affiliate Agreement dated November 27, 2006 between The Associated Press and The Post-Tribune Company.

15. Online Video Network Affiliate Agreement dated November 27, 2006 between The Associated Press and Digital Chicago Inc.

16. Agreement between Atlantic Syndication and Midwest Suburban Publishing Inc. for various features.

17. Contract between Chicago Sun-Times and B-Linked Inc. for direct delivery XML with retriever service plan and insertion order processing.

18. Print and Online Content License Agreement dated May 22, 2007 between The Sun-Times Company d/b/a Sun-Times News Group and Bankrate, Inc.

19. Agreement dated January 24, 2003 between Cagle Cartoons and The Post-Tribune.

20. Agreement between Chicago Sun-Times and CanWest News Service for agate pages.

21. Agreement between ChoicePoint Public Records Inc. and Midwest Suburban Publishing Inc. for AutoTrackXP subscription.

22. Agreements between Creators Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

23. Agreement between FPinfomart, a Division of Canwest Publishing Inc. and Chicago Sun-Times for indexing of Chicago Sun-Times pages.

24. Agreement between Gatehouse News Service and Midwest Suburban Publishing Inc. for wire service.

25. Agreement between Haines & Company, Inc. and Midwest Suburban Publishing Inc. for lease subscription to Cross+Cross Plus Real Estate software.

26. Jupiterimages Unlimited Subscription License Agreement dated December 27, 2007 between Jupiterimages Corporation and Chicago Sun-Times LLC.

27. Agreements between King Features Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

28. License Agreement dated September 10, 1992 between Mead Data Central, Inc. (now Lexis-Nexis Group) and Chicago Sun-Times, Inc. (terminates September 10, 2009).

29. Merlin Extended Support Program agreement dated December 15, 2008 between MerlinOne, Inc. and Chicago Sun-Times.

30. Service Agreement dated March 28, 2007 between Metro Creative Graphics, Inc. and Post-Tribune.

31. Agreement dated October 15, 2008 between MultiAd and The Post-Tribune for art source.

32. Agreements between Murray and Trettel, Incorporated and Fox Valley Publications LLC, Midwest Suburban Publishing Inc. and The Post-Tribune Company LLC for Weather Command forecasting services.

33. Agreements between The New York Times Syndication Sales Corporation and Chicago Sun-Times LLC, Fox Valley Publications LLC and Midwest Suburban Publishing Inc. for various features.

34. Agreement effective December 5, 2008 between The Nielsen Company (US), Inc., d/b/a Nielsen Online and The Sun-Times Company for NetView subscription.

35. Subscription agreement between Record Information Services and Pioneer Newspapers Inc. for public record information search.

36. Service Agreement dated July 1, 1998 between Reed Brennan Media Associates, Inc. and Post-Tribune for various comics.

37. Agreement between Starcott Media Services, Inc. and Fox Valley Publications LLC for James Dulley columns.

38. Agreement between Targeted News Service and Post-Tribune for Federal News Package.

39. Subscription agreement between Thomas Voting Reports, Inc. and Pioneer Newspapers Inc. for congressional voting report.

40. Agreement between Torstar Syndication Services and Chicago Sun-Times LLC for various features.

41. Tribune Media Services Television Listings Agreement dated August 22, 2001 between Tribune Media Services, Inc. and Hollinger International Inc. (now Sun-Times Media Group, Inc.).

42. Agreements between Tribune Media Services and The Sun-Times Company, Midwest Suburban Publishing, Inc. and The Post-Tribune Company LLC for various features.

43. United Media Internet Site License Agreement dated as of July 14, 2008 among United Feature Syndicate, Inc., Newspaper Enterprise Association, Inc. and The Sun-Times Company.

44. Agreements between United Media and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

45. Agreements between Universal Press Syndicate and Chicago Sun-Times LLC, Fox Valley Publications LLC, Midwest Suburban Publishing Inc., Pioneer Newspapers Inc. and The Post-Tribune Company LLC for various features.

46. Multi Use List Rental Agreement dated October 9, 2008 between Pioneer Newspapers Inc. and Walter Karl List Management.

47. Agreements between The Washington Post Writers Group and Chicago Sun-Times LLC, Midwest Suburban Publishing Inc. and The Post-Tribune Company LLC for various features.

48. ASP Agreement dated September 30, 2008 between Olive Software, Inc. and Chicago Sun-Times, Inc.

(b) Infringement – None.

Schedule 4.17(a)(i) Attachment

Trademark	Application/Registration No.	Status	Registration Date	Next Action	Market value	Currency	Debtor
BETWEEN THE LINES	3,049,777	Registered	24-Jan-06	24-Jan-16	Undetermined	USD	Chicago Sun-Times LLC
CHICAGO SUN-TIMES	1,442,078	Registered	9-Jun-87	9-Jun-17	Undetermined	USD	Chicago Sun-Times LLC
CHICAGO SUN-TIMES EASY PAYMENT PROGRAM & Design	3,405,165	Registered	1-Apr-08	1-Apr-14	Undetermined	USD	Chicago Sun-Times LLC
LET'S GET INTO IT	3,437,236	Registered	27-May-08	27-May-14	Undetermined	USD	Chicago Sun-Times LLC
NEIGHBORHOODCIRCLE.COM	3,456,473	Registered	1-Jul-08	1-Jul-14	Undetermined	USD	The Sun-Times Company
STNG	3,579,705	Registered	24-Feb-09	24-Feb-15	Undetermined	USD	Chicago Sun-Times LLC
STNG SUN-TIMES NEWS GROUP & Design	3,493,456	Registered	26-Aug-08	26-Aug-14	Undetermined	USD	Chicago Sun-Times LLC
STNG WIRE	3,299,802	Registered	25-Sep-07	25-Sep-13	Undetermined	USD	Chicago Sun-Times LLC
STNG WIRE & Design	3,287,081	Registered	28-Aug-07	28-Aug-13	Undetermined	USD	Chicago Sun-Times LLC
SUN-TIMES	2,992,521	Registered	6-Sep-05	6-Sep-11	Undetermined	USD	Chicago Sun-Times LLC
SUN-TIMES NEWS ON THE DOT	3,281,689	Registered	21-Aug-07	21-Aug-13	Undetermined	USD	Chicago Sun-Times LLC
TV PREVUE	979,443	Registered	26-Feb-74	26-Feb-13	Undetermined	USD	Chicago Sun-Times LLC
YOUR NEIGHBORHOOD. YOUR CIRCLE OF FRIENDS. WELCOME HOME.	3,456,474	Registered	1-Jul-08	1-Jul-14	Undetermined	USD	The Sun-Times Company
CENTERSTAGE	3,556,115	Registered	6-Jan-09	6-Jan-15	Undetermined	USD	Centerstage Media, LLC
VIRTUAL L	3,466,583	Registered	15-Jul-08	15-Jul-14	Undetermined	USD	Centerstage Media, LLC
COMICTORIAL	77/459,180	Pending	N/A	30-Dec-09	Undetermined	USD	The Sun-Times Company
PAGE STICKERS	3,457,159	Registered	1-Jul-08	1-Jul-14	Undetermined	USD	The Sun-Times Company
SEARCHCHICAGO	3,571,438	Registered	10-Feb-09	10-Feb-15	Undetermined	USD	The Sun-Times Company
SEEKERS UNITE	3,489,846	Registered	19-Aug-08	19-Aug-14	Undetermined	USD	The Sun-Times Company
SOUTHTOWNSTAR	3,476,564	Registered	29-Jul-08	29-Jul-14	Undetermined	USD	The Sun-Times Company
YOURSEASON.COM	3,489,932	Registered	19-Aug-08	19-Aug-14	Undetermined	USD	The Sun-Times Company
HOLLINGER	TMA564852	Registered	18-Jul-02	18-Jul-17	Undetermined	USD	Sun-Times Media Group, Inc.
BEAT THE CHAMPIONS	Illinois 50,512	Registered	20-Oct-06	22-Oct-11	Undetermined	USD	Chicago Sun-Times Inc.
CHICAGO DAILY NEWS	Illinois 84,817	Registered	25-Feb-00	25-Feb-10	Undetermined	USD	Chicago Sun-Times Inc.
QUICK TAKES (stylized)	Illinois 84,603	Registered	11-Jan-05	11-Jan-10	Undetermined	USD	Chicago Sun-Times Inc.
DAILY SOUTHTOWN	3,028,241	Registered	13-Dec-05	13-Dec-11	Undetermined	USD	Midwest Suburban Publishing, Inc.
DAILY SOUTHTOWN *(Stylized)*	3,028,206	Registered	13-Dec-05	13-Dec-11	Undetermined	USD	Midwest Suburban Publishing, Inc.
ELITE	Illinois 85,171	Registered	17-Apr-00	17-Apr-10	Undetermined	USD	Midwest Suburban Publishing, Inc.
PENNYSAVER	Illinois 93,687	Registered	11-Mar-05	11-Mar-10	Undetermined	USD	Midwest Suburban Publishing, Inc.
THE STAR	Illinois 93,695	Registered	10-Feb-05	10-Feb-10	Undetermined	USD	Midwest Suburban Publishing, Inc.
NEIGHBORHOOD STAR	N/A	Not Registered			Undetermined	USD	Midwest Suburban Publishing, Inc.
ANTIOCH REVIEW	2,284,093	Registered	5-Oct-99	5-Oct-19	Undetermined	USD	Pioneer Newspapers Inc.
GLENCOE NEWS	261,333	Registered	17-Sep-29	17-Sep-19	Undetermined	USD	Pioneer Newspapers Inc.
NORTH SHORE	3,035,690	Registered	27-Dec-05	27-Dec-11	Undetermined	USD	Pioneer Newspapers Inc.
NORTHSHORE	3,035,658	Registered	27-Dec-05	27-Dec-11	Undetermined	USD	Pioneer Newspapers Inc.
NORTHSHORE *(Stylized)*	3,035,652	Registered	27-Dec-05	27-Dec-11	Undetermined	USD	Pioneer Newspapers Inc.
SENIOR CLASS	2,261,700	Registered	13-Jul-99	13-Jul-19	Undetermined	USD	Pioneer Newspapers Inc.
THE EVANSTON REVIEW	261,511	Registered	17-Sep-29	17-Sep-19	Undetermined	USD	Pioneer Newspapers Inc.
WILMETTE LIFE	261,512	Registered	17-Sep-29	17-Sep-19	Undetermined	USD	Pioneer Newspapers Inc.
WINNETKA TALK	261,513	Registered	17-Sep-29	17-Sep-19	Undetermined	USD	Pioneer Newspapers Inc.
GLENVIEW ANNOUNCEMENTS	N/A	Not Registered			Undetermined	USD	Pioneer Newspapers Inc.
NORTHBROOK STAR	N/A	Not Registered			Undetermined	USD	Pioneer Newspapers Inc.

Schedule 4.17(a)(i) Attachment

DEERFIELD REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LINCOLNSHIRE REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
HIGHLAND PARK NEWS	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
MUNDELEIN REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LAKE FORESTER	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LIBERTYVILLE REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
GURNEE REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
GRAYSLAKE REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LAKE VILLA REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
VERNON HILLS REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
SKOKIE REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LINCOLNWOOD REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
MORTON GROVE CHAMPION	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
NILES HERALD-SPECTATOR	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
PARK RIDGE HERALD-ADVOCATE	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
NORRIDGE-HARWOOD HEIGHTS NEWS	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
EDISON-NORWOOD TIMES REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
BARRINGTON COURIER-REVIEW	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
LAKE ZURICH COURIER	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
BUFFALO GROVE COUNTRYSIDE	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
OAK LEAVES	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
FOREST LEAVES	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
ELM LEAVES	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
FRANKLIN PARK HERALD-JOURNAL	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
PROVISO HERALD	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-HINSDALE	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-CLARENDON HILLS	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-OAK BROOK	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-ELMHURST	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-LA GRANGE	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-WESTERN SPRINGS	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
THE DOINGS-WEEKLY	N/A	Not Registered	Undetermined	USD	Pioneer Newspapers Inc.
POST-TRIBUNE	N/A	Not Registered	Undetermined	USD	The Post-Tribune Company LLC
CROWN POINT WEEKLY	N/A	Not Registered	Undetermined	USD	The Post-Tribune Company LLC
CROWN POINT SHOPPER	N/A	Not Registered	Undetermined	USD	The Post-Tribune Company LLC
LAKE COUNTY NEWS-SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE BEACON NEWS	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE COURIER NEWS	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE HERALD NEWS	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
NAPERVILLE SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE BOLINGBROOK SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE WHEATON SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE GLEN ELLYN SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE FOX VALLEY VILLAGES SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC
THE LISLE SUN	N/A	Not Registered	Undetermined	USD	Fox Valley Publications LLC

Schedule 4.17(a)(i) Attachment

THE DOWNERS GROVE SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE PLAINFIELD SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE HOMER SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE LINCOLN-WAY SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE ST. CHARLES SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE GENEVA SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC
THE BATAVIA SUN	N/A	Not Registered			Undetermined	USD	Fox Valley Publications LLC

Domain Name	Expiration Date	Owner
activechicago.com	8/29/2010	Chicago Sun Times
allaboutblago.com	12/10/2009	Chicago Sun Times
allaboutblago.net	12/10/2009	Chicago Sun Times
allblago.com	12/10/2009	Chicago Sun Times
allblago.net	12/10/2009	Chicago Sun Times
ampchicago.com	10/13/2011	Chicago Sun Times
artinchicago.com	6/16/2010	Chicago Sun Times
blagobusted.com	12/10/2009	Chicago Sun Times
blagobusted.net	12/10/2009	Chicago Sun Times
blagonews.net	12/10/2009	Chicago Sun Times
blagotrial.com	12/10/2009	Chicago Sun Times
blagotrial.net	12/10/2009	Chicago Sun Times
chicagochi.com	6/19/2011	Chicago Sun Times
chicagocitybeat.com	7/9/2011	Chicago Sun Times
chicagodribune.com	7/6/2011	Chicago Sun Times
chicagoeasy.com	10/15/2010	Chicago Sun Times
chicagolandgoodyear.com	10/4/2010	Chicago Sun Times
chicagonewslink.com	11/1/2010	Chicago Sun Times
chicagopedia.com	9/22/2010	Chicago Sun Times
chicagospresident.com	1/6/2010	Chicago Sun Times
chicagowidgetfactory.com	7/27/2010	Chicago Sun Times
chicagowidgetfactory.net	7/27/2010	Chicago Sun Times
chicagoyellowpage.com	9/29/2010	Chicago Sun Times
classifiedchicago.com	9/13/2014	Chicago Sun Times
currentchicago.com	6/10/2011	Chicago Sun Times
dallaswidgetfactory.com	7/27/2010	Chicago Sun Times
dallaswidgetfactory.net	7/27/2010	Chicago Sun Times
dealsforchicago.com	10/31/2010	Chicago Sun Times
deepchicago.com	5/28/2010	Chicago Sun Times
govblago.com	12/10/2009	Chicago Sun Times
govblago.net	12/10/2009	Chicago Sun Times
houstonwidgetfactory.com	7/27/2010	Chicago Sun Times
houstonwidgetfactory.net	7/27/2010	Chicago Sun Times
jolietsports.com	1/13/2011	Chicago Sun Times
keychicago.com	5/30/2010	Chicago Sun Times
latinbeatchicago.com	9/14/2010	Chicago Sun Times
lawidgetfactory.com	7/27/2010	Chicago Sun Times
lawidgetfactory.net	7/27/2010	Chicago Sun Times
maxblago.com	12/10/2009	Chicago Sun Times
maxblago.net	12/10/2009	Chicago Sun Times
miamiwidgetfactory.com	7/27/2010	Chicago Sun Times
miamiwidgetfactory.net	7/27/2010	Chicago Sun Times
mountainviewwidgetfactory.com	7/27/2010	Chicago Sun Times
mountainviewwidgetfactory.net	7/27/2010	Chicago Sun Times

Schedule 4.17(a)(i) Attachment

newyorkwidgetfactory.com	7/27/2010	Chicago Sun Times
newyorkwidgetfactory.net	7/27/2010	Chicago Sun Times
nextdoorchicago.com	6/24/2011	Chicago Sun Times
nywidgetfactory.com	7/27/2010	Chicago Sun Times
nywidgetfactory.net	7/27/2010	Chicago Sun Times
obamaoath.com	1/6/2010	Chicago Sun Times
ourtownchicago.com	1/28/2012	Chicago Sun Times
ourtownchicago.net	1/28/2012	Chicago Sun Times
pdqchicago.com	11/1/2010	Chicago Sun Times
sanfranciscowidgetfactory.com	7/27/2010	Chicago Sun Times
sanfranciscowidgetfactory.net	7/27/2010	Chicago Sun Times
searchchicago.mobi	7/19/2010	Chicago Sun Times
searchicago.biz	7/20/2010	Chicago Sun Times
searchicago.info	7/20/2010	Chicago Sun Times
searchicago.mobi	7/20/2010	Chicago Sun Times
searchicago.net	7/20/2010	Chicago Sun Times
searchicago.org	7/20/2010	Chicago Sun Times
seattlewidgetfactory.com	7/27/2010	Chicago Sun Times
seattlewidgetfactory.net	7/27/2010	Chicago Sun Times
suntimes.com	7/24/2011	Chicago Sun Times
thisweekinchicago.com	5/30/2010	Chicago Sun Times
trendychicago.com	7/3/2010	Chicago Sun Times
tribalchicago.com	6/21/2011	Chicago Sun Times
truechicago.com	6/30/2011	Chicago Sun Times
davidroeder.com	8/12/2011	Chicago Sun-Times
evanstonreview.com	11/19/2011	Chicago Sun-Times
lewislazare.com	8/12/2011	Chicago Sun-Times
stellafoster.com	8/12/2011	Chicago Sun-Times
sting.tv	2/19/2011	Chicago Sun-Times
sun-times.com	8/16/2011	Chicago Sun-Times
fifthdistrace.com	2/12/2012	Chicago Sun-Times, Inc.
illinois5thrace.com	2/16/2011	Chicago Sun-Times, Inc.
replacingrahm.com	2/12/2012	Chicago Sun-Times, Inc.
searchchicago.cc	2/2/2011	Chicago Sun-Times, Inc.
searchchicago.tv	2/2/2011	Chicago Sun-Times, Inc.
searchchicago.us	2/2/2011	Chicago Sun-Times, Inc.
searchchicagoautos.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoautos.com	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoautos.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoautos.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoautos.tv	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoclassifieds.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoclassifieds.com	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoclassifieds.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoclassifieds.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagoclassifieds.tv	2/6/2012	Chicago Sun-Times, Inc.
searchchicagohomes.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagohomes.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagohomes.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagohomes.tv	2/6/2012	Chicago Sun-Times, Inc.
searchchicagojobs.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagojobs.com	2/6/2012	Chicago Sun-Times, Inc.
searchchicagojobs.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagojobs.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagojobs.tv	2/6/2012	Chicago Sun-Times, Inc.

Schedule 4.17(a)(i) Attachment

searchchicagomerchandise.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagomerchandise.com	2/6/2012	Chicago Sun-Times, Inc.
searchchicagomerchandise.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagomerchandise.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagomerchandise.tv	2/6/2012	Chicago Sun-Times, Inc.
searchchicagorealestate.biz	2/6/2012	Chicago Sun-Times, Inc.
searchchicagorealestate.net	2/6/2012	Chicago Sun-Times, Inc.
searchchicagorealestate.org	2/6/2012	Chicago Sun-Times, Inc.
searchchicagorealestate.tv	2/6/2012	Chicago Sun-Times, Inc.
stngweb.com	1/30/2011	Chicago Sun-Times, Inc.
stngweb.net	1/30/2011	Chicago Sun-Times, Inc.
stngwire.com	1/26/2011	Chicago Sun-Times, Inc.
stngwire.net	1/26/2011	Chicago Sun-Times, Inc.
pioneerlocal.com	8/8/2015	Pioneer Press
pioneernews.com	8/6/2011	Pioneer Press
arlingtonheightspost.com	6/7/2011	pioneerpress
barringtoncourierreview.com	6/7/2011	pioneerpress
buffalogrovecountryside.com	6/7/2011	pioneerpress
carygrovecountryside.com	6/7/2011	pioneerpress
desplainestimes.com	6/7/2011	pioneerpress
edisonnorwoodtimesreview.com	6/7/2011	pioneerpress
forestleaves.com	6/7/2011	pioneerpress
franklinparkheraldjournal.com	6/7/2011	pioneerpress
hoffmanestatesreview.com	6/7/2011	pioneerpress
huntleycountryside.com	6/7/2011	pioneerpress
lakevillareview.com	6/7/2011	pioneerpress
lincolnshirereview.com	6/7/2011	pioneerpress
lincolnwoodreview.com	6/7/2011	pioneerpress
mortongrovechampion.com	6/7/2011	pioneerpress
mountprospecttimes.com	6/7/2011	pioneerpress
nilesheraldspectator.com	6/7/2011	pioneerpress
norridgeharwoodheightsnews.com	6/7/2011	pioneerpress
rollingmeadowsreview.com	6/7/2011	pioneerpress
thedoings.com	6/6/2012	pioneerpress
vernonhillsreview.com	6/7/2011	pioneerpress
waucondacourier.com	6/7/2011	pioneerpress
wheelingcountryside.com	6/7/2011	pioneerpress
rogerebert.com	2/8/2016	Roger Ebert c/o Ephraim & Associates, P.C.
2800ashland.com	6/14/2015	Sun Times News Group
350orleans.com	6/14/2015	Sun Times News Group
adschicago.com	5/17/2011	Sun Times News Group
adschicago.net	5/18/2011	Sun Times News Group
adschicago.org	5/17/2011	Sun Times News Group
algonquin-countryside.com	10/19/2010	Sun Times News Group
alliancemedia.org	10/19/2009	Sun Times News Group
alliancewire.net	10/18/2009	Sun Times News Group
alliancewire.org	10/19/2009	Sun Times News Group
americanpublishing.biz	5/9/2011	Sun Times News Group
americanpublishing.info	5/9/2011	Sun Times News Group
americanpublishingco.net	5/9/2011	Sun Times News Group
americanpublishingco.org	5/9/2011	Sun Times News Group
americanpublishingcorp.com	5/9/2011	Sun Times News Group
americanpublishingcorp.net	5/9/2011	Sun Times News Group
americanpublishingcorp.org	5/9/2011	Sun Times News Group
americanpublishinginc.com	5/9/2011	Sun Times News Group

Schedule 4.17(a)(i) Attachment

americanpublishinginc.net	5/9/2011	Sun Times News Group
americanpublishinginc.org	5/9/2011	Sun Times News Group
amielblack.com	12/8/2009	Sun Times News Group
ampub.org	5/9/2011	Sun Times News Group
am-wire.com	10/18/2009	Sun Times News Group
amwire.net	10/18/2009	Sun Times News Group
am-wire.net	10/20/2009	Sun Times News Group
amwire.org	10/19/2009	Sun Times News Group
am-wire.org	10/21/2009	Sun Times News Group
antioch-review.com	10/19/2010	Sun Times News Group
arlingtonheights-post.com	10/19/2010	Sun Times News Group
ashlandave.com	6/14/2016	Sun Times News Group
aurorablog.net	7/16/2011	Sun Times News Group
aurorajournal.com	7/16/2011	Sun Times News Group
aurorajournal.net	7/16/2011	Sun Times News Group
bamiel.com	12/8/2009	Sun Times News Group
barringtoncourier-review.com	10/19/2010	Sun Times News Group
bearsfanmail.com	6/29/2012	Sun Times News Group
bloggerschicago.com	7/16/2011	Sun Times News Group
bloggerschicago.net	7/16/2011	Sun Times News Group
bloggingchicago.net	7/16/2011	Sun Times News Group
boosterchicago.com	11/9/2010	Sun Times News Group
booster-chicago.com	10/19/2010	Sun Times News Group
boosterlakeview.com	6/16/2012	Sun Times News Group
booster-lv-rv-av-nc.com	10/19/2010	Sun Times News Group
boosterwickerpark.com	6/16/2012	Sun Times News Group
booster-wp-bt-uv.com	10/19/2010	Sun Times News Group
buffalogrove-countryside.com	10/19/2010	Sun Times News Group
bullsfanmail.com	6/29/2012	Sun Times News Group
carygrove-countryside.com	10/19/2010	Sun Times News Group
centerstage.net	3/24/2012	Sun Times News Group
chicagoblogger.net	7/16/2011	Sun Times News Group
chicagoblogger.org	7/16/2011	Sun Times News Group
chicago-careers.org	10/19/2009	Sun Times News Group
chicagocomments.com	7/16/2011	Sun Times News Group
chicagocomments.net	7/16/2011	Sun Times News Group
chicago-computer.com	9/25/2010	Sun Times News Group
chicagoheights-star.com	6/16/2012	Sun Times News Group
chicagojournal.net	7/16/2011	Sun Times News Group
chicagojournals.com	7/16/2011	Sun Times News Group
chicagojournals.net	7/16/2011	Sun Times News Group
chicagolandjobsalliance.com	8/11/2010	Sun Times News Group
chicagolandrecruitment.com	8/11/2010	Sun Times News Group
chicagolandworks.com	8/11/2010	Sun Times News Group
chicagolog.com	7/16/2011	Sun Times News Group
chicagolog.net	7/16/2011	Sun Times News Group
chicagolog.org	7/16/2011	Sun Times News Group
chicagomailbag.com	7/21/2010	Sun Times News Group
chicago-news.com	1/3/2011	Sun Times News Group
chicago-news.net	10/18/2012	Sun Times News Group
chicago-news.org	10/19/2012	Sun Times News Group
chicagonewsgroup.biz	8/1/2010	Sun Times News Group
chicagonewsgroup.info	8/1/2010	Sun Times News Group
chicagonewsgroup.net	8/1/2010	Sun Times News Group
chicagonewsgroup.org	8/1/2010	Sun Times News Group

Schedule 4.17(a)(i) Attachment

chicagonewsgroup.us	8/1/2010	Sun Times News Group
chicagonewsstar.com	6/22/2012	Sun Times News Group
chicagopedia.net	9/22/2010	Sun Times News Group
chicagopedia.tv	9/22/2010	Sun Times News Group
chicagopedia.us	9/22/2010	Sun Times News Group
chicagopodcast.net	7/16/2011	Sun Times News Group
chicagopodcasts.net	7/16/2011	Sun Times News Group
chicagosuntimes.com	10/8/2012	Sun Times News Group
chicago-suntimes.com	10/7/2012	Sun Times News Group
chicagosun-times.com	10/7/2012	Sun Times News Group
chicago-sun-times.com	10/6/2012	Sun Times News Group
chicagosuntimes.net	10/7/2012	Sun Times News Group
chicago-suntimes.net	10/18/2012	Sun Times News Group
chicagosun-times.net	10/12/2012	Sun Times News Group
chicagosuntimes.org	10/8/2012	Sun Times News Group
chicago-suntimes.org	10/19/2012	Sun Times News Group
chicagosun-times.org	10/13/2012	Sun Times News Group
chimax.com	3/1/2010	Sun Times News Group
chisuntimes.com	8/16/2012	Sun Times News Group
chitunes.com	3/17/2011	Sun Times News Group
chitunes.net	3/17/2011	Sun Times News Group
choicemeetings.com	9/30/2009	Sun Times News Group
choicemeetings.net	9/30/2009	Sun Times News Group
choicemeetings.org	9/30/2009	Sun Times News Group
classifiedschicago.com	5/17/2012	Sun Times News Group
classifiedschicago.net	5/18/2011	Sun Times News Group
classifiedschicago.org	5/18/2011	Sun Times News Group
countryclubhillsstar.com	6/16/2012	Sun Times News Group
creativecommunity.com	3/12/2010	Sun Times News Group
creativecommunity.net	3/12/2010	Sun Times News Group
creativecommunity.org	3/12/2010	Sun Times News Group
cretestar.com	6/16/2012	Sun Times News Group
cstblog.com	7/16/2011	Sun Times News Group
cstblog.net	7/16/2011	Sun Times News Group
cstjournal.com	7/16/2011	Sun Times News Group
cstjournal.net	7/16/2011	Sun Times News Group
cubsfanmall.com	6/29/2012	Sun Times News Group
dailysouthtown.com	8/29/2014	Sun Times News Group
dcmag.com	3/15/2010	Sun Times News Group
dcmagazine.com	3/15/2010	Sun Times News Group
deerfield-review.com	10/19/2010	Sun Times News Group
desplaines-times.com	10/19/2010	Sun Times News Group
digitalbloggers.net	7/16/2011	Sun Times News Group
digitalcareernetwork.com	11/18/2009	Sun Times News Group
digitalcareernetwork.net	11/18/2009	Sun Times News Group
digitalchgo.com	1/22/2011	Sun Times News Group
digitalchl.com	1/22/2011	Sun Times News Group
digitalchicago.com	1/22/2011	Sun Times News Group
digitalchicagoblog.com	7/16/2011	Sun Times News Group
digitalchicagoblog.net	7/16/2011	Sun Times News Group
digitaliving.net	12/17/2009	Sun Times News Group
digitaliving.org	12/17/2009	Sun Times News Group
digitaljournals.com	3/15/2010	Sun Times News Group
digitalliving.net	12/17/2009	Sun Times News Group
digitalliving.org	12/17/2009	Sun Times News Group

Schedule 4.17(a)(i) Attachment

digital-magazine.net	1/30/2011	Sun Times News Group
digital-magazine.org	1/29/2011	Sun Times News Group
digital-newyork.com	1/28/2011	Sun Times News Group
digital-newyork.net	1/29/2011	Sun Times News Group
digital-newyork.org	1/29/2011	Sun Times News Group
digitalny.net	1/29/2011	Sun Times News Group
digitalny.org	1/30/2011	Sun Times News Group
digitalny-magazine.com	1/28/2012	Sun Times News Group
digitalny-magazine.net	1/29/2012	Sun Times News Group
digitalny-magazine.org	1/29/2012	Sun Times News Group
digitalpodcast.net	7/16/2011	Sun Times News Group
digitalsanfrancisco.net	1/29/2012	Sun Times News Group
digitalsanfrancisco.org	1/28/2012	Sun Times News Group
digitalsf-magazine.com	1/29/2012	Sun Times News Group
edgebrook-timesreview.com	10/19/2010	Sun Times News Group
edisonnorwood-timesreview.com	10/19/2010	Sun Times News Group
elkgrove-times.com	10/19/2010	Sun Times News Group
elmwoodpark-leaves.com	10/19/2010	Sun Times News Group
emailchicago.com	7/21/2011	Sun Times News Group
emailchicago.net	7/21/2012	Sun Times News Group
emailchicago.org	7/21/2012	Sun Times News Group
evanston-review.com	10/19/2010	Sun Times News Group
exposeyourself.com	4/22/2010	Sun Times News Group
foxvalleyvillagessun.com	9/17/2012	Sun Times News Group
foxvalleyvillagessun.net	9/17/2012	Sun Times News Group
frankfortstar.com	6/16/2012	Sun Times News Group
franklinpark-herald-journal.com	10/19/2010	Sun Times News Group
glencoe-news.com	10/19/2010	Sun Times News Group
glenview-announcements.com	10/19/2010	Sun Times News Group
grayslake-review.com	10/19/2010	Sun Times News Group
gurnee-review.com	10/19/2010	Sun Times News Group
hawksfanmail.com	6/29/2012	Sun Times News Group
highlandpark-news.com	10/19/2010	Sun Times News Group
hitg.net	12/17/2009	Sun Times News Group
hitg.org	12/17/2009	Sun Times News Group
hoffmanestates-review.com	10/19/2010	Sun Times News Group
hollingerdigital.com	3/15/2011	Sun Times News Group
hollingergroup.net	11/19/2009	Sun Times News Group
hollingergroup.org	11/19/2009	Sun Times News Group
hollingerinc.net	11/19/2009	Sun Times News Group
hollingerinc.org	11/19/2009	Sun Times News Group
hollingerinfo.com	11/20/2009	Sun Times News Group
hollingerinternational.com	11/19/2009	Sun Times News Group
hollingerinternational.net	11/19/2009	Sun Times News Group
hollingerinternational.org	11/19/2009	Sun Times News Group
hollingerintl.com	5/25/2011	Sun Times News Group
hollingerit.com	12/17/2009	Sun Times News Group
hollingerit.net	12/17/2009	Sun Times News Group
hollingerit.org	12/17/2009	Sun Times News Group
hollingermail.net	10/20/2012	Sun Times News Group
hollingermail.org	10/21/2009	Sun Times News Group
homerglenstar.com	6/16/2012	Sun Times News Group
homewoodstar.com	6/16/2012	Sun Times News Group
huntley-countryside.com	10/19/2010	Sun Times News Group
jewelchicago.com	8/4/2011	Sun Times News Group

Schedule 4.17(a)(i) Attachment

jewellocal.com	8/4/2011	Sun Times News Group
jeweloscochicago.com	8/4/2011	Sun Times News Group
jeweloscolocal.com	8/4/2011	Sun Times News Group
jimderogatis.com	6/16/2012	Sun Times News Group
jobsnewyork.com	1/29/2012	Sun Times News Group
jobsnewyork.net	1/30/2012	Sun Times News Group
jobsnewyork.org	1/30/2012	Sun Times News Group
jolietblog.com	7/16/2011	Sun Times News Group
jolietblog.net	7/16/2011	Sun Times News Group
jolietjournal.com	7/16/2011	Sun Times News Group
jolietjournal.net	7/16/2011	Sun Times News Group
lake-forester.com	10/19/2010	Sun Times News Group
lakefrontmail.com	6/29/2012	Sun Times News Group
lakeinthehills-countryside.com	10/19/2010	Sun Times News Group
lakeviewbooster.com	6/16/2012	Sun Times News Group
lakevilla-review.com	10/19/2010	Sun Times News Group
lakezurich-courier.com	10/19/2010	Sun Times News Group
libertyville-review.com	10/19/2010	Sun Times News Group
lincolnshire-review.com	10/19/2010	Sun Times News Group
lincolnwood-review.com	10/19/2010	Sun Times News Group
localjewelosco.com	8/4/2011	Sun Times News Group
logonchicago.com	6/10/2012	Sun Times News Group
logonchicago.net	6/10/2012	Sun Times News Group
lynnsweat.com	9/15/2009	Sun Times News Group
lynn-sweet.com	9/15/2013	Sun Times News Group
lynnsweet.fm	9/15/2009	Sun Times News Group
lynnsweet.mobi	9/15/2009	Sun Times News Group
lynnsweet.name	9/15/2009	Sun Times News Group
lynnsweet.org	9/15/2010	Sun Times News Group
lynnsweet.tv	9/15/2010	Sun Times News Group
lynnsweet.us	9/15/2009	Sun Times News Group
lynnswet.com	9/15/2009	Sun Times News Group
lynsweet.com	9/15/2009	Sun Times News Group
macchicago.com	1/22/2012	Sun Times News Group
mailboxchicago.com	7/21/2011	Sun Times News Group
mailboxchicago.net	7/21/2012	Sun Times News Group
mailboxchicago.org	7/21/2012	Sun Times News Group
mailchicago.com	1/21/2012	Sun Times News Group
mailchicago.net	1/21/2011	Sun Times News Group
maywood-herald.com	10/19/2010	Sun Times News Group
melrosepark-herald.com	10/19/2010	Sun Times News Group
mijewelosco.com	6/9/2011	Sun Times News Group
mi-jewel-osco.com	6/9/2011	Sun Times News Group
mijewelosco.net	6/9/2011	Sun Times News Group
mijewelosco.org	6/9/2011	Sun Times News Group
mmundelein-review.com	10/19/2010	Sun Times News Group
mojejewelosco.com	6/23/2010	Sun Times News Group
mojejewelosco.org	6/23/2010	Sun Times News Group
mortongrove-champion.com	10/19/2010	Sun Times News Group
mountprospect-times.com	10/19/2010	Sun Times News Group
mychi.com	3/1/2010	Sun Times News Group
mychi.org	3/1/2010	Sun Times News Group
mychicagopedia.com	9/23/2010	Sun Times News Group
mychicagopedia.org	9/23/2010	Sun Times News Group
mychicagopedia.us	9/23/2010	Sun Times News Group

Schedule 4.17(a)(i) Attachment

myhomechicago.com	7/21/2011	Sun Times News Group
myhomechicago.net	7/22/2012	Sun Times News Group
myhomechicago.org	7/21/2012	Sun Times News Group
myhomechicaog.com	7/16/2011	Sun Times News Group
myjewelosco.org	6/30/2010	Sun Times News Group
mytownchicago.com	7/22/2011	Sun Times News Group
mytownchicago.net	7/22/2012	Sun Times News Group
mytownchicago.org	7/22/2012	Sun Times News Group
napervilleblog.com	7/16/2011	Sun Times News Group
napervilleblog.net	7/16/2011	Sun Times News Group
napervillejournal.net	7/16/2011	Sun Times News Group
neighborhoodcircle.com	7/28/2010	Sun Times News Group
neighborhoodcircle.net	7/28/2010	Sun Times News Group
neighborhoodcircle.org	7/28/2010	Sun Times News Group
neighborhoodstar.biz	10/12/2010	Sun Times News Group
neighborhoodstar.com	10/12/2010	Sun Times News Group
neighborhoodstar.net	10/12/2010	Sun Times News Group
newlenoxstar.com	6/16/2012	Sun Times News Group
news-star-chicago.com	10/19/2010	Sun Times News Group
news-wire.net	10/18/2012	Sun Times News Group
news-wire.org	10/21/2012	Sun Times News Group
niles-herald-spectator.com	10/19/2010	Sun Times News Group
norridgeharwoodheights-news.com	10/19/2010	Sun Times News Group
northbrook-star.com	10/19/2010	Sun Times News Group
northlake-herald-journal.com	10/19/2010	Sun Times News Group
oakforeststar.com	6/16/2012	Sun Times News Group
oaklawnstar.com	6/16/2012	Sun Times News Group
oakpark-leaves.com	10/19/2010	Sun Times News Group
onlinemaitred.com	5/8/2011	Sun Times News Group
orlandparkstar.com	6/16/2012	Sun Times News Group
ourjewelosco.com	6/30/2011	Sun Times News Group
ourjewelosco.org	6/30/2010	Sun Times News Group
palatine-countryside.com	10/19/2010	Sun Times News Group
parkforest-star.com	6/16/2012	Sun Times News Group
parkridge-heraldadvocate.com	6/22/2012	Sun Times News Group
parkridge-herald-advocate.com	10/19/2010	Sun Times News Group
pioneerblog.net	7/16/2011	Sun Times News Group
pioneerjournal.net	7/16/2011	Sun Times News Group
platinummail.com	6/29/2012	Sun Times News Group
poststamp.net	6/11/2012	Sun Times News Group
poststamp.org	6/11/2010	Sun Times News Group
proviso-herald.com	11/9/2009	Sun Times News Group
proviso-herald.net	11/9/2009	Sun Times News Group
readchicago.com	7/16/2011	Sun Times News Group
readchicago.net	7/16/2011	Sun Times News Group
riverforest-leaves.com	10/19/2010	Sun Times News Group
rivergrove-messenger.com	10/19/2010	Sun Times News Group
rogerebert.net	3/10/2012	Sun Times News Group
rogerebert.org	3/10/2012	Sun Times News Group
rollingmeadows-review.com	10/19/2010	Sun Times News Group
schaumburg-review.com	10/19/2010	Sun Times News Group
scnblog.com	7/16/2011	Sun Times News Group
scnblog.net	7/16/2011	Sun Times News Group
scnjournal.com	7/16/2011	Sun Times News Group
scnjournal.net	7/16/2011	Sun Times News Group

Schedule 4.17(a)(i) Attachment

searchchicago.com	5/4/2012	Sun Times News Group
searchchicago.org	10/19/2012	Sun Times News Group
skokie-review.com	10/19/2010	Sun Times News Group
skyline-chicago.com	10/19/2010	Sun Times News Group
southhollandstar.com	6/16/2012	Sun Times News Group
southlandnews.com	7/7/2012	Sun Times News Group
southtownstar.biz	10/12/2010	Sun Times News Group
southtownstar.com	10/12/2010	Sun Times News Group
southtownstar.net	10/12/2010	Sun Times News Group
soxfanmail.com	6/29/2012	Sun Times News Group
soxnewscenter.com	10/21/2011	Sun Times News Group
s-t.org	8/17/2012	Sun Times News Group
starnews-online.com	6/18/2012	Sun Times News Group
starnewspapers.com	6/18/2010	Sun Times News Group
starnewspapers-online.com	6/18/2012	Sun Times News Group
stmediagroupinc.biz	4/21/2012	Sun Times News Group
stmediagroupinc.bz	4/21/2012	Sun Times News Group
stmediagroupinc.com	4/21/2012	Sun Times News Group
stmediagroupinc.net	4/21/2012	Sun Times News Group
stmediagroupinc.org	4/21/2012	Sun Times News Group
stmgethics.com	7/17/2011	Sun Times News Group
stmgi.biz	4/21/2012	Sun Times News Group
stmgi.bz	4/21/2012	Sun Times News Group
stmgi.com	4/21/2012	Sun Times News Group
stmgi.net	4/21/2012	Sun Times News Group
stmgi.org	4/21/2012	Sun Times News Group
stmgmail.com	8/4/2012	Sun Times News Group
stmgmail.net	8/4/2012	Sun Times News Group
stmgmail.org	8/4/2012	Sun Times News Group
stnewsgroup.com	8/30/2010	Sun Times News Group
stnewsgroup.net	8/30/2010	Sun Times News Group
stnewsgroup.org	8/30/2010	Sun Times News Group
stng.biz	8/23/2010	Sun Times News Group
stng.com	5/2/2010	Sun Times News Group
stngchgo.biz	8/23/2010	Sun Times News Group
stngchgo.com	8/23/2010	Sun Times News Group
stngchgo.net	8/23/2010	Sun Times News Group
stngchgo.org	8/23/2010	Sun Times News Group
stngchicago.biz	8/15/2010	Sun Times News Group
stngchicago.com	8/15/2010	Sun Times News Group
stngchicago.info	8/15/2010	Sun Times News Group
stngchicago.net	8/15/2010	Sun Times News Group
stngchicago.org	8/15/2010	Sun Times News Group
stngethics.biz	7/6/2012	Sun Times News Group
stngethics.com	7/6/2012	Sun Times News Group
stngethics.net	7/6/2012	Sun Times News Group
stngmail.com	8/4/2012	Sun Times News Group
stngmail.net	8/4/2012	Sun Times News Group
stngmail.org	8/4/2012	Sun Times News Group
stngnews.biz	8/23/2010	Sun Times News Group
stngnews.com	8/23/2010	Sun Times News Group
stngnews.net	8/23/2010	Sun Times News Group
stngnews.org	8/23/2010	Sun Times News Group
stngroup.net	8/30/2010	Sun Times News Group
stngroup.org	8/30/2010	Sun Times News Group

Schedule 4.17(a)(i) Attachment

stpubgroup.com	7/27/2010	Sun Times News Group
stpubgroup.net	7/27/2010	Sun Times News Group
stpubgroup.org	7/27/2010	Sun Times News Group
stpublishinggroup.com	7/27/2010	Sun Times News Group
stpublishinggroup.net	7/27/2010	Sun Times News Group
stpublishinggroup.org	7/27/2010	Sun Times News Group
suntimes.net	8/16/2012	Sun Times News Group
sun-times.net	8/16/2012	Sun Times News Group
suntimes.org	8/17/2012	Sun Times News Group
sun-times.org	8/17/2012	Sun Times News Group
suntimesblog.com	7/16/2011	Sun Times News Group
suntimesblog.net	7/16/2011	Sun Times News Group
suntimesblog.org	7/16/2011	Sun Times News Group
suntimesblogger.com	7/16/2011	Sun Times News Group
suntimesblogger.net	7/16/2011	Sun Times News Group
sun-timesgroup.com	8/1/2011	Sun Times News Group
suntimesgroup.net	8/1/2011	Sun Times News Group
sun-timesgroup.net	8/1/2011	Sun Times News Group
suntimesgroup.org	8/1/2011	Sun Times News Group
sun-timesgroup.org	8/1/2011	Sun Times News Group
suntimesjoumal.com	7/16/2011	Sun Times News Group
suntimesjoumal.net	7/16/2011	Sun Times News Group
suntimeslog.com	7/16/2011	Sun Times News Group
suntimeslog.net	7/16/2011	Sun Times News Group
suntimeslog.org	7/16/2011	Sun Times News Group
suntimesmail.com	10/21/2010	Sun Times News Group
sun-timesmail.com	6/29/2012	Sun Times News Group
suntimesmail.net	10/20/2012	Sun Times News Group
sun-timesmail.net	6/29/2012	Sun Times News Group
suntimesmail.org	10/21/2009	Sun Times News Group
suntimesmedia.biz	4/21/2012	Sun Times News Group
sun-timesmedia.biz	4/21/2012	Sun Times News Group
sun-timesmedia.bz	4/21/2012	Sun Times News Group
sun-timesmedia.com	4/21/2012	Sun Times News Group
suntimesmedia.net	4/21/2012	Sun Times News Group
sun-timesmedia.net	4/21/2012	Sun Times News Group
suntimesmedia.org	4/21/2012	Sun Times News Group
sun-timesmedia.org	4/21/2012	Sun Times News Group
suntimesmediagroup.biz	5/9/2012	Sun Times News Group
suntimesmediagroup.net	5/9/2012	Sun Times News Group
suntimesmediagroup.org	5/9/2012	Sun Times News Group
suntimesmediagroupinc.biz	4/21/2012	Sun Times News Group
suntimesmediagroupinc.bz	4/21/2012	Sun Times News Group
suntimesmediagroupinc.com	4/21/2012	Sun Times News Group
suntimesmediagroupinc.net	4/21/2012	Sun Times News Group
suntimesmediagroupinc.org	4/21/2012	Sun Times News Group
suntimesnewsgroup.com	8/1/2011	Sun Times News Group
sun-timesnewsgroup.com	8/1/2011	Sun Times News Group
suntimesnewsgroup.net	8/1/2011	Sun Times News Group
sun-timesnewsgroup.net	8/1/2011	Sun Times News Group
suntimesnewsgroup.org	8/1/2011	Sun Times News Group
sun-timesnewsgroup.org	8/1/2011	Sun Times News Group
suntimespg.com	7/27/2010	Sun Times News Group
suntimespg.net	7/27/2010	Sun Times News Group
suntimespg.org	7/27/2010	Sun Times News Group

Schedule 4.17(a)(i) Attachment

suntimespub.com	7/27/2010	Sun Times News Group
suntimespub.net	7/27/2010	Sun Times News Group
suntimespub.org	7/27/2010	Sun Times News Group
suntimespubgroup.com	7/27/2010	Sun Times News Group
suntimespubgroup.net	7/27/2010	Sun Times News Group
suntimespubgroup.org	7/27/2010	Sun Times News Group
suntimespublishing.com	7/27/2010	Sun Times News Group
suntimespublishing.net	7/27/2010	Sun Times News Group
suntimespublishing.org	7/27/2010	Sun Times News Group
suntimespublishinggroup.com	7/27/2010	Sun Times News Group
suntimespublishinggroup.net	7/27/2010	Sun Times News Group
suntimespublishinggroup.org	7/27/2010	Sun Times News Group
suntimesradio.biz	5/20/2011	Sun Times News Group
suntimesradio.com	5/21/2011	Sun Times News Group
suntimesradio.net	5/21/2011	Sun Times News Group
thechicagopedia.com	9/23/2010	Sun Times News Group
thechicagopedia.org	9/23/2010	Sun Times News Group
thechicagopedia.us	9/23/2010	Sun Times News Group
thedigitalblog.net	7/16/2011	Sun Times News Group
thedoings-clarendonhills.com	10/19/2010	Sun Times News Group
thedoings-elmhurst.com	10/19/2010	Sun Times News Group
thedoings-hinsdale.com	10/19/2010	Sun Times News Group
thedoings-lagrange.com	10/19/2010	Sun Times News Group
thedoings-oakbrook.com	10/19/2010	Sun Times News Group
thedoings-weekly.com	10/19/2010	Sun Times News Group
thedoings-westernsprings.com	10/19/2010	Sun Times News Group
thestmediagroup.biz	5/2/2012	Sun Times News Group
thestmediagroup.com	5/2/2012	Sun Times News Group
thestmediagroup.net	5/2/2012	Sun Times News Group
thestmediagroup.org	5/2/2012	Sun Times News Group
thesuntimesgroup.biz	5/2/2012	Sun Times News Group
thesuntimesgroup.com	5/2/2012	Sun Times News Group
thesuntimesgroup.net	5/2/2012	Sun Times News Group
thesuntimesgroup.org	5/2/2012	Sun Times News Group
thesuntimesmedia.biz	5/2/2012	Sun Times News Group
thesuntimesmedia.com	5/2/2012	Sun Times News Group
thesuntimesmedia.net	5/2/2012	Sun Times News Group
thesuntimesmedia.org	5/2/2012	Sun Times News Group
thesuntimesmediagroup.biz	5/9/2012	Sun Times News Group
thesuntimesmediagroup.com	5/9/2012	Sun Times News Group
thesuntimesmediagroup.net	5/9/2012	Sun Times News Group
thesuntimesmediagroup.org	5/9/2012	Sun Times News Group
thesuntimesnewsgroup.biz	8/10/2015	Sun Times News Group
thesuntimesnewsgroup.com	8/10/2015	Sun Times News Group
thesuntimesnewsgroup.info	8/10/2015	Sun Times News Group
thesuntimesnewsgroup.net	8/10/2015	Sun Times News Group
thesuntimesnewsgroup.org	8/10/2015	Sun Times News Group
timesharlemirving.com	6/22/2012	Sun Times News Group
times-harlem-irving.com	10/19/2010	Sun Times News Group
timesjeffersonpark.com	6/22/2012	Sun Times News Group
times-jp-pp-bc.com	10/19/2010	Sun Times News Group
tinleypark-star.com	6/16/2012	Sun Times News Group
ukmax.com	6/25/2010	Sun Times News Group
vernonhills-review.com	10/19/2010	Sun Times News Group
wauconda-courier.com	10/19/2010	Sun Times News Group

Schedule 4.17(a)(i) Attachment

westchester-herald.com	10/19/2010	Sun Times News Group
westproviso-herald.com	10/19/2010	Sun Times News Group
wheeling-countryside.com	10/19/2010	Sun Times News Group
wickerparkbooster.com	8/16/2012	Sun Times News Group
wilmette-life.com	10/19/2010	Sun Times News Group
windycitypedia.com	9/22/2010	Sun Times News Group
winnetka-talk.com	10/19/2010	Sun Times News Group
workingchicago.com	8/11/2010	Sun Times News Group
wtmgethics.com	7/14/2012	Sun Times News Group
wwwchicagosuntimes.com	10/7/2012	Sun Times News Group
wwwchicagosuntimes.net	10/7/2012	Sun Times News Group
wwwchicagosuntimes.org	10/8/2012	Sun Times News Group
wwwsuntimes.com	9/30/2012	Sun Times News Group
wwwsuntimes.net	10/18/2012	Sun Times News Group
wwwsuntimes.org	10/19/2012	Sun Times News Group
yourhomechicago.com	7/16/2011	Sun Times News Group
yourhomechicago.net	7/16/2011	Sun Times News Group
yourjewelosco.com	8/4/2011	Sun Times News Group
yourlocaljewel.com	8/4/2011	Sun Times News Group
44inpower.com	1/13/2011	The Sun-Times Company
44inpower.net	1/13/2011	The Sun-Times Company
44inpower.org	1/13/2011	The Sun-Times Company
44thlegacy.com	1/13/2011	The Sun-Times Company
44thlegacy.net	1/13/2011	The Sun-Times Company
44thlegacy.org	1/13/2011	The Sun-Times Company
aurorabeaconnews.com	11/15/2011	The Sun-Times Company
barackindc.com	1/13/2011	The Sun-Times Company
barackindc.net	1/13/2011	The Sun-Times Company
barackindc.org	1/13/2011	The Sun-Times Company
barackinwashington.com	1/13/2011	The Sun-Times Company
barackinwashington.net	1/13/2011	The Sun-Times Company
barackinwashington.org	1/13/2011	The Sun-Times Company
batavíasun.com	6/19/2012	The Sun-Times Company
beaconnews.info	10/31/2011	The Sun-Times Company
beaconnewsonline.com	6/8/2011	The Sun-Times Company
chicagodateline.com	8/18/2010	The Sun-Times Company
chicagolandmall.com	3/8/2011	The Sun-Times Company
chicagonewsmetro.com	8/11/2011	The Sun-Times Company
chicagonewsmetro.net	8/12/2011	The Sun-Times Company
chicagonewsmetro.org	8/12/2011	The Sun-Times Company
chicagonewsnorth.com	8/11/2011	The Sun-Times Company
chicagonewsnorth.net	8/12/2011	The Sun-Times Company
chicagonewsnorth.org	8/12/2011	The Sun-Times Company
chicagonewssouth.com	8/11/2011	The Sun-Times Company
chicagonewssouth.net	8/12/2011	The Sun-Times Company
chicagonewssouth.org	8/12/2011	The Sun-Times Company
chicagoswhitehouse.com	1/13/2011	The Sun-Times Company
chicagoswhitehouse.net	1/13/2011	The Sun-Times Company
chicagoswhitehouse.org	1/13/2011	The Sun-Times Company
couriernews.info	10/31/2011	The Sun-Times Company
couriernewsonline.com	6/8/2011	The Sun-Times Company
ebertmobile.com	11/18/2009	The Sun-Times Company
ebertmobile.net	11/18/2009	The Sun-Times Company
elgincouriernews.com	11/15/2011	The Sun-Times Company
foxvalleypubs.com	12/5/2010	The Sun-Times Company

Schedule 4.17(a)(i) Attachment

foxvalleyvillagessun.com	6/19/2012	The Sun-Times Company
fvpubs.com	12/19/2011	The Sun-Times Company
glenellynsun.com	6/19/2012	The Sun-Times Company
heraldnews.info	10/31/2011	The Sun-Times Company
heraldnewsonline.com	6/8/2011	The Sun-Times Company
hollingerchicago.com	3/8/2011	The Sun-Times Company
homersun.com	6/19/2012	The Sun-Times Company
joliet.com	4/10/2011	The Sun-Times Company
jolietheraldnews.com	9/7/2010	The Sun-Times Company
lemernews.com	12/4/2011	The Sun-Times Company
lemernews.net	12/4/2011	The Sun-Times Company
matchchicago.com	3/14/2012	The Sun-Times Company
midwestemmail.com	3/8/2012	The Sun-Times Company
mortnpesty.com	3/1/2010	The Sun-Times Company
mundelein-review.com	8/7/2010	The Sun-Times Company
mwsp1.com	6/15/2011	The Sun-Times Company
mwsp1.net	6/15/2011	The Sun-Times Company
mychicagosuntimes.com	7/10/2010	The Sun-Times Company
napersun.com	2/12/2011	The Sun-Times Company
newssun.info	10/31/2011	The Sun-Times Company
newssunonline.com	6/8/2011	The Sun-Times Company
nichepublication.com	2/25/2011	The Sun-Times Company
nichepublication.net	2/25/2011	The Sun-Times Company
obamainpower.com	1/13/2011	The Sun-Times Company
obamainpower.net	1/13/2011	The Sun-Times Company
obamainpower.org	1/13/2011	The Sun-Times Company
pleasantprairiesun.com	6/19/2012	The Sun-Times Company
posttribune.net	11/5/2010	The Sun-Times Company
ppn1.com	5/1/2012	The Sun-Times Company
ppn1.net	5/1/2012	The Sun-Times Company
prezobama44.com	1/13/2011	The Sun-Times Company
prezobama44.net	1/13/2011	The Sun-Times Company
prezobama44.org	1/13/2011	The Sun-Times Company
scn1.com	1/3/2012	The Sun-Times Company
scn1.net	1/3/2012	The Sun-Times Company
scnhomes.com	4/17/2012	The Sun-Times Company
scnmedia.com	12/15/2010	The Sun-Times Company
stcharlessun.com	6/19/2012	The Sun-Times Company
stgroupmetro.com	8/15/2011	The Sun-Times Company
stgroupmetro.net	8/15/2011	The Sun-Times Company
stgroupmetro.org	8/15/2011	The Sun-Times Company
stgroupnorth.com	8/15/2011	The Sun-Times Company
stgroupnorth.net	8/15/2011	The Sun-Times Company
stgroupnorth.org	8/15/2011	The Sun-Times Company
stgroupsouth.com	8/15/2011	The Sun-Times Company
stgroupsouth.net	8/15/2011	The Sun-Times Company
stgroupsouth.org	8/15/2011	The Sun-Times Company
stmg1.com	8/7/2010	The Sun-Times Company
stmg1.net	8/7/2010	The Sun-Times Company
suburbanchicagonews.com	12/14/2009	The Sun-Times Company
suburbanchicagonewspapers.com	12/15/2011	The Sun-Times Company
sunpubonline.com	6/8/2011	The Sun-Times Company
sunpubs.com	8/18/2010	The Sun-Times Company
suntimesnewsmetro.com	8/11/2011	The Sun-Times Company
suntimesnewsmetro.net	8/12/2011	The Sun-Times Company

Schedule 4.17(a)(i) Attachment

suntimesnewsmetro.org	8/12/2011	The Sun-Times Company
suntimesnewsnorth.com	8/11/2011	The Sun-Times Company
suntimesnewsnorth.net	8/12/2011	The Sun-Times Company
suntimesnewsnorth.org	8/12/2011	The Sun-Times Company
suntimesnewssouth.com	8/11/2011	The Sun-Times Company
suntimesnewssouth.net	8/12/2011	The Sun-Times Company
suntimesnewssouth.org	8/12/2011	The Sun-Times Company
thebolingbrooksun.com	6/19/2012	The Sun-Times Company
thedownersgrovesun.com	6/19/2012	The Sun-Times Company
thegenevasun.com	6/19/2012	The Sun-Times Company
thelincolnwaysun.com	6/19/2012	The Sun-Times Company
theilslesun.com	6/19/2012	The Sun-Times Company
theplainfieldsun.com	6/19/2012	The Sun-Times Company
thewheatonsun.com	6/19/2012	The Sun-Times Company
waukegannewssun.com	11/15/2011	The Sun-Times Company
webstreetcafe.com	9/24/2011	The Sun-Times Company
yourseason.com	6/6/2012	The Sun-Times Company

SCHEDULE 4.18

EMPLOYEES

(a)

See Schedule 4.18 Attachment.

(b)

In 2008, the Company determined that certain of its employees' compensation was below the then-prevailing Chicago Living Wage Ordinance requirements. All such employees' hourly compensation was increased to comply with the Ordinance.

Schedule 4.18 Attachment

Caption of suit	Case number	Nature of proceeding	Court	Location of court
Anthony Frapasella v. Fox Valley Publications	Federal Mediation and Conciliation Service No. 080109-52572-A	Union Grievance		Illinois Arbitration
Brian Valentin v. Pioneer Newspapers, Inc.	Federal Mediation and Conciliation Service No. 08-58031	Union Grievance		Illinois Arbitration
Dan Jedlicka v. Chicago-Sun Times, Inc.	American Arbitration Association Case No. 51 300 00426 09	Union Grievance		Illinois Arbitration
Chicago Newspaper Guild v. Herald News	Federal Mediation and Conciliation Service Case No. 090309-53861	Union Grievance		Illinois Arbitration
Chicago Newspaper Guild v. Herald News	Federal Mediation and Conciliation Service Case No. 090323-55020	Union Grievance		Illinois Arbitration

SCHEDULE 4.19

INSURANCE

See Schedule 4.19 Attachment.

Schedule 4.19 Attachment

Insurer	Policy Number	Insured party	Face value
Directors & Officers Liability			
Run-Off Policy			
XL Specialty Insurance Company	ELU 110360-09	Sun-Times Media Group, Inc. & All Subsidiaries	$15M
Illinois National Insurance Company	01-685-32-83	Sun-Times Media Group, Inc. & All Subsidiaries	$5M X $15M
Illinois National Insurance Company	01-685-33-92	Sun-Times Media Group, Inc. & All Subsidiaries	$10M X $20M Side A
Directors & Officers Liability			
XL Specialty Insurance Company	ELU 110363-09	Sun-Times Media Group, Inc. & All Subsidiaries	$15M
Property Insurance			
Allianz Global Risks US Insurance Company	Commercial Lines - CLP 3009716	Sun-Times Media Group, Inc. & All Subsidiaries	$250MM
General & Umbrella Liability			
Travelers Property Casualty Company of America	General Liability - TJ-GLSA-1101L213-TIL-08	Sun-Times Media Group, Inc. & All Subsidiaries	$2M
Ace American Insurance Company	General Liability Intl - PHFD37058075	Sun-Times Media Group, Inc. & All Subsidiaries	$1M
St Paul Fire & Marine Insurance Company	Umbrella Liability - QK 01201882	Sun-Times Media Group, Inc. & All Subsidiaries	$25M
Liberty Insurance Underwriters	Excess $50MX$25M - LQ1 B71 198 591 036	Sun-Times Media Group, Inc. & All Subsidiaries	$50M
National Surety Corporation	Excess $50MX$75M - SHX-000-6033-5478	Sun-Times Media Group, Inc. & All Subsidiaries	$50M
Fiduciary			
Illinois National Insurance Company	Fiduciary - 668-43-65	Sun-Times Media Group, Inc. & All Subsidiaries	$15M
Special Crime			
U.S. Specialty Insurance	Special Crime - U708-85433	Sun-Times Media Group, Inc. & All Subsidiaries	$10M
Crime			
National Union Fire Insurance Company of Pittsburgh, PA	Crime - 6683438	Sun-Times Media Group, Inc. & All Subsidiaries	$10M
Travel/Accident			$100K
Ace American Insurance Company	Chicago Sun-Times Only - ADDN04212678	Sun-Times Media Group, Inc. & All Subsidiaries	Per Person
Multimedia/Errors & Omissions			
Illinois National Insurance Company	Professional Liability - 00-689-6553	Sun-Times Media Group, Inc. & All Subsidiaries	$5M
Workers Compensation			
Travelers Property Casualty Company of America	TC2J UB 466K3219-09 - CA, DC, IL, IN, MI, NY	Sun-Times Media Group, Inc. & All Subsidiaries	$1M
Travelers Property Casualty Company of America	TC2H UB 281K6767-09 - IN	Sun-Times Media Group, Inc. & All Subsidiaries	$1M
Auto Liability			
Travelers Property Casualty Company of America	TC2J CAP281K6779 TIL-09 - Illinois, Indiana	Sun-Times Media Group, Inc. & All Subsidiaries	$1M
Travelers Property Casualty Company of America	TC2J CAP 281K6779 TIL-09 Physical Damage	Sun-Times Media Group, Inc. & All Subsidiaries	$1M
Auto Physical Damage Policy			
Travelers Property Casualty Company of America	TCJ BAP 281K680A-TIL 09 Physical Damage	Sun-Times Media Group, Inc. & All Subsidiaries	$1M

SCHEDULE 4.20

BROKERS

1. Agreement between the Seller and Rothschild Inc.

SCHEDULE 4.22

INVENTORY

1. Sellers take title to certain of their newsprint Inventory when shipped and maintain title to such Inventory while it is in the custody of the rail carriers.

SCHEDULE 9.3

ASSUMED BENEFIT PLANS

Coverage	Carrier	Policy #
Basic Life/Ad&d	Aetna	Policy #GP-696716
Voluntary Life/Ad&d	Aetna - Term Life	Policy #GP-696716
Post-Tribune Voluntary Universal Life	Guardian	Acct #3813770000*
Fox Valley Publications Supplemental Ad&d Plan (Frozen)	LINA	0K818010
Long Term Disability	Aetna	Policy #GP-696716
Post-Tribune Voluntary Long Term Disability	Aetna	Policy #GP-696716
Vision	Vision Services Plan	Policy #12163175
Post-Tribune Vision	Guardian	Policy #00381377
Dental PPO's (Low, Middle and High Plans)	Met Life	Policy #31424-1-G
DHMO	Aetna	Policy #GP-878961
Post-Tribune Dental PPO and DHMO	Guardian	Policy #00381377
Medical		
HMO Plan	Blue Cross/Blue Shield of Illinois	Employer #017274, Policy #'s H17275, H17277, H17274, H17276
Blue Edge HRA Plan	Blue Cross/Blue Shield of Illinois	Employer #017274, Policy #'s P17275, P17277, P17274, P17276,
Post-Tribune PPO Medical Plan	Anthem Blue Cross/Blue Shield	Policy #00009672
Flexible Spending Account Administration	SHPS	Customer #40380
Fox Valley Publications Short Term Disability Administration	Aetna	Policy #GP-696716
Travel Accident	Ace	Policy #ADD N04212678

* Each insured has their own individual policy. The policy numbers are 0000006142, 0000013747, 0000007558, 0000006143, 0000006141, 0000006147, 0000006149, 0000006150, 0000010484.

SCHEDULE 12.3(e)

UNIONS

1. I.B.E.W. Local No. 134 (Electricians)

2. The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA AFL-CIO (Guild, Chicago Sun-Times Editorial)

3. Progressive Lodge No. 126 IAM & AW (Machinists)

4. Chicago Mailers' Union CWA Local No. 14430 (Mailers)

5. International Union of Operating Engineers Local 399 (AFL-CIO) (Operating Engineers)

6. Chicago Web Printing Pressmen's and Paperhandler's Union No. 706 (Pressmen and Paperhandlers)

7. Graphic Communications Conference, International Brotherhood of Teamsters, Local No. 458M (Engravers)

8. Platemaking Graphic Communications Union, Local No. 458M (Platemakers)

9. Newspaper, Magazine, Periodical Salesmen, Drivers, Pressmen, Division Men, District Managers, Checkers, Vendors Handlers and Electronic Media Workers Union Local No. 706, affiliated with I.B. of T., C., W. and H. of A. (Drivers)

10. Chicago Typographical Union No. 16/CWA 14408 (Chicago Sun-Times Printers)

11. Chicago Typographical Union No. 16/CWA 14408 (The Beacon News Printers)

12. The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA AFL-CIO (Guild, Joliet The Herald News Editorial)

13. The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA AFL-CIO (Guild, Pioneer Press Editorial)

14. The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA AFL-CIO (Guild, Pioneer Press Production)

15. The Chicago Newspaper Guild Local 34071, The Newspaper Guild/CWA AFL-CIO (Guild, Waukegan Editorial).

16. The Newspaper Guild of Gary, Local 34014 (Gary Guild, The Post-Tribune)