

**Sun-Times Media Group, Inc.**  
**Audit Committee Charter**

A. Organization. The Audit Committee shall be comprised of a minimum of three (3) members of the Board of Directors (the "Board") of Sun-Times Media Group, Inc. (the "Company"), each of whom shall meet the independence and financial literacy requirements of Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the New York Stock Exchange and any other regulatory requirements, subject to cure periods permitted by the New York Stock Exchange. At least one member of the Audit Committee must be an "audit committee financial expert" and have "accounting or related financial management expertise" under the requirements of the Exchange Act and the rules of the NYSE. Audit Committee members and the Chairman of the Audit Committee shall be designated by the full Board on the recommendation of the Nominating & Governance Committee. No Audit Committee member shall serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service will not impair the ability of such member to effectively serve on the Audit Committee. The duties and responsibilities of members of the Audit Committee are in addition to those duties set out for members of the full Board.

B. Compensation. No member of the Audit Committee shall receive any compensation from the Company other than compensation for service as a member of the Board, compensation for serving on the Audit Committee or any other committee of the Board and compensation under a retirement plan for prior services with the Company (if such compensation is not contingent on continued service with the Company).

C. Statement of Policy. The primary purpose of the Audit Committee is to exercise oversight of (a) the accounting and financial reporting processes of the Company, including the integrity of the financial statements and other financial information provided by the Company to its shareholders, the public, any stock exchange and others, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditors' qualifications and independence, (d) the audit of the Company's financial statements and (e) the performance of the Company's internal audit function and independent auditors.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

In carrying out this statement of policy, the Audit Committee shall be guided by the following principles:

*Principle 1: Monitoring the Other Component Parts of the Audit Process.* The Audit Committee shall exercise oversight of the work of management and the independent auditors to endorse the processes and safeguards employed by each. In particular, the Audit Committee shall encourage procedures that promote accountability among these players, ensuring that management properly develops and adheres to a sound system of internal control and that the independent auditors, through their own review, assess management's practices.

*Principle 2: Independent Communication and Information Flow Between the Audit Committee and Independent Auditors.* Only through open, regular, frank and confidential dialogue will the Audit Committee be in a position to utilize the knowledge of the independent auditors in assessing internal controls, management and the impact of each on the quality and reliability of the financial statements. In addition, the Audit Committee shall promote a culture that values objective and critical analysis of management. In this regard, the Audit Committee shall ensure that the independent auditors have provided the committee with the information that would be required to be disclosed under relevant rules and regulations.

*Principle 3: Candid Discussions With Management and Independent Auditors Regarding Issues Implicating Judgment and Impacting Quality.* The Audit Committee shall discuss with the independent auditors the auditor's judgments about the quality, not only the acceptability, of the Company's accounting principles as applied in its financial reporting; the discussions shall include such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure.

*Principle 4: Diligent and Knowledgeable Audit Committee Membership.* The Audit Committee shall carefully consider further qualifications for those who serve on the Audit Committee.

D. Meetings. The Audit Committee shall meet at least four times per year on a quarterly basis, or more frequently as circumstances require. The Chairman or any two members of the Audit Committee may call a meeting whenever deemed necessary.

E. Responsibilities. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Board members and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements. In carrying out these responsibilities, the Audit Committee shall:

**With respect to the independent auditors:**

1. Provide an open avenue of communication between the independent auditors and the Board.
2. Have the sole authority and responsibility (a) to select, evaluate, compensate and, where appropriate, recommend replacement of the independent auditors and (b) for the oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit review or attestation services for the Company.
3. Have the sole authority to review in advance, and grant any appropriate pre-approvals, of (a) all auditing services to be provided by the independent auditors and (b) all non-audit services to be provided by the independent auditors as permitted by Section 10A of the Securities Exchange Act, and, in connection therewith, to approve all fees and other terms of engagement. The Audit Committee shall have the authority to delegate to one member of the Audit Committee the authority to pre-approve all such auditing and non-auditing services between meetings of the Audit Committee, subject to ratification by the Audit Committee of any such pre-approval at its subsequent scheduled meeting.
4. At least annually, obtain and review an annual report from the independent auditor describing (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues, and (c) to assess the auditor's independence, all relationships between the independent auditor and the Company.
5. On the basis of its review of the annual report of the independent auditors and the independent auditor's work throughout the year, evaluate the qualifications, performance and independence of the auditor, including the lead audit partner. In making its evaluation, the Audit Committee should take into account the opinions of management and the Company's internal auditors.
6. Obtain assurance from the independent auditor that the "lead partner," the "concurring partner" and the other "audit partner" have been and will be rotated at least once every five years and each other audit partner has been and will be rotated at least once every seven years, in each case, in accordance with Section 10A of the Exchange Act and the rules promulgated thereunder.

7. Present conclusions with respect to the independent auditor to the Board.
- With respect to public reporting:**
8. Review with management and the independent auditor the financial statements to be included in the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q (or other appropriate forms) to be filed with the SEC, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
  9. Discuss with management the type of presentation and type of information to be included in the Company's earnings press releases and the financial information and earnings guidance provided to analysts and rating agencies.
  10. Prepare the report required by the SEC to be included in the Company's annual proxy statement and any other reports of the Audit Committee required by applicable securities laws or the requirements of the New York Stock Exchange.
  11. Discuss with the Company's General Counsel and outside counsel, as appropriate, any litigation or other legal matters that may have a material effect on the Company's financial statements or its compliance policies. The Audit Committee shall have the authority to discuss these items with the Company's General Counsel or outside counsel and the Audit Committee delegate will brief the other Committee members.
- With respect to internal audit function and internal controls:**
12. Review, based upon the recommendation of the independent auditor and the chief internal auditor, the scope and plan of the work to be done by the internal audit group and the responsibilities, budget and staffing needs of the internal audit group.
  13. Review and approve the appointment and replacement of the Company's chief internal auditor.
  14. Review summaries of all significant findings in Internal Audit's reports as well as the resolution of such findings.
  15. Review on an annual basis the performance of the internal audit group.
  16. In consultation with the independent auditors and the internal audit group, review the adequacy of the Company's internal control structure and procedures designed to insure compliance with laws and regulations, and any special audit steps adopted in light of material control deficiencies.
  17. Review (a) the internal control report prepared by management, including management's assessment of the effectiveness of the Company's internal control over financial reporting, as well as the Company's disclosure controls and procedures, with respect to each annual and quarterly report to be filed with the SEC, and (b) the independent auditors' attestation, and report, on the assessment made by management.
  18. Review on a quarterly basis the details of any fraud, whether or not material, that involves management or other employees who have a significant role in internal controls, including any items brought to the attention of the Committee by the Company's whistle-blower programs.
  19. Review management's anti-fraud program including identification of fraud risks and implementation of anti-fraud measures. Identify the potential for management's over-ride of controls and other inappropriate influence.
  20. Review with management and the independent auditor any reports or disclosure submitted by management to the Audit Committee as contemplated by the Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.
- With respect to audits and accounting:**
21. Annually review and approve the proposed plan, scope, staffing and timing of each fiscal year's internal and outside audit at the beginning of each new fiscal year.
  22. Review with management and the independent auditor at least annually, (a) critical accounting policies and practices, (b) significant accounting estimates, (c) significant off balance sheet financing arrangements and their effect on the financial statements, (d) significant valuation allowances and liability, restructuring and other reserves, (e) the effect of regulatory and accounting initiatives, and (f) the adequacy of financial reporting.
  23. After completion of the audit of the financial statements, review with management and the independent auditor the audit report and related management letter, as well as all significant questions (resolved or unresolved) that arose and all significant difficulties that were encountered during the audit.
  24. Review with the independent auditor the items as to which the independent auditor is required to report to the Audit Committee pursuant to Section 10A(k) of the Exchange Act and any rules promulgated thereunder, as in effect from time to time. These include (a) all critical accounting policies and practices to be used, (b) all material alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management.
  25. Review with management and the independent auditor at least once annually correspondence with regulatory authorities and employee complaints or published reports that raise material issues regarding the financial statements or accounting policies.
- With respect to risk assessment:**
26. Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.
- With respect to communication:**
27. Meet periodically, but not less than annually, with management, the chief internal auditor and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or any of them believe should be discussed privately.
- With respect to Corporate Governance:**
28. Review and evaluate its own performance annually.
  29. Review annually and update, as necessary, the Committee's charter.
  30. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding the questionable accounting or auditing matters.
  31. Report regularly to the Board, in particular any issues that have arisen with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit group.
- Other**
32. The Audit Committee shall have the power to conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain independent counsel, accountants or others to assist it in the conduct of any investigation.
  33. The Audit Committee will perform such other functions as assigned by law, the Company's charter or bylaws or the Board.
  34. Maintain a calendar of agenda items which reflects the Committee's responsibilities and processes specified in this Audit Committee Charter.

**F. Former Employees of the Independent Auditor.** The Audit Committee shall be required to preapprove the hiring of any employee or former employee of the independent auditor who was a member of the Company's audit engagement team within the preceding two fiscal years. The Audit Committee shall not approve the hiring of any individual for a financial reporting oversight role if such person is or was an employee of the independent auditors and was a member of the Company's audit engagement team within the preceding two fiscal years unless (A) (i) such individual is to be employed for a limited period of time due to an emergency or unusual situation and (ii) the Audit Committee

determines that the hiring of such individual is in the best interests of the Company's shareholders or (B) such individual becomes employed by the Company as a result of a business combination and the Audit Committee was made aware of such individual's prior relationship with the Company as a member of its audit engagement team.

G. Resources. The Audit Committee shall determine the extent of funding necessary for payment of (a) compensation of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) compensation to any independent legal, accounting and other consultants retained to advise the Audit Committee and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.