



Sun-Times Media Group Enters into 'Stalking Horse' Purchase Agreement with STMG Holdings, LLC

Buyer would acquire virtually all assets of premier Chicago media company pending outcome of bidding process, Court approval

CHICAGO, Sep 08, 2009 (BUSINESS WIRE) -- **Sun-Times Media Group, Inc. (Pink Sheets: SUTMQ)**, owner of the Chicago Sun-Times and 58 suburban newspaper titles and corresponding Web sites, announced today that it has entered into a "stalking horse" asset purchase agreement with STMG Holdings, LLC, a private investor group led by Chicago businessman James C. Tyree, for substantially all assets of Sun-Times Media Group.

Sun-Times Media Group has filed motions with the U.S. Bankruptcy Court for the District of Delaware to conduct what is known as a 363 sale of assets, which allows for an expedited sale process with the aim of preserving maximum value for all stakeholders. Under the terms of the asset purchase agreement, which is subject to court approval and certain other closing conditions, the buyer will acquire substantially all assets of the Company for \$5 million in cash, subject to a working capital adjustment, and will assume certain liabilities of Sun-Times Media Group estimated to total approximately \$20 million.

On March 31, 2009, Sun-Times Media Group and certain affiliates (the "Company") filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code. Also on that date, the Company announced that it had retained Rothschild Inc. to commence a process for the sale of assets pursuant to Section 363 of the U.S. Bankruptcy Code.

Prior to Court approval of the purchase agreement, there will be a competitive bidding process that is intended to generate the highest possible value for the Company. Once the bidding procedures have been approved by the Court, the Company will announce the start of the formal bidding process. The procedures, if approved, would call for qualified interested parties to submit binding offers to acquire all or substantially all assets of Sun-Times Media Group within a certain period designated by the Court. If qualified bids are received, an auction would be held and the Court would approve the sale to the winning bidders.

"This agreement is an exciting and very positive step in the process of securing the future of Sun-Times Media Group's distinguished print and online brands that are such integral parts of the communities they so proudly serve," said Jeremy L. Halbreich, Sun-Times Media Group Chairman of the Board and Interim Chief Executive Officer. "Five months ago, the Company embarked upon this process with the goal of stabilizing and ensuring the long-term future of Sun-Times Media Group's newspapers and online products, and I'm pleased to have reached this next step in a timely manner. This proposed Purchase Agreement will create and establish a wonderful future for our publications and for our employees."

"In the interim, the Company and all of our employees have taken extraordinary steps to enhance revenues, reduce costs and strengthen our organization to become a leaner, more efficient Company that is capable of meeting the demand for news and information in this increasingly digital age. This agreement brings us one step closer to achieving our goals."

"We are grateful to our customers - our advertisers and our readers - for supporting us during this challenging time. Their loyalty has been deeply appreciated, as has the loyalty of our vendors and suppliers. And I'd like to add a special thank you to all of our employees -- both union and non-union -- who have demonstrated extraordinary dedication and resilience and worked so very hard through this recent period of time to continue producing the finest media products serving Chicago and surrounding communities. They have shown their ability time and again to adapt to the changing industry environment."

"The commitments made by our employees have been instrumental in achieving the rapid turnaround and successes enjoyed by Sun-Times Media Group over these past few months and their continued commitment and support will help ensure a healthy, stable future for all of us and for our products," Mr. Halbreich added.

"The proposed Purchase Agreement represents a significant financial commitment on the part of the investor group in terms of the purchase price, assumption of liabilities and substantial additional resources dedicated to the future growth, innovation and capital expenditures across the Company's assets and media properties. The new investors are focused on supporting and positioning the new Company to succeed both financially and qualitatively in the Chicago marketplace and to create a strong business going forward for the benefit of our customers and our employees," he concluded.

Sun-Times Media Group's legal advisor is Kirkland & Ellis. Huron Consulting Group is acting as restructuring advisor to the Company.

More information about the Sun-Times Media Group's bankruptcy case is available by clicking on the "Chapter 11 Information" link at www.thesuntimesgroup.com.

About Sun-Times Media Group

Sun-Times Media Group, Inc. is dedicated to being the premier source of local news and information for the greater Chicago area. Its media properties include the Chicago Sun-Times and Suntimes.com as well as newspapers and Web sites serving more than 300 communities across Chicago. Further information, including updates about the reorganization, can be found at www.thesuntimesgroup.com.

SOURCE: Sun-Times Media Group, Inc.

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