

FORMER EMPLOYEES AND RETIREES Q&A

Why did the Company file Chapter 11?

Our bankruptcy filing is a direct consequence of the harsh market realities – the weakening economy and the resulting decline in advertising revenue – and a significant, pending legacy IRS tax liability. These issues have hampered the Company’s ability to execute its near-term plans. Through the bankruptcy proceedings, we intend to focus on further improving our cost structure, stabilizing our operations and exploring the sale of assets.

Is STMG going out of business?

No. We will continue to operate our newspapers and online sites while we are in bankruptcy. Our readers will still enjoy the same publications and quality that they have come to expect from us. We will be exploring, as we have done in the past, ways to better run our newspaper businesses to address our readers’ needs and the realities of today’s marketplace.

Was there an alternative to Chapter 11?

The Company’s Board of Directors looked at the financial picture and the liabilities and potential liabilities facing the Company and determined that this process provides the best opportunity to protect Sun-Times’ respected media properties and serve its readers, advertisers and communities for the long-term. Though the Company has no outstanding secured debt, it does face significant financial issues such as a contingent IRS tax liability. It is also important to remember that the Board’s goal is to protect and strengthen our Company’s assets.

What happens to employee 401(k) and pension plans as a result of the Chapter 11 filing? Will retirees still receive pension checks? Will they lose their pension benefits?

Filing for Chapter 11 will not affect the Company’s 401(k) plan or pension program. The Company’s savings/retirement type plan for non-union employees is its 401(k) plan. The money in this plan is safe. It is in a trust, entirely separate from the Company, and is protected by Federal regulations.

Pension plan assets for eligible retirees of Sun-Times Media Group and its subsidiaries are held in separate trusts and are not included in the Company’s total assets. The assets are protected by federal laws and cannot be used to pay for anything other than retiree benefits and the costs of administering pension plans. Eligible retirees will continue to receive pension benefits.

How long will it be before STMG can emerge from Chapter 11?

We intend to move through the Chapter 11 process as quickly as possible and expect the process to be completed in 2009.

Is the Company in control of its operations during bankruptcy?

Sun-Times Media Group continues to be managed by Jeremy Halbreich as Chairman and Interim CEO and the management team under the direction of the Board of Directors.

###